SENATE

MONDAY, MAY 29, 1933

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

Almighty God, who holdest in Thine hand the destiny of men and nations and from whom all good things do come, look upon us with Thine infinite compassion, for all have sinned and come short of the glory of God, and as we enter upon the duties of this, another day, inspire us with the sense of Thy presence and the cleansing power of Thine absolution, for apart from Thee we cannot but fail.

Sanctify our every endeavor in behalf of this Nation and our relations to the larger family of mankind, that truth and justice may be established in the earth, to the removal of the spirit of distrust and fear. Grant that as we strive for the increase of material well-being we may never be content until our souls are brought into that inner harmony with Thee, without which the spirit of man will still be athirst. We ask it in the name of Jesus Christ, who upon the mount in loving accents said, "Blessed are they which do hunger and thirst after righteousness, for they shall be filled." Amen.

THE JOURNAL

The Chief Clerk proceeded to read the Journal of the proceedings of the calendar days of May 26 and 27, 1933, when, on motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the further reading was dispensed with and the Journal was approved.

CALL OF THE ROLL

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

The VICE PRESIDENT. The clerk will call the roll.

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

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

Mr. ROBINSON of Arkansas. I wish to announce that the Senator from Illinois [Mr. DIETERICH] is necessarily detained from the Senate.

Mr. LEWIS. I wish to announce that the Senator from Nevada [Mr. PITTMAN] is necessarily detained from the Senate on official business.

I also wish to announce that the Senator from North Carolina [Mr. BAILEY], the Senator from Missouri [Mr. CLARK], and the Senator from South Carolina [Mr. SMITH] are necessarily detained from the Senate.

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

COMMITTEE SERVICE

Mr. ROBINSON of Arkansas. On behalf of the majority, I ask that the Senator from Nebraska [Mr. THOMPSON] be assigned to service on the following committees: Indian Affairs, Interstate Commerce, and Public Lands and Surveys.

The VICE PRESIDENT. Without objection, the assignments will be made.

Mr. ROBINSON of Arkansas. I also, on behalf of the majority, ask that the Senator from North Carolina [Mr. REYNOLDS] be assigned to service on the Committee on the District of Columbia.

The VICE PRESIDENT. Without objection, the assignment will be made.

CLAIM OF THE RIO GRANDE SOUTHERN RAILROAD CO.

The VICE PRESIDENT laid before the Senate a letter from the Comptroller General of the United States, transmitting, pursuant to law, his report and recommendation concerning the claim of the Rio Grande Southern Railroad Co. against the United States, which, with the accompanying report, was referred to the Committee on Claims.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a joint resolution of the Legislature of the State of California, memorializing Congress to enact legislation prohibiting the importation of crude petroleum and crude petroleum byproducts, which was referred to the Committee on Finance.

(See joint resolution printed in full when presented today by Mr. JOHNSON.)

The VICE PRESIDENT also laid before the Senate a joint resolution adopted by the Legislature of the State of California, memorializing Congress to adopt, as part of the emergency unemployment-relief program, a plan for the construction of worthy public projects, and to include therein the construction of the Central Valley Project of the California State water plan, which was referred to the Committee on Finance.

(See joint resolution printed in full when presented today by Mr. JOHNSON.)

The VICE PRESIDENT also laid before the Senate a joint resolution adopted by the Legislature of the State of California, memorializing Congress to enact legislation providing for the relief of California Indians, which was referred to the Committee on Indian Affairs.

(See joint resolution printed in full when presented today by Mr. JOHNSON.)

The VICE PRESIDENT also laid before the Senate a resolution adopted by the Central Labor Council of Portland, Oreg., and vicinity, favoring amendment of the Federal Reserve Act so as to enable States, counties, and cities and other subdivisions of government to obtain loans directly from Federal Reserve System banks and pay therefor the same rate of interest that may be paid by member banks of said System, which was referred to the Committee on Banking and Currency.

He also laid before the Senate petitions of sundry citizens of the State of California, praying for the passage of legislation to restore to all veterans who were actually disabled in the military or naval service of the United States their former benefits, rights, privileges, etc., enjoyed by them prior to the passage of the so-called "Economy Act", which were referred to the Committee on Finance.

He also laid before the Senate resolutions adopted by Justice Council, No. 2, Sons and Daughters of Liberty, Washington, D.C., favoring the passage of the so-called "Dies bill" establishing a fixed quota pertaining to the admission of alien immigrants to the United States, which were referred to the Committee on Immigration.

He also laid before the Senate a letter from Mrs. J. N. Whitfield, of New Orleans, La., relative to the possible resumption of the investigation of the Louisiana senatorial election of 1932, and making certain references to Hon. HUEY P. LONG, a Senator from the State of Louisiana, which was referred to the Committee on the Judiciary.

Mr. MURPHY presented resolutions adopted by the Disabled American Veterans of the World War, Department of Iowa, in State convention assembled, favoring reconsideration of the economy law and regulations and Executive orders issued thereunder, as to their effect on the compensa-

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tion, hospitalization, and benefits of veterans, and urging that all benefits which were made for service-connected disabled veterans of the World War be reestablished as of June 30, 1930, which were referred to the Committee on Finance.

Mr. FESS presented resolutions adopted at a meeting of the people of the city of Springfield, Ohio, relative to the successful Jubilee of Progress now nearing its conclusion at Springfield, and stating that that city, along with the balance of the State of Ohio, stands at all times solidly behind the endeavors now being made to solve the problem of unemployment through a public-works program, so as to restore prosperity, which were referred to the Committee on Finance.

Mr. BULKLEY presented resolutions adopted at a mass meeting held in Cleveland on Sunday, the 14th instant, and also resolutions of the social welfare committee of the federated churches of Cleveland, in the State of Ohio, protesting against the treatment of, and alleged outrages committed, against members of the Jewish faith in Germany, which were referred to the Committee on Foreign Relations.

Mr. ROBINSON of Arkansas presented a letter from Burton E. Vaughan, secretary-treasurer, Little Rock Real Estate Board, Little Rock, Ark., in relation to pending home-loan bank legislation, which was ordered to lie on the table.

He also presented a letter from E. N. Hopkins, director of public relations, Meredith Publishing Co., of Des Moines, Iowa, relative to the sale of prison-made goods in the open market, which was referred to the Committee on Finance.

Mr. COPELAND presented a resolution adopted by the Foreign Commerce Club of New York, N.Y., favoring the passage of legislation investing the President with authority to alter by Executive order any rates of duty within 50 percent of the rates of the Tariff Act of 1930, in the interest of international trade, which was referred to the Committee on Finance.

He also presented a resolution adopted by the board of directors of the American Manufacturers Export Association at New York City, N.Y., favoring the passage of legislation investing the President with authority to negotiate and conclude reciprocal tariff agreements with foreign nations, which was referred to the Committee on Finance.

He also presented a resolution adopted by the directors of the New York State Automobile Association at Albany, N.Y., opposing any increased tax on gasoline, but favoring instead the imposition, if necessary, of a general sales tax, which was referred to the Committee on Finance.

He also presented resolutions unanimously adopted by the congregation of St. John's Reformed Church, of Upper Red Hook, N.Y., endorsing the recently expressed attitude of President Roosevelt in suggesting steps toward security for all nations, and favoring the reduction of armaments, and tariff and trade restrictions, etc., which were referred to the Committee on Foreign Relations.

He also presented a resolution adopted by Corporal Joseph J. Mooney Post, No. 2250, Veterans of Foreign Wars, of Hornell, N.Y., favoring the compulsory military training of young men in colleges (and high schools also recommended) in the interest of the national defense, which was referred to the Committee on Military Affairs.

He also presented a resolution adopted by the board of directors of the American Forestry Association, Washington, D.C., favoring the passage of legislation providing adequate Federal authority for the control, use, improvement, and development of the public domain, which was referred to the Committee on Public Lands and Surveys.

He also presented a paper signed by sundry citizens of Kingston, N.Y., endorsing "President Roosevelt's 30-year compulsory retirement for Federal employees as a means to relieve unemployment among the substitute postal employees in the Post Office Department, and the restoration of the 2-cent postage", which was ordered to lie on the table.

Mr. JOHNSON presented the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Agriculture and Forestry:

Assembly Joint Resolution 27

Adopted in assembly April 25, 1933.

ARTHUR A. OHNIMUS,
Chief Clerk of the Assembly.

Adopted in senate May 9, 1933.

J. A. BEEK,
Secretary of the Senate.

This resolution was received by the Governor this 12th day of May A.D. 1933, at 3 o'clock p.m.

WM. A. SMITH,
Private Secretary of the Governor.

(Endorsed:) Filed in the office of the secretary of state of the State of California May 12, 1933, at 5 o'clock p.m.

FRANK C. JORDAN,
Secretary of State.
By CHAS. J. HAGERTY,
Deputy.

CHAPTER 73

Assembly Joint Resolution 27, relative to memoralizing the Congress of the United States to adopt legislation providing for Government use of American-grown rubber

Whereas one of the greatest needs of this Nation is immediate relief of unemployment, both agricultural and industrial, and normally functioning private industry offers the most desirable employment opportunities; and

Whereas it has been fully demonstrated and proven that a large portion of the rubber consumed in the United States could and would be produced in the United States if the industry was properly assisted and protected; and

Whereas it has been proven by, first, the experimental and, second, the actual production of rubber on a commercial scale in the Salinas Valley, Calif., that rubber can be produced in the United States practically at the same cost as the plantation rubber produced in foreign countries; and

Whereas the production of rubber used in the United States would necessitate the use of thousands of acres of land now producing competitive crops that are actually not bringing the producers the cost of production but are serving to produce an overproduction of various crops, thereby lessening the profits to all concerned; and

Whereas this development would put into production thousands of acres that are not now producing anything, thereby giving agricultural employment to thousands of people; and

Whereas the milling of the rubber would require the construction of many mills, thereby giving the different industries involved in producing materials for such factory construction employment and the actual operation of said mills would give employment to large numbers of industrial workers; and

Whereas the value of producing such an article as rubber within the territorial limits of the United States, from a standpoint of war insurance and from the standpoint of actual value to the country in case of war, is perhaps of greater consideration than any other; and

Whereas the development of acreage sufficient to take care of all the needs of rubber for this country would undoubtedly require a great many years; and

Whereas there are several thousands of acres of Guayule rubber in the Salinas and Santa Maria Valleys, which is ready to be harvested and made into rubber, but which is not being harvested due to the present price of rubber; and

Whereas there are nurseries containing seedlings ready to be planted, which take 4 years' growth to produce rubber, which are also not being used; and

Whereas there is a danger of losing not only these thousands of acres of mature rubber and the seedlings ready to plant but of losing the entire development to this country, which has taken 20 or more years to develop, together with the expenditure of $4,000,000 to bring it to its present state of development; and

Whereas the immediate need is a clause in Government supply bills requiring the purchase of rubber grown in the United States, in the same manner that other American products are included: Now, therefore, be it

Resolved by the Assembly and the Senate of the State of California jointly, That the Legislature of the State of California respectfully urges and memorializes the Congress of the United States, now in special session, to enact legislation providing that in all Government contracts requiring the consumption or use of rubber the contract shall specify the rubber to be used must be raised within the territorial limits of the United States or Territories; and be it further

Resolved, That the Legislature of the State of California requests the honorable Senators and Representatives in the Congress of the United States to use every honorable means to secure the adoption of such legislation; and be it further

Resolved, That the Governor is respectfully requested to send copies of this resolution to the President of the United States and to the Senators and Representatives of the State of California in Congress; and be it further

Resolved, That the Governor is respectfully requested to send copies of this resolution to the Governors of all the States of the United States, requesting that the legislatures of all the States pass and present similar memorials to Congress.

WALTER J. LITTLE,
Speaker of the Assembly.
FRANK F. MERRIAM,
President of the Senate.

Attest:
[SEAL]
FRANK C. JORDAN,
Secretary of State.

Mr. JOHNSON also presented the following joint resolutions of the Legislature of the State of California, which were referred to the Committee on Finance:

CHAPTER 104

Assembly Joint Resolution 29, relative to memorializing Congress to enact legislation prohibiting the importation of crude petroleum and crude petroleum byproducts

Whereas the oil industry not only of this State but of other States in the United States has found it necessary to curtail production of crude petroleum and the byproducts thereof; and

Whereas the petroleum industry is one of the major industries of California and is vital to the welfare of this State and its citizens; and

Whereas one of the reasons it has been necessary to so curtail the production in this State, thereby preventing many of our citizens from obtaining a livelihood, is that crude petroleum and crude petroleum products are being imported into this country; and

Whereas the prohibition of such importation would foster the petroleum industry in this State and, by furnishing employment to thousands of our citizens, thereby substantially contribute to the termination of the present economic depression; and

Whereas the Honorable HENRY E. STUBBS has introduced in the Congress of the United States a measure numbered H.R. 4544 which will forbid the importation of crude petroleum and crude petroleum byproducts, which measure has been referred to the Committee on Ways and Means in the House of Representatives of the Congress of the United States: Now, therefore, be it

Resolved by the Assembly and the Senate of the State of California jointly, That the Legislature of the State of California most respectfully urges the Congress of the United States to enact H.R. 4544; and be it further

Resolved, That his excellency the Governor of the State of California be requested to transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, to the Chairman of the Committee on Ways and Means of the House of Representatives, and to the Senators and Representatives from California in Congress.

(Endorsed:) Filed in the office of the secretary of state of the State of California May 17, 1933, at 4 o'clock p.m.

FRANK C. JORDAN,
Secretary of State.
By CHAS. J. HAGERTY,
Deputy.

Senate Joint Resolution 29

Adopted in senate May 12, 1933.

J. A. BEEK,
Secretary of the Senate.

Adopted in assembly May 12, 1933.

ARTHUR A. OHNIMUS,
Chief Clerk of the Assembly.

This resolution was received by the Governor this 19th day of May A.D. 1933, at 11 o'clock a.m.

WM. A. SMITH,
Private Secretary of the Governor.

CHAPTER 109

Senate Joint Resolution 29, relative to memorializing and petitioning the President and the Congress of the United States to adopt, as part of an emergency unemployment-relief program, a plan for the construction of worthy public projects, and to include therein the construction of the Central Valley project of the California State water plan

Whereas it is reported that the President and the Congress of the United States are now considering as part of a meritorious emergency unemployment-relief program, a large bond issue, the proceeds of which would be expended in furnishing employment to unemployed men throughout the Nation on major afforestation, reclamation, flood-control, and other worthy public projects; and

Whereas there are now in the State of California approximately 817,000 unemployed and in addition thereto a far greater number of persons dependent thereon for the common necessaries of life; and

Whereas the unemployment of this great number of people has created in our State a most serious and acute public problem and economic crisis; and

Whereas over a period of more than 10 years there has been expended by this State in excess of the sum of $1,000,000 in the investigation of the water resources of this State and in the formulation of plans for the development, utilization, conservation, and control of the said water resources; and

Whereas the development and conservation of waters of the Santa Ana River system is an important part of the State program of water conservation; and

Whereas there has been recommended and approved by the State engineer as a part of a State-wide plan, an initial project to be constructed, and known as "the Central Valley project", and construction of which will improve navigation, control floods, supply water to areas in dire need thereof, prevent the encroachment of salinity, and otherwise confer great benefits upon the people of our State and upon the Nation at large; and

Whereas the construction of said Central Valley project would in great measure relieve the present acute unemployment situation in this State; and

Whereas there has been recommended to the President of the United States and to the Governor of the State of California by the California Joint Federal-State Water Resources Commission under date of December 27, 1930, that the Federal Government participate with the State in the construction of said Central Valley project, and said Central Valley project has been investigated, reported upon, and approved by the Corps of Engineers of the United States Army; and

Whereas there has been recommended to the Governor of California by the California Water Resources Commission the construction of said Central Valley project, described in the report of said commission under date of June 1932; and

Whereas there has been recommended to this legislature by the California joint legislative water committee the construction of said Central Valley project, described in the report of said committee under date of April 20, 1932; and

Whereas this legislature did on May 5, 1933, adopt a resolution proposing to the people of the State of California the adoption of an amendment to the constitution of this State, which proposed amendment in designated assembly constitutional amendment no. 18, and relates to the control, development, and utilization of the water resources in the State, and designed to better insure and adequately empower the legislature to enact legislation in furtherance of the construction and operation of said State-wide plan and said Central Valley project; and

Whereas the assembly of this legislature did, on May 11, 1933, pass assembly bill no. 259, providing for the construction and operation of the Central Valley project of said State-wide plan in cooperation with the United States of America; and

Whereas this legislature has now taken all action in furtherance of the construction of said Central Valley project which is deemed advisable pending the reconvening thereof on July 17, 1933; and

Whereas it is now deemed advisable to seek and obtain the advice, cooperation, and assistance of the United States of America prior to the reconvening of this legislature on July 17, 1933, in order that such further legislative action may then be taken as may be deemed proper: Now, therefore, be it

Resolved by the senate and assembly jointly, That the State of California through its legislature, hereby respectfully urges that the President and the Congress of the United States adopt as part of its emergency unemployment-relief program an adequate bond issue the proceeds of which shall be expended in furnishing employment to the unemployed throughout the Nation, and that as a part thereof there be adopted appropriate plans for the construction of worthy public projects, and that there be adopted as part and parcel thereof the construction of said Central Valley project and the development and conservation of the waters of the Santa Ana River system as initial projects of the California State water plan; and be it further

Resolved, That the Governor is requested to transmit copies of this resolution to the President of the United States, the Vice President of the United States, the Speaker of the House of Representatives, and to the Senators and Representatives of the State of California in Congress.

FRANK F. MERRIAM,
President of the Senate.
WALTER J. LITTLE,
Speaker of the Assembly.

Attest:
[SEAL]
FRANK C. JORDAN,
Secretary of State.

(Endorsed:) Filed in the office of the secretary of state of the State of California May 19, 1933, at 1 o'clock p.m. Frank C. Jordan, secretary of state. By Chas. J. Hagerty, deputy.

Senate Joint Resolution 30

Adopted in senate May 12, 1933.

J. A. BEEK,
Secretary of the Senate.

Adopted in assembly May 12, 1933.

ARTHUR A. OHNIMUS,
Chief Clerk of the Assembly.

This resolution was received by the Governor this 19th day of May A.D. 1933, at 11 a.m.

WM. A. SMITH,
Private Secretary of the Governor.

CHAPTER 110

Senate Joint Resolution 30, relative to memoralizing and petitioning the President and the Congress of the United States to adopt, as part of an emergency unemployment relief program, a plan for the completion of worthy public projects, and to include therein the construction and maintenance of roads and highways

Whereas it is reported that the President and the Congress of the United States are now considering as part of a meritorious emergency unemployment-relief program, a large bond issue, the proceeds of which would be expended in furnishing employment to unemployed men throughout the Nation on major afforestation, reclamation, flood control, and other worthy public projects; and

Whereas there are now in the State of California approximately 800,000 unemployed and in addition thereto a far greater number of persons dependent thereon for the common necessaries of life; and

Whereas the unemployment of this great number of people has created in our State a most serious and acute public problem and economic crisis: Now, therefore, be it

Resolved by the Senate and Assembly of the State of California jointly, That the State of California, through its legislature, hereby respectfully urges that the President and the Congress of the United States adopt as part of its emergency unemployment-relief program an adequate bond issue, the proceeds of which shall be expended in furnishing employment to the unemployed throughout the Nation, and that as a part thereof there be adopted appropriate plans for the construction or maintenance of worthy public projects, and that there be adopted as a part of said plan the improvement of the present secondary highways in the State of California and the completion of such additional secondary highways as are now in the process of construction; and be it further

Resolved, That the Governor is requested to transmit copies of this resolution to the President of the United States, the Vice President of the United States, the Speaker of the House of Representatives, and to the Senators and Representatives of the State of California in Congress.

FRANK F. MERRIAM,
President of the Senate.
WALTER J. LITTLE,
Speaker of the Assembly.

Attest:
[SEAL]
FRANK C. JORDAN,
Secretary of State.

(Endorsed:) Filed in the office of the secretary of state of the State of California, May 19, 1933, at 1 p.m.

FRANK C. JORDAN,
Secretary of State.
By CHAS. J. HAGERTY,
Deputy.

Mr. JOHNSON also presented the following joint resolution of the Legislature of the State of California, which was referred to the Committee on the Judiciary:

Senate Joint Resolution 22

Adopted in senate May 4, 1933.

J. A. BEEK,
Secretary of the Senate.

Adopted in assembly May 4, 1933.

ARTHUR A. OHNIMUS,
Chief Clerk of the Assembly.

This resolution was received by the Governor, this 8th day of May A.D. 1933, at 4 p.m.

WM. A. SMITH,
Private Secretary of the Governor.

CHAPTER 66

Senate Joint Resolution 22, relative to memorializing Congress to exempt from the provisions of legislation limiting hours of labor to 30 hours a week people engaged in the mining industry

Whereas there is now pending before the Congress of the United States a bill introduced by Senator BLACK, known as "S. 158", requiring the hours of labor of all persons to be limited to 30 hours per week; and

Whereas, it is the opinion of this legislature that persons engaged in the gold-mining industry should be exempt from the provisions of such a bill by reason of the peculiar circumstances surrounding the operation of that industry: Now, therefore, be it

Resolved by the Senate and Assembly of the State of California jointly, That the Congress of the United States be and it is hereby urgently requested and memorialized to adopt amendments to Senate bill 158 introduced by Mr. BLACK so that all persons engaged in the mining industry will be exempt from the operation of such a bill and will not be restricted in any manner as to the number of hours during which the mining industry may be carried on and conducted; and be it further

Resolved, That the Governor is requested to forward a copy of this resolution to the President and Vice President of the United States, the Speaker of the House of Representatives, and to each Member from the State of California in Congress.

FRANK F. MERRIAM,
President of the Senate.
WALTER J. LITTLE,
Speaker of the Assembly.

Attest:
[SEAL]
FRANK C. JORDAN,
Secretary of State.

(Endorsed:) Filed in the office of the secretary of state of the State of California, May 8, 1933, at 5 p.m.

FRANK C. JORDAN,
Secretary of State.
By CHAS. J. HAGERTY,
Deputy.

Mr. JOHNSON also presented the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Indian Affairs:

CHAPTER 103

Assembly Joint Resolution 28, relative to memorializing Congress to enact legislation providing for relief of California Indians

Whereas certain facts have come to the attention of this legislature indicating that the Indians of this State are living in extreme poverty, with a lack of proper housing and sanitary arrangements, and insufficient food and other necessities of life; and

Whereas the foregoing conditions have caused much sickness, distress, and suffering among the Indians on the reservations in this State; and

Whereas the Government of the United States has previously agreed, by treaties and otherwise, to properly provide for the education and housing of the Indians and the furnishing of tools, animals, and other farming equipment in exchange for lands taken from the Indians; and

Whereas it appears to this legislature that it is imperative that the Congress immediately enact legislation providing for the proper care and relief of such Indians: Now, therefore, be it

Resolved by the Senate and Assembly of the State of California jointly, That the Legislature of the State of California respectfully urges and memorializes the Congress of the United States to immediately adopt legislation to either provide for direct appropriation for the relief of the conditions referred to or to provide for the furnishing of proper housing and the tools and other farming equipment necessary to enable said Indians to provide their own livelihood; and be it further

Resolved, That the Governor of this State be, and he is hereby, requested to forward a copy of this resolution to the President of the United States, the Vice President of the United States, and to each Senator and Representative from California in Congress.

(Endorsed:) Filed in the office of the secretary of state of the State of California May 17, 1933, at 4 o'clock p.m.

FRANK C. JORDAN,
Secretary of State.
By CHAS. J. HAGERTY,
Deputy.

Mr. JOHNSON also presented the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Public Lands and Surveys:

Senate Joint Resolution 20

Adopted in senate April 24, 1933.

J. A. BEEK, *Secretary of the Senate.*

Adopted in assembly May 5, 1933.

ARTHUR A. OHNIMUS,
Chief Clerk of the Assembly.

This resolution was received by the Governor, this 8th day of May A.D. 1933, at 4 o'clock p.m.

WM. A. SMITH,
Private Secretary of the Governor.

CHAPTER 65

Senate Joint Resolution 20, relative to approval by the President of the United States of a project for the conservation of the waters of Yosemite Creek and the preservation of Yosemite Falls in Yosemite National Park, under the provisions of act of Congress approved March 31, 1933

Whereas the Seventy-third Congress of the United States of America in its first session adopted on March 31, 1933, an act entitled, "An act for the relief of unemployment through the performance of useful public works, and for other purposes", under which the President of the United States was authorized to select projects qualifying for construction in accordance with the purposes of the act; and

Whereas there is urgent need for regulation of the waters of Yosemite Creek in Yosemite National Park by means of one or more small reservoirs for the purposes of flood control, the prevention of excessive erosion, and the preservation of Yosemite Falls during the dry season of the year; and

Whereas it is highly desirable that the scenic beauty of Yosemite Falls be maintained during the summer when the great bulk of visitors are able to view this outstanding national attraction by the preservation of a sufficient supply of water to maintain a natural flow over the falls during the dry months, and at the same time accomplish desirable flood control benefits: Now, therefore, be it

Resolved by the Senate and the Assembly of the State of California jointly, at the fiftieth session of the California Legislature, commencing on the 2d day of January 1933, a majority of all members elected to each house of said legislature voting in favor thereof, That the President of the United States be respectfully requested to adopt the project contemplating conservation of the waters of Yosemite Creek, and the preservation of Yosemite Falls for the enjoyment of the people throughout the entire summer season, as a unit of the program under said Emergency Unemployment Relief Act, and to cause the construction of said reservoir or reservoirs to be completed during the current calendar year.

Resolved further, That certified copies of the foregoing resolution be forwarded by the Governor of the State of California to the President of the United States, to the Secretary of the United States Department of the Interior, and to each of the Senators and Representatives of the State of California in Congress.

FRANK F. MERRIAM,
President of the Senate.
WALTER J. LITTLE,
Speaker of the Assembly.

Attest:
[SEAL]

FRANK C. JORDAN,
Secretary of State.

(Endorsed:) Filed in the office of the secretary of state of the State of California, May 8, 1933, at 5 o'clock p.m.

FRANK C. JORDAN, *Secretary of State.*
By CHAS. J. HAGERTY, *Deputy.*

BENEFITS OF WORLD WAR VETERANS

Mr. JOHNSON. Mr. President, also I present certain petitions signed very numerously by disabled veterans in the military and naval service of this Nation during the World War, asking that their former benefits be restored to them, the benefits that were given them for wounds received in actual service, and that the economy bill may be amended accordingly. I ask that the body of one of the petitions may be printed in the RECORD, and that the petitions themselves be referred to the Committee on Finance.

There being no objection, the petitions were referred to the Committee on Finance, and the body of one of the petitions was ordered to be printed in the RECORD, as follows:

A PETITION TO THE UNITED STATES SENATE AND THE UNITED STATES HOUSE OF REPRESENTATIVES FROM THE PEOPLE OF CALIFORNIA TO RESTORE TO ALL SERVICE-CONNECTED DISABLED VETERANS THEIR FORMER BENEFITS, PRIVILEGES, SCHEDULES, RATINGS, ETC., ETC.

We, the undersigned, citizens of the United States of America, residents and voters of the State of California, do hereby affix our signatures and thereby protest certain phases of the so-called "Economy Act regulations", particularly insofar as they pertain to the legitimately service-connected disabled veteran, and we do hereby further petition the United States Senate and the United States House of Representatives to take such action as is necessary to revise the aforesaid regulations and/or the Economy Act itself so that there shall be restored to all veterans who were actually disabled in the military or naval service their former benefits, rights, privileges, ratings, schedules, compensation, presumptions, and pensions heretofore enjoyed by them and existence prior to the enactment of said Economy Act.

UNEMPLOYMENT RELIEF—PETITION OF UNEMPLOYED COLLEGE GRADUATES

Mr. COSTIGAN. Mr. President, early in the present month a conference was held in the city of Washington by representatives of unemployed college graduates. That conference formulated a petition addressed to the President and the Congress embodying certain considered suggestions and recommendations on the present economic crisis. In one respect the petition was particularly noteworthy. Its authors did not ask special privileges for themselves, even on the basis of their special training.

It is proper and in accordance with our recognized constitutional rights that the petition be placed in the RECORD as part of my remarks and appropriately referred, and I so request.

There being no objection, the petition was referred to the Committee on Education and Labor and ordered to be printed in the RECORD, as follows:

UNEMPLOYMENT AND EDUCATION

A petition presented to the President and to Senator COSTIGAN for the Congress of the United States by the National Conference of the Association of Unemployed College Alumni held at Washington, D.C., May 2–3, 1933

We, in presenting this petition, recognize the fact that our interests are indissolubly bound up with those of all other workers in society. We are not asking for special dispensation for ourselves; but rather we are asking to be put to work for society in those specialized capacities for which society has trained us. We know there is plenty of work to be done, and that there are plenty of men to do it. Since economic activities are means to an end—namely, the support and maintenance of the individual and society and the advancement of cultural activities—we believe that when one means fails of these objects, as the present means has, another must be installed to obtain these ends.

Since many of our schools are completely shut down, many more are open only part time, many teachers suffer from lack of pay, and millions of children of school age are denied a school education, while at the same time 75,000 school teachers are seeking jobs, we advocate Federal grants to counties, municipalities, and other political subdivisions for the restoration and extension of educational facilities. In addition, we recommend Federal grants to libraries and museums to continue their functions unabated.

Since statistics show that there is acute need for medical and dental care among the poorer paid workers, farmers, and the unemployed, and hospitals and clinics have been obliged to curtail services, while at the same time doctors, dentists, and nurses are destitute, we advocate Federal grants for health services, not only to remedy the immediate situation but to provide for permanent health service for all classes.

Since there is need for many public works, among others, regional development, such as city-planning projects, including slum clearance and adequate housing for all, recreational facilities, public buildings, roads, flood control, while at the same time engineers, architects, and other workers are suffering from want of jobs, we advocate a generous policy of extension of public works on the part of the Federal Government.

Since there are many persons who need legal service but are unable to pay for it, and since many lawyers are without work, we advocate the establishment of the office of public lawyer, which will, upon request, take charge of cases for either plaintiffs or defendants in civil as well as criminal cases at the public expense.

Since scientific work is essential not only as part of the Government activities but for the general welfare, and since there are large numbers of chemists, engineers, and other professionally trained men and women who are unemployed, we advocate that the Government make use of their valuable training in extending its own scientific work for the good of the people at large. For example, we recommend the extension of the testing functions of the Bureau of Standards to give information to the public on all consumers' goods, and the establishment of branches of this service throughout the several States; the enlargement of the information-gathering activities of the Department of Labor, including periodic reports on unemployment and the conditions surrounding it; the continuation and extension of the research work of the Department of Agriculture, with greater publicity for its findings; and the completion of the geodetic and geologic surveys. In addition we urge the creation of an emergency fund for Federal fellowships for these and other research projects.

We urge that in the application of the above recommendations and the distribution of employment thereunder, there shall be no discrimination on account of race, color, religion, or political affiliation.

We realize the implications of the above recommendations in that the welfare of any individual or class is dependent on the welfare of all others. This holds true not only for workers in any one nation but for workers in all nations. We therefore recommend the extension of direct Federal relief to the unemployed and to all those who lack the necessities of life; the establishment of unemployment insurance and eventually of employment assurance; the setting up of Federal employment agencies; the creation of a minimum wage and maximum hours per week law, the minimum wage to be consistent with minimum subsistence budget set by the Department of Labor; the nationalization of the banking system and the socialization of credit; the abolition of tax-exempt securities and a steeply graded increase in income and inheritance taxes with the exemption of small incomes; the lowering of tariff barriers; the recognition of Soviet Russia; and complete disarmament. In conclusion we favor a system of planned economy on the basis of production for use and not for profit.

THE ASSOCIATION OF UNEMPLOYED COLLEGE ALUMNI,
112 East Nineteenth Street, New York City.

REPORT OF THE JUDICIARY COMMITTEE

Mr. ASHURST, from the Committee on the Judiciary, to which was referred the bill (S. 815) to provide for the survival of certain actions in favor of the United States, reported it with amendments and submitted a report (No. 100) thereon.

EXECUTIVE REPORTS OF THE JUDICIARY COMMITTEE

As in executive session,

Mr. STEPHENS, from the Committee on the Judiciary, reported favorably the nomination of Richard Curd Pope Thomas, of Kentucky, to be district judge of the Canal Zone, to succeed James J. Lenihan, term expired.

Mr. McCARRAN, from the Committee on the Judiciary, reported favorably the nomination of William Thomas Collins, of Missouri, to be clerk of the United States Court for China.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

BILLS AND JOINT RESOLUTION INTRODUCED

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

By Mr. KING:

A bill (S. 1796) to authorize an exchange of lands between the United States and Joseph Hodges; to the Committee on Public Lands and Surveys.

By Mr. McNARY:

A bill (S. 1797) authorizing the removal of rock from the submarine and destroyer base reservation at Astoria (Tongue Point), Oreg.; to the Committee on Naval Affairs.

By Mr. SHIPSTEAD:

A bill (S. 1798) for the relief of L. Elbert Van Buren; to the Committee on Claims.

By Mr. BANKHEAD:

A bill (S. 1799) to authorize the issuance of stamped-money certificates for the relief of depositors in closed banks, and for other purposes; to the Committee on Banking and Currency.

By Mr. McKELLAR:

A joint resolution (S.J.Res. 57) calling on the Secretary of the Treasury for information concerning tax assessments, income taxes, tax refunds, and claims therefor, including depletion, credits, and abatements, made by certain persons and corporations; ordered to lie on the table.

AMENDMENTS TO PUBLIC WORKS BILL

Mr. POPE and Mr. METCALF each submitted an amendment, and Mr. ASHURST submitted two amendments, intended to be proposed by them, respectively, to Senate bill 1712, the so-called "industrial control and public works bill", which were severally referred to the Committee on Finance and ordered to be printed.

Mr. ASHURST and Mr. THOMAS of Oklahoma each submitted an amendment intended to be proposed by them, respectively, to House bill 5755, the so-called "industrial control and public works bill", which were referred to the Committee on Finance and ordered to be printed.

Mr. ASHURST and Mr. HAYDEN jointly submitted an amendment intended to be proposed by them to House bill 5755, the so-called "industrial control and public works bill", which was referred to the Committee on Finance and ordered to be printed.

EXPENSES OF INVESTIGATION OF HARRIMAN NATIONAL BANK

Mr. COSTIGAN. Mr. President, by request of the Committee on the Judiciary, I send to the desk a resolution which ought to be referred to the Committee to Audit and Control the Contingent Expenses of the Senate. May I ask, in connection with it, that Senate Resolution 55, to which the present resolution relates, may be printed in the RECORD?

The VICE PRESIDENT. Is there objection?

Mr. McNARY. Mr. President, I did not hear the request of the Senator from Colorado.

Mr. COSTIGAN. I will repeat for the benefit of the Senator from Oregon that I have sent to the desk a Senate resolution which is approved by the Committee on the Judiciary. I asked to have it referred to the Committee to Audit and Control the Contingent Expenses of the Senate. It seeks to provide further funds with which to continue the so-called "Harriman National Bank investigation." I ask that the resolution and Senate Resolution 55 may be printed in the RECORD at this point.

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

The resolution (S.Res. 89) was referred to the Committee to Audit and Control the Contingent Expenses of the Senate, as follows:

Resolved, That the limit of expenditures under Senate Resolution No. 55, Seventy-third Congress, agreed to April 18, 1933, to investigate the delay in prosecuting alleged law violations by the Harriman National Bank, New York City, is hereby increased by $500.

Senate Resolution 55, submitted by Mr. COSTIGAN and agreed to on April 18, 1933, is as follows:

Resolved, That the Committee on the Judiciary, or any duly authorized subcommittee thereof, is authorized and directed to investigate the reported failure on the part of the Department of Justice to prosecute promptly alleged violations of law by the Harriman National Bank, New York City, or the officers or directors thereof. The committee shall report to the Senate, at the earliest practicable date, the result of its investigations, together with its recommendations.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-third Congress, to employ such clerical and other assistants, to require by subpena or otherwise the attendance of such witnesses, and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $500, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

INCOME-TAX ASSESSMENTS, PAYMENTS, AND REFUNDS

Mr. McKELLAR submitted a resolution, S.Res. 90, which was ordered to lie on the table, as follows:

Resolved, That the Secretary of the Treasury is hereby directed to furnish to the Senate, at the earliest possible moment, the hereinafter-described information concerning the following corporations and individuals: Andrew W. Mellon, the Gulf Refining Co., the Gulf Oil Corporation, the Gulf Production Co., the Gulf Pipeline Co., the Gulf Refining Co. of Louisiana, the Gypsy Oil Co., the Gulf Pipeline Co. of Oklahoma, the Mexican Gulf Oil Co., the South American Gulf Oil Co., the Panama Gulf Oil Co., the Gulf Cooperage Co., the Gulf Commissary Co., the Standard Steel Car Co., the Middleton Car Co., the Baltimore Car & Foundry Co., the Verona Steel Casting Co., the Forged Steel Wheel Co., the Steel Car Forge Co., the Butler Bolt & Rivet Co., the Butler Car Wheel Co., the Lundora Land & Improvement Co., the Mellon National Bank, the Union Trust Co., the Union Savings Bank, Aluminum Co. of America, Aluminum Cooking Utensils Co., Aluminum Die Casting Corporation, the Aluminum Ore Co., the Aluminum Seal Co., the Electric Carbon Co., the Knoxville Power Co., the St. Lawrence River Power Co., the St. Lawrence Securities Co., the Tallahassee Power Co., McClintic-Marshall Co., Union Shipbuilding Co., Carborundum Co., the Pittsburgh Plate Glass Co., and the Koppers Corporation; also Ogden L. Mills, and Ogden L. Mills, executor of the estate of Ogden L. Mills, Sr.

First. The assessments for individual and corporation income taxes as first made against each of said corporations and indivuals for the years 1917 to 1933, inclusive;

Second. The aggregate sums actually paid by each of said several taxpayers for said several years, inclusive, the said several sums given by years;

Third. The claims for tax refunds, the dates of their filing, the names of the several attorneys filing same, the several amounts claimed as refunds by each of said parties for each, all, or any of said years, giving same by years;

Fourth. The claims of any of said parties for depletion allowances, the date of their filing, and the amounts allowed for depletion, and the dates of such allowances, giving the same by years;

Fifth. The dates and amounts refunded to each of said companies or individuals in the way of credits for current taxes or otherwise, giving the same by years;

Sixth. The amounts allowed in abatement to any of said corporations or individuals during said period, inclusive, giving the same by years;

Seventh. The amounts refunded to each of said several companies and individuals, by the years, in cash;

Eighth. The names of the officials in the Treasury Department approving such refunds, abatements, depletions, or credits, and the dates of their several approvals; and

Ninth. The names of the members of the committee or committees first determining each of said claims, the amount of salary paid each, and the names of any other officials or employees approving said claims, as well as the names of any officials or employees who disapproved any of said refunds.

PERSECUTION OF JEWS IN GERMANY—EXCERPTS FROM ADDRESSES BY BRITISH LEADERS

Mr. ROBINSON of Arkansas. Mr. President, I request that excerpts from addresses by the Secretary of State for Foreign Affairs of Great Britain and from other addresses by British leaders on the subject of the persecution of Jews in Germany be printed in the RECORD.

There being no objection, the addresses were ordered printed in the RECORD as follows:

ADDRESS OF THE SECRETARY OF STATE FOR FOREIGN AFFAIRS FOR GREAT BRITAIN AND OTHER ADDRESSES IN THE BRITISH PARLIAMENT ON THE PERSECUTION OF JEWS IN GERMANY

The Archbishop of Canterbury, House of Lords, March 30, 1933, with reference to Lord Reading's observations on the persecution of the Jews in Germany:

"I should feel I had been somewhat lacking if I did not here publicly say, representing as in some sense I may claim to do the best citizenship of the country, that I associate myself entirely with what was said by the noble and learned Marquess (the Marquess of Reading) in a way which touched our hearts a short time ago. I earnestly trust that His Majesty's Government will be able to give assurances—I know they will—that they are doing whatever seems to them possible to express the concern of the people of this country and of their Christian fellow citizens with regard to the Jewish community, and, not least, the concern of those among them who are animated by feelings of sincere friendship for the German people."

The Bishop of Llandaff, meeting at Cardiff, April 5, 1933:

"The Bishop of Llandaff, supporting, spoke of the conditions prevailing in Germany as a throw-back to barbaric ages. Civilization was, at the moment, at the crossroads, and the hope of the nations was in their ability to work in harmony, but Germany was only stirring up racial prejudice." (Western Mail, Apr. 6, 1933.)

The Roman Catholic Archbishop of Liverpool, meeting at Liverpool, April 5, 1933:

"Dr. Downey said that the eyes of the world were upon Germany, the eyes of her friends, to see if she had any constructive policy which would make for social stability at home and peace and good will with nations abroad. One could not help feeling that if she could not peacefully set her own home in order she was not likely to contribute anything of value to the comity of nations. It was deplorable that at such a time as this a narrow, grasping, racial prejudice should be allowed to stay or even put back the hands of the clock. The friends of Germany, those who wished her well, were anxiously watching her to see if they could discern any symptoms of a change of heart." (Liverpool Post, Apr. 6, 1933.)

Dr. Scott-Lidgett, President of the United Methodist Churches, message to meeting at Whitechapel Art Gallery, April 1, 1933:

"All branches of the Christian Church share with the Jewish community the horror at all civil violence, and especially at outbreaks of such violence against any particular race or class of the community. I am sure that I am speaking the mind of the Methodist Church in particular when I express the hope that steps may promptly be taken in Germany to prevent any such outbreaks for the future." (Manchester Guardian, Apr. 3, 1933.)

HOUSE OF LORDS

Viscount Cecil, House of Lords, March 30, 1933:

"As I understand it, three different allegations are made. In the first place it is said that members of the Jewish community have been treated with great violence and outrage, and that that has been done not indeed by the authorization of the Government, but without interference by the police and other representatives of the Government.

"As to that, I believe that the German Government have made in the strongest way protests against what they regard as the great exaggerations that have been made on the subject. They have said that the Government are entirely guiltless in the matter, and that such events as may have occurred have been merely the inevitable if regrettable excesses which take place in a time of revolution. If the Government have any information which enables them to confirm that view I am sure we shall hear it with the greatest pleasure. There is also another charge, that the newspapers in Germany, or some of them, have published the most violent and inflammatory articles against the Jews. Instances have been sent to me, with which I will not trouble your lordships by reading, but certainly, if they are typical of much that has been said in Germany, they are a very scandalous abuse of the license of the press. I do not understand that that is denied; at least I have seen no denial of it. Of course it becomes very difficult to understand by friends of Germany in this country—and I have never been since the war anything else—because there is in existence in Germany a very strict censorship which one would have thought would have enabled the Government to put a stop to any proceedings of that kind.

"Then there is a third matter which perhaps in its ultimate results is going to be more serious than any other to the Jewish community—that is, the compulsory dismissal of Jews from judgeships, from appointments as doctors and so on, which is going on now all over Germany. The people who are so dismissed are put in a very difficult position, because it is obvious that it will be very difficult for them in those circumstances to acquire any kind of private practice of their own, and naturally they will be ruined and put in very great difficulties as to living. That is not denied at all, as I understand it. It is admitted. Some of it, at any rate, is justified on the ground—a rather strange ground—that something in the nature of a boycott has been organized against German trade in various countries and that the governments of those countries have done nothing to stop it. That is a rather strange doctrine—novel, as far as I know, in international law—but at any rate it has this effect, that it seems to recognize that these matters are matters of international concern.

"These events have undoubtedly caused great anxiety in this country. Your lordships will not forget that there are many thousands, hundreds of thousands of Jews who are subjects of His Majesty the King, and are among the most peaceable and orderly citizens in this country. It is quite obvious that events in a foreign country which cause great anxiety and unrest in a large section of the population of this country must give anxiety to the Government, and to your lordships. I have heard at Geneva, and anybody who has been there must have heard too, the representatives of the German Government pressing very strongly for the strict administration of those treaties and, indeed, urging that they ought to be made more stringent, and that the machinery of the League should be made more drastic in dealing with them.

"Certainly it is a little astonishing that a country that has taken that line should regard it as legitimate to treat a certain section of its population in quite a different way from the manner in which it treats the majority. To put the thing quite simply, it seems difficult to contend that anti-Semitism in Germany is perfectly legitimate but anti-Germanism in Poland is an act of tyranny. That is the position which I have thought it right to bring before your lordships because it does seem to me a matter in which the Government of this country must be interested. Whether they think there is anything they can do in the matter or not is another question. In any case I am quite sure I am speaking the mind of the whole of your lordships in saying that if the Government can in this matter give us any reassurance we shall be indeed grateful to them."

The Earl of Iddesleigh, House of Lords, March 30, 1933:

"I hope I may be permitted to express my respectful and sympathetic concurrence with the remarks made by the noble and learned marquess, Lord Reading. I speak not only on my own behalf, I speak as a member of the Roman Catholic Church. My coreligionists and Lord Reading's worked together very successfully and very happily in Germany before the recent revolution, and we do feel—I think we feel in every country—real sympathy with those who are the victims of a movement which has been condemned by our bishops."

Sir Austen Chamberlain in a speech at Birmingham April 7, 1933, said:

"It is a very delicate thing to speak on what may be considered the internal politics of another country. I am very conscious that the German Government profess that they have been grossly misrepresented in the sensational and propagandist press. I am not a reader of that press. I do not draw my knowledge or inspiration from it. I read only the most sober and the most moderate correspondents, but I do not rely for what I am going to say upon that.

"I can base what I have to say on the utterances of men in authority in Germany, and I say that these utterances, at present reflecting an attitude applied only to Germans in Germany, reveal a spirit which we hoped had departed from this world, and that it shocks other nations to see the embers of a religious persecution stirring again and to hear talk of a religious or racial proscription of a great section of the German people." (Manchester Guardian, Apr. 9, 1933.)

Mr. George Lansbury and Mr. Attlee sent a joint message to the Whitechapel Art Gallery protest meeting saying:

"We sincerely hope that world public opinion will speedily prove to the German authorities that they are making a tremendous mistake in adopting their present attitude toward those people from whose ranks some of the finest men and women have sprung." (The Times, Apr. 3, 1933.)

Sir Philip Dawson and Mr. Patrick J. Hannon:

"Sir Philip Dawson, member of Parliament, and Mr. Patrick J. Hannon, member of Parliament, have sent a letter to Field Marshal von Hindenburg, President of the German Republic, in which they state that they have taken a deep interest in the promotion of friendship with Germany for the past 12 years, and add:

"'The recent action of your Government toward the Jewish community has created a profound sensation of disappointment in the minds of the friends of Germany throughout Great Britain, and we are bound to conclude that this feeling will be universal in all parts of the British Empire.

"'We earnestly appeal to Your Excellency to take such action as may commend itself to you through your Government to bring to an end as speedily as possible the attacks upon the Jewish people and restore to them their rights of German citizenship.'" (Manchester Guardian, Apr. 4, 1933.)

THE HOUSE OF COMMONS

The following are extracts from speeches delivered in the debate on foreign affairs in the House of Commons, April 13, 1933:

Major Attlee:

"When we come to this matter of treaty revision, I hope that our Government will tell Germany straight out that if she wants any revision she must come with clean hands. Germany is de-

manding a number of adjustments, adjustments on the side of Poland, adjustments here and adjustments there. There is even talk of Germany asking for a retrocession of some of her former colonies. In all the areas where Germany is demanding to get back territory there are minorities. In none of those areas is there an unmixed German population, in all there are people of alien races, and we should say quite frankly to Germany that at the present moment no one in this country would propose to entrust any minority to Germany, seeing how she has been treating minorities."

Sir Austen Chamberlain:

"I am not going to enter into a discussion of the internal happenings of Germany except insofar as they are applicable and pertinent to a debate on foreign affairs. What is this new spirit of German nationalism? The worst of the all-Prussian imperialism, with an added savagery, a racial pride, an exclusiveness which cannot allow to any fellow subject not of 'pure Nordic birth' equality of rights and citizenship within the nation to which he belongs. Are you going to discuss revision with a government like that? Are you going to discuss with such a government the Polish Corridor? The Polish Corridor is inhabited by Poles; do you dare to put another Pole under the heel of such a government? I beg the right honorable gentleman to beware of what he is doing. After all, we stand for something in this country. Our traditions count for our own people, for Europe, and for the world. Europe is menaced and Germany is afflicted by this narrow, exclusive, aggressive spirit, by which it is a crime to be in favor of peace and a crime to be a Jew. That is not a Germany to which we can afford to make concessions. That is not a Germany to which Europe can afford to give the equality of which the Prime Minister spoke. That is more than he ever promised. I understood that the promise made by the five powers was of equality of status, to be reached by stages. Before you can afford to decide, or to urge others to decide, you must see a Germany whose mind is turned to peace, who will use her equality of status to secure her own safety but not to menace the safety of others; a Germany which has learnt not only how to live herself, but how to let others live inside her and beside her."

Miss Eleanor Rathbone:

"It is not often that even a free-lance like myself finds herself in almost passionate agreement with almost every word that has fallen from two speakers so different usually in their outlook as the honorable member for Limehouse (Mr. Attlee), who began this discussion, and the right honorable member for West Birmingham (Sir A. Chamberlain). But that feeling, I think, was shared by members in all quarters of the house. Since I have been a member of the house I have seldom been in a debate in which feeling seemed to be so unanimous. * * *

"Herr Hitler and his colleagues have let the world see plainly the feelings which they cherish about questions of blood and race. Their treatment of members of the most highly civilized and gifted of all oriental races, even those members of it who have been for generations peaceful German citizens, shows what their attitude would be toward weaker and less developed peoples, in places where public opinion could not exercise any control. It would be a crime to allow the present Germany any share in mandates."

Captain Cazalet:

"There will be a chorus of approval of the remarkable speech of the right honorable member for West Birmingham (Sir A. Chamberlain). There can be no question in any quarter of the house as to the opinion of the people of this country on recent events in Germany, and I cannot imagine anything more effective than the appeal of the right honorable gentleman who has been for the last 15 years the best friend that Germany ever had."

Colonel Wedgwood:

"Everything I wished to say has been said far better than I could say it by the right honorable member for West Birmingham (Sir A. Chamberlain), and by the right honorable member for Limehouse (Mr. Attlee), in speeches which, I believe, have been the finest of their career. They have voiced not only the true English sentiment, but they have voiced, I believe, the views of the whole of this house and of the country. The revision of the treaties is dead—killed by two speeches, or, rather, killed not so much by those two speeches as by that which caused them. * * * The corner boys of Germany have disgraced their country."

Brigadier General Spears:

"I will not detain the house more than a very few moments, because I, like the right honorable and gallant gentleman, the member of Newcastle-under-Lyme (Colonel Wedgwood) believe that the right honorable gentleman, the member for West Birmingham (Sir A. Chamberlain) has expressed not only my feeling and the feelings of the majority of the house, but the feelings of the country as a whole."

Mr. Mallalieu:

"I think the unanimity with which feeling has been expressed in this house and in this country may, in some degree, bring consolation, if not active help, to those who are being oppressed in Germany now."

Mr. J. P. Morris:

"I never felt more proud of being a member of this house than when listening to the speech of my right honorable friend the member for West Birmingham (Sir A. Chamberlain). It was a speech of superb statesmanship. * * *

"The whole of the people of this country are definitely opposed to the policy of the Jewish persecution in Germany, a persecution which is depriving the Jews of that country of the elementary rights of citizenship. Public opinion throughout the world sympathizes with German Jewry, and it is only owing to the existence of that world public opinion that there has been a mitigation of the persecution."

Mr. Winston Churchill:

"I am not going to use harsh words about Germany and about the conditions there. I am addressing myself to the problem in a severely practical manner. Nevertheless, one of the things which we were told after the Great War would be a security for us was parliamentary institutions in Germany; that she would be a democracy with parliamentary institutions. All that has been swept away. You have dictatorship—most grim dictatorship. You have militarism and appeals to every form of fighting spirit, from the introduction of duelling in the colleges to the Minister of Education advising the plentiful use of the cane in the elementary schools. You have these martial or pugnacious manifestations, and also this persecution of the Jews, of which so many honorable members have spoken and which appeals to everyone who feels that men and women have a right to live in the world where they are born, and have a right to pursue a livelihood which has hitherto been guaranteed them under the public laws of the land of their birth."

The Secretary of State for Foreign Affairs (Sir John Simon):

"I desire to say a word on a matter which the right honorable member for Epping dealt with at the end of his very impressive and moving speech, namely, the special concern which we have at the present time with regard to the news as to the treatment of Jews in Germany. This debate has been especially useful, because it has expressed the deep, general, and, I might say, universal feeling that is entertained in this country on the recent treatment of Jews and other minorities in Germany.

"I do not think it would be out of place if I say now, speaking as a member of the Government, that it would be a profound mistake for anyone in any country to imagine that this feeling is either limited to or instigated by members of the Jewish community. On the contrary, it is a spontaneous expression and it is an inevitable expresson of the attachment which we all feel to the principle of racial toleration. My right honorable friend, the member for Darwen (Sir H. Samuel), said, quite truly, that it was a Liberal principle. So it is. It is a claim which many of us who have great attachment to that general outlook may fairly make. It is one of those principles which in past times has been a subject of controversy in our own political life and in which, in the broadest sense, liberal opinion has championed the oppressed.

"It is also one of those things which have entered into the traditions of the whole of the British people. Today there is no distinction between any of us, whatever our party affiliations may be, and we cannot conceive that civil liberty, upon which the progress not only of great nations but of neighborly relations so often depend, are not gravely menaced by the matters to which attention has been called today. It is not a Jewish outlook and it is not merely the outlook of a section or of a party; it is what may truly be called the Anglo-Saxon outlook. It is the outlook of those who have inherited traditions which have been common to England and Germany alike. I make these observations knowing well the responsibility which rests upon the Government in such a matter, and I do not believe that we should be expressing the feelings of the country if I did not associate myself with what has been said on this subject today." (House of Commons, Official Report, Apr. 13, 1933, col. 2737 ff.)

OTHER EXPRESSIONS OF OPINION

Mr. Lloyd George, meeting of British and Foreign Bible Society, at Godalming, April 28, 1933:

"Mr. Lloyd George, presiding last night at a meeting of the British and Foreign Bible Society, at Godolming, referred to the persecution of the Jews in Germany, and said that the Bible taught the highest moral and spiritual stands of which man was capable.

"At the present moment they were enduring a mean persecution in one of the great countries of Christendom. It was rooted in a degrading envy. Jews in that country, as in every country, had attained high positions not because they were Jews but because they were men of great intellectual attainment, and many of them of resplendent genius. * * * There was a temper rising in this country to see that Germans were treated with equality at the table of the nations, and now they were reviving old memories and antagonisms and, as Sir Austen Chamberlain said the other day, the old feeling against Prussianism in its most arrogant form. It was a misfortune to Germany and the world." (The Times, Apr. 29, 1933.)

Viscount Grey, of Fallodon, Liberal Council, April 28, 1933:

"We were anxious to see Germany recover. We felt that, though defeated in the war, she was a great nation—great in science, in music, and in many of the things which are pre-eminent in civilization—and I ought to add that some of the men most distinguished in music and in science whom we honored were certainly Germans, but are also Jews. [Hear! hear!] Then suddenly there comes this attack upon the Jews, showing that Germany was not prepared to give them even tolerance. If we had done that, and so suddenly refused the right of citizenship to Jews in this country, which has been given them for 100 years, if we had suddenly gone back in that way, we should have thought that we had receded by 100 years. Well, that has happened in Germany, and with it has come a feeling apparently throughout Germany that might is right, and that all means are legitimate

and may be used which are for the German race alone and to the exclusion of everyone else.

"We were, as I said, sympathetic to Germany and to the revision of the Treaty of Versailles. A few months ago a speech such as that made by Sir Austen Chamberlain in the House of Commons the other day would not have commanded the universal assent it did command. So far as I am concerned, I associate myself with what Sir Austen Chamberlain said and what the House of Commons endorsed the other day." (The Times, Apr. 29, 1933.)

Viscountess Snowden, Derby, April 10, 1933:

"* * * The Germans were depriving hundreds, if not thousands of law-abiding Jews of their livelihood, and were giving them up to starvation and poverty for no reason in the world. If that had happened in an uncivilized country, one would have said they did not know any better, but it was happening in the country that had the greatest reputation for culture in Europe. It pointed to madness." (Derby Daily Telegraph, Apr. 11, 1933.)

WORLD WAR DEBTS—EDITORIAL FROM AVON PARK (FLA.) TIMES

Mr. TRAMMELL. Mr. President, I offer for the RECORD an editorial written by Judge John W. Dodge, of Jacksonville, Fla., entitled "World War Debts: They Must be Paid," appearing in the Avon Park Times of Florida. This is one of the best and most forceful expressions I have seen in opposition to the cancelation of the war debts.

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

[From the Avon Park (Fla.) Times of May 19, 1933]

WORLD WAR DEBTS—THEY MUST BE PAID

By Judge John W. Dodge

Fifteen sovereign nations in Europe owed last year to Uncle Sam the stupendous figures of over $12,000,000,000, proposed to be paid over a period of 62 years, which with interest would amount to $22,000,000,000.

Great Britain, France, and Italy owed eleven twelfths of the above; and Great Britain's part was $4,715,310,000.

The United States borrowed, evidenced by her Liberty bonds and other obligations sold to Americans, the money she lent to Europe.

On July 1 the Treasury Department had received $1,677,333,024 in return for her generosity some 15 years ago. The cost to the United States, in interest paid to carry those debts from their dates of settlement to July 1, has been in excess of $4,000,000,000, which places the United States $2,365,499,538 the worse off for playing the part of Santa Claus to Europe when she began the little exhibitions of pyrotechnics.

Inasmuch as the payments made and to be made for 62 years by debtor nations will be insufficient to pay the interest charges incurred by the United States to carry these debts, it is evident there will never be anything to apply on the principal. Hence, these principal sums are canceled. To determine the consequent loss to July 1, 1932, add together the sums of $2,365,499,538 excess interest paid by the United States and $12,090,667,000 total debts. The sum is $14,466,117,000. From year to year this huge loss will increase even though the debtor nations pay their obligations in full.

With retaliatory foreign commercial agreements and tariffs imposed by those European nations against us; with defaults by France and others, with constant dickering to repudiate, or slip from under those debts, it behooves American taxpayers to write their Senators and Representatives in Congress not to let those debts be saddled on Americans.

Let Europe default; it will spell her, not our, ruin and destruction of credit for carrying on any future wars. Others will not, if she defaults and repudiates her obligations, hereafter lend her either credit, money, or gold.

There is no use in Americans playing Santa Claus to let Europe shoot fireworks of war, to destroy human beings as cannon fodder. If they are made to pay, they will, of necessity, have to live in peace, in honesty, with others.

REMONETIZATION OF SILVER—ADDRESS BY JOHN A. SIMPSON

Mr. WHEELER. Mr. President, I ask unanimous consent to have inserted in the RECORD an able and interesting address delivered by John A. Simpson, president of the National Farmers' Union, over the National Broadcasting System on May 27, 1933. It will be noted that Mr. Simpson states that the Farmers' Union is cooperating with the National Bimetallic League for the remonetization of silver.

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

First of all, I want to talk today to you farmers listening in who are not members of the Farmers' Union and, especially, you farmers east of the Mississippi River. On you rests the blame for the defeat of the two measures that have been pending in this and the last two sessions of Congress—one known as the "cost of production bill" and the other as the "Frazier farm mortgage refinancing bill." If you farmers in the East had been members of your class organization, the Farmers' Union, to the extent that the farmers of the West are, we would have been able to pass both of these measures in this session of Congress. It is not the bankers, it is not the lawyers or the doctors who keep you from getting what is right in an economic or legislative way. It is the unorganized farmers who are the rock in the way.

A Western State with small population like, for instance, South Dakota, has two Senators. Just as many as the State of New York or Pennsylvania. But it has only 2 Members of the House of Representatives while New York has 47 and Pennsylvania 35. About 20 Farmers' Union States west of the Mississippi River can get considerable recognition and consideration in the Senate but very little recognition and consideration in the House of Representatives.

If you farmers in the East will wake up and get into your class organization in a few years' time we will be able to get real legislation for farmers instead of very poor substitutes and imitations.

As an example, take the cost-of-production amendment to the farm relief bill that recently passed this session. In the Senate the Farmers' Union was successful in spite of the opposition of supposed farm organizations and of the administration in having the amendment voted into the bill. In this vote 19 Republicans voted for the bill and 28 Democrats voted for the bill; 14 Republicans voted against the bill and 27 Democrats voted against the bill. You will observe, if you get the CONGRESSIONAL RECORD, that nearly all of our votes came from the Western States, where we have the Farmers' Union. You will find the vote in April 13 issue of the CONGRESSIONAL RECORD.

Then take the vote in the House on this amendment and you will find that most of the Members of the House from the Farmers' Union States voted for the amendment, but your Congressmen from east of the Mississippi River voted against it almost to a man. So far as States are concerned about the same number of States voted for it in the House as did in the Senate, but they were States with few Congressmen. The vote in the House on this was 109 for and 283 against.

If this amendment had remained in the bill and the Secretary of Agriculture had desired to help farmers he could have had it operating on many crops in 10 days. If you farmers in the East were Union farmers you could be receiving cost of production for that portion of your products consumed in this country, this very moment. This is not a wild statement. In 1919 this Government did that very thing for wheat farmers. I begged the committees of the House and Senate to do for all agriculture just what they did in 1919 for wheat. But because you farmers in the East were completely unorganized, so far as a class organization is concerned, your Congressmen voted against giving you that thing.

The facts are supposed farm organizations were there telling your Congressmen they were representing you and that you did not want this amendment. They told your Congressmen that they represented you and that you did not want the Frazier bill to become a law. In other words, that you did not want this Government to do for you what it has been doing for other groups—refinancing them many times at less than 1½ percent interest. The Frazier bill provided that the Government should lend farmers money to pay off their farm mortgages and that the Government should charge the farmers 1½ percent interest and 1½ percent on the principal each year until the debt was paid. Mr. Farmer in Pennsylvania, Mr. Farmer in New York State, Ohio, Indiana, and Michigan, you could be looking that mortgagee you owe in the face today and telling him, "Here is the money" if you had been members of the Farmers' Union. Mr. Farmer of the East, if you had been a member of your Union we could have passed the Frazier bill and thereby reduced the annual interest debt of the farmers of the United States by half a billion dollars. In 20 years the difference in interest would pay the principal.

Farmers everywhere, so far as the farm relief bill is concerned, in those parts that pertain to marketing and to refinancing of farmers it will be a complete failure.

You farmers with a distressed loan on your farm, write to the Secretary of Agriculture and find out how quickly you can be refinanced at a lower rate of interest. The facts are, most of you cannot be refinanced at all.

Remember, the president of the United States Chamber of Commerce helped to write the bill. It is the Farmers' Union, the farmers' class organization of the United States, that can tell you these truths without fear or favor. As president of the National Farmers' Union I am under obligations to no human on earth except the members of the Farmers' Union.

You farmers listening in, when you sell that load of wheat that you will be threshing pretty soon see if I am stating the truth when I tell you that you will not take home with you one penny more than the market price. All you will receive at the time of selling a load of wheat besides the market price is a promise that along about Christmas Santa Claus will send you a check. Again, mark my words, that check will be so small that many of you will send it to Secretary Wallace with a letter that will not be very complimentary. You may send a few to the President of the United States. You ought to. The President of the United States ran on a platform that pledged farmers cost of production, and then, through his spokesmen in the House of Representatives, prevented the cost-of-production amendment's going into the bill.

While we have not been able to put the Farmers' Union program through just as we would have it, yet there is more of our program in the legislation that has passed than that of any other group.

In the farm-relief measure one thing that is thoroughly established is price fixing of farm products. That is the principle involved in the Farmers' Union plan. The only difference is the basis of fixing the price. It is my judgment that another session

of Congress will adopt the Farmers' Union method of fixing the price.

Likewise, the principle of the Government seeing that farmers are refinanced has been adopted. The main difference between what passed and what the Farmers' Union asked for is the rate of interest. We will get a lower rate in the next session of Congress if you farmers listening in who are not members of the Farmers' Union do your duty and get into the Farmers' Union.

There is no question, the influence of the Farmers' Union, together with some other organizations are completely responsible for the defeat of every effort to saddle on the poor of the country a sales tax. If this had been our total accomplishment it justifies all the efforts we put forth and gives us the right to ask those farmers who are not members of the Farmers' Union to come in with us. The sales tax would have meant a tax on an average farm family of $25 per year. Sure, we have a right to ask you to come into your class organization—the Farmers' Union.

Senator ELMER THOMAS of Oklahoma is a member of the Farmers' Union and has been for years. The amendments he drove into the farm relief bill are strictly the Farmers' Union national legislative program for inflation. The Thomas amendment for inflation provides for the Government's issuing noninterest bearing full legal-tender Treasury notes when it needs money instead of issuing interest-bearing bonds and asking the bankers to furnish the money for the Government. Another provision of the Thomas amendment is the revaluation of the gold dollar in which it may be reduced to the extent of half the number of grains of gold that now constitutes a dollar. Of course all these provisions are given to the President and to the Secretary of Agriculture as optional powers. They may or may not use them. I believe conditions will compel them to use them. Another amendment to the farm relief bill that no other organization has supported for the last 3 years except the Farmers' Union, is the Wheeler bill providing for the remonetization of silver. This is one of the very best provisions for inflation placed within the power of the President to use.

The Farmers' Union is unalterably opposed to war. We believe that big war preparations are a peace hazard. There is no question but that we have been a big influence in the reduction of appropriations for Army and Navy. For the first time in many years these appropriations have been reduced. In line with these reductions the President of the United States has issued a communication to 54 nations of the world that promises the beginning of a real world-wide peace movement.

You farmers listening in who are not members of your class organization, why not write E. E. Kennedy, national secretary of the Farmers' Union, Kankakee, Ill., and find out how you may get into your own class organization and help to bring about the fulfillment of the complete legislative program of the Farmers' Educational and Cooperative Union of America.

I want you to know that the Farmers' Union has just been through a few battles. We have lost none. We have never been compelled to retreat. Every move has been a forward move. We also know that a war does not consist of 1, 3, or 4 battles. Wars have many battles. They sometimes last for years. This is a war. The Farmers' Union is the cooperative army. It is the army of unselfishness. We are at war with greed and avarice. We are right and because we are right we are going to win this war. We need recruits. You farmers listening in, come join this cooperative army of unselfishness, the Farmers' Union.

NATIONAL REMONETIZATION LEAGUE

The National Remonetization League is an organization with one specific purpose and that is the remonetization of silver as provided in the Wheeler bill, S. 70. Senator BURTON K. WHEELER, of Montana, author of the Wheeler bill, is president of this organization. Among a number of the officials of the organization is William Jennings Bryan, Jr.

The Farmers' Union is cooperating in every way with the National Remonetization League. I urge our members and those listening in to support this organization in every way possible.

The remonetization of silver is simply wiping out the crime of 1873. Every good citizen should be willing to assist in wiping out crime.

President Roosevelt is now clothed with the power of putting into effect the Wheeler bill. He can at any time restore to silver its function as money. He can put the United States on the bimetallic basis as it was when thieves went to the National Capitol and by stealth demonetized silver.

When you are working for the remonetization of silver you are asking for the same money that Washington used, for the same money that Jefferson used, for the same money that Jackson and Abraham Lincoln used. I would rather be on the side of Washington, Jefferson, Jackson, and Lincoln in this money matter than on the side of the now thoroughly discredited international bankers. These crooked bankers are opposed to the Wheeler bill.

Let the President of the United States know that you would like for him to remonetize silver at once.

COOPERATIVE BUSINESS

Mr. Farmer of the East, I want to talk to you about other activities of the Farmers' Union than legislation.

You come into my State, Oklahoma, today and this is what you will find. You will find some 20,000 farm families members of the Farmers' Union with cooperative institutions scattered over the State with a paid-up capital of over $4,000,000. You will find our adjusters for our property insurance have just come in from adjusting and paying a large number of windstorm losses. You will find the Oklahoma Farmers' Union carrying on a property insurance company for their members and their cooperative institutions with a combined business of over $40,000,000. You will find that they have operated for years on a premium of one half the old-line companies' rates. You will find that they have paid thousands of losses with not more than 3 or 4 lawsuits. You will find that they are much more prompt in the payment of losses than old-line companies. You will find the Farmers' Union of Oklahoma with its own office building in Oklahoma City in connection with the warehouse where they do a wholesale and car-lot business in the handling of things farmers need. You will find farmers bringing in their livestock to the stockyards, then driving over to the Farmers' Union warehouse and loading up building supplies, manufactured feeds of all kinds, furniture, stoves, farm implements, and hundreds of other things. Many times I have heard a farmer say, after loading his truck, "I have saved $50 on the things I have purchased here as compared with the prices in my home town." The wholesale houses admit that we are the only concern that can compete with the chain stores. You can go out over the State and find more than 150 cooperative grain elevators, produce and cream stations, cotton gins, and other business institutions that are strictly Farmers' Union. Right now our Farmers' Union sales department is delivering about 2,000,000 pounds of twine to our Farmers' Union institutions. We buy this and deliver it at such a low expense that our members buy at retail their binder twine at 6 cents a pound. This is just a little brief statement of what is going on in one State.

You could go into Kansas and find them operating their insurance and sales department on just as big a scale as Oklahoma. You can go into Nebraska and besides doing all these things you would find the pioneer in the cooperative livestock business. The Farmers' Union of Nebraska in 1917 established in Omaha, Nebr., the first cooperative commission house in the United States. Later they established such a company at St. Joseph, Mo., then Sioux City, Iowa. These three places, with the oldest one only a few months over 15 years old, has paid back in patronage dividends to Farmers' Union members more than $3,000,000. This is not bookkeeping dividends. This is actual cash. Today Kansas and other States have livestock commission firms and the total volume of business of these cooperative livestock commission companies is greater than all other cooperative livestock commission companies in the United States. They are operating without Government money and are a success.

The Farmers' Union is strictly a farmers' class organization. Membership is limited to farmers. When we want to go into business or legislation, State or National, we do not have to consult any other group. That is the reason we have been so successful in our undertakings.

OUR NAME

You will observe in our name, Farmers' Educational and Cooperative Union of America, two suggested topics, education and cooperation. Of course, education precedes cooperation. There is no other Nation-wide farm organization in the United States that has established and practiced cooperation to the extent the Farmers' Union has. We believe cooperation to be the law of God. It means working together for the good of all. All betterment comes through cooperation. All protection comes through cooperation.

COOPERATIVE SHOES

To you new locals who have self-organized, let me remind you that a well-shod horse never slips. The Farmers' Union local must have on cooperative shoes or it is liable to slip. I mean by this, when a local is organized and does no cooperative business it is like an unshod horse, and I mean by slipping that your members will not pay up at the end of the year. My advice to you is to put on cooperative shoes at once. At every local meeting make arrangements to cooperatively buy the things you need and sell the things you produce. If you do this, you are well shod. Your members will not slip, neither will your local.

Remember, cooperation never fails. It is lack of cooperation that fails. You will hear some fellow say, "We tried cooperation, but it did not work." The trouble was they just tried, they did not really cooperate. Real cooperation is loyalty to your own institution. Loyalty is the first essential to the success of cooperation and disloyalty is the cause of 90 percent of the failures of cooperation.

Cooperative buying is needed just as badly as cooperative selling. We often hear farmers say the price of things they have to buy is of small difference to them. All they care about is what they get for the things they produce. This is a mistake.

I saw a letter recently written to a retail merchant from a wholesale shoe house in which they advised an immediate large purchase of shoes for the reason that the advance in the price of cotton justified an increase in the price of leather goods. The point I desire to impress upon you is this: The business world figures just how much the farmer will have to spend and then places the price on the things the farmer will have to buy sufficiently high to absorb all that he gets for his products. So if you are going to help yourselves you must arrange to do cooperative buying as well as cooperative selling.

LOCAL MEETINGS

Many times the members do not realize the value of meeting together. No organization can be effective or even exist very long where the members do not have regular meetings. In the first place it is necessary in order for them to think together. There is a wonderful power in thinking together. If six and a half million farmers, their wives, sons, and daughters were all mem-

bers of the Farmers' Union, meeting in their locals at least twice a month, thinking the same thoughts, discussing the same subjects, no human could measure the effect of that cooperative thinking on the rest of the people of the Nation. If I were adept in the study of psychology I might be able to give this subject the consideration it deserves, but I can only touch the surface by simply calling your attention to the fact that there is a power in thought and especially in thinking together.

Another value of meeting together is that it is here you have an opportunity to cooperate in a business way. Those locals that never meet do very little cooperating in a business way and sooner or later members drop out and the local dies. Those locals who do meet regularly are almost continually cooperating in selling or buying, or both. They are the alive, wide-awake locals that never die.

OPPOSITION A BLESSING

To you new members east of the Mississippi River, and to you farmers who are not members, let me tell you of my experiences and observations, both of individuals and organizations in the matter of opposition both must meet. I have found in my own experience that opposition is absolutely necessary to success. I have found that organizations are just like persons in that regard. If you are doing anything worth while, opposition will develop. If a farmer organization is actually making and saving money to farmers, there will be plenty of opposition. But when you are right, enemies are more necessary to your success than friends. It is the opposing wind that makes the kite rise. The heavy blows of the blacksmith to the fire-tested iron make possible the completed, useful tools. The hurdles in the way of the athlete are the thing necessary to increase his speed and his jump. It is the cold north wind that makes the blood flow fast, quickens the pulse, and energizes and vitalizes both the body and mind. Your enemies are the north wind; they only make you stronger in the faith; their opposition develops your activity; they force you to arm yourself in unanswerable argument; they stimulate you to work overtime. Yes; all of the time. Your friends are the warm noonday sun that relaxes and enervates you and makes you lazy. They are an anesthetic that causes you to sleep overtime. So be sure you are right, then be thankful for your enemies and watch your friends.

APPEAL FOR MEMBERSHIP

You members of the Farmers' Union listening in, let me appeal to you to go forth from where you are listening in this moment more determined than ever to see that the farmers in your community, your county, and State are thoroughly organized into a class organization of their own. You farmers listening in, who are not members of the Farmers' Union, I urge, I beseech, I beg of you to write to our national secretary, E. E. Kennedy, Kankakee, Ill., and find out how you may organize a local of the Farmers' Union right there in your neighborhood. You need the Farmers' Union. The Farmers' Union needs you. Remember all other farm organizations have city chaperons. The Farmers' Union has no city chaperons. You farmers listening in who are not members of the Farmers' Union should self-organize. Let all of us work together. Let each of us do his part in establishing in these United States a permanent farmers' class organization with the numbers and the power to prevent the enemies of democracy from stealing from us that which our forefathers gave us in the sacrifice of their blood and tears. Let us prove ourselves worthy sons of the patriots of 1776, fully able to outwit and outgeneral the sons of the Tories of 1776.

In every war the farmers of this Nation have furnished more soldiers than any other class, and not only have furnished more soldiers but in every war have furnished a higher percentage of soldiers according to the number of farmers than any other class according to their number. In war we have been the backbone of the Army and the protector of our Nation. Let us, like men, assume that same position in time of peace and through our own good organization place ourselves in position where we can be the protector and defender of the land we love.

THE CALENDAR

The VICE PRESIDENT. The calendar, under rule VIII, is in order.

Mr. COSTIGAN. Mr. President, may I call up at this time a resolution coming over from a previous day?

The VICE PRESIDENT. The Chair calls the attention of the Senator to the fact that that can be done only after the call of the calendar is completed.

Mr. ROBINSON of Arkansas. Mr. President, I understand the resolution to which the Senator from Colorado has reference is on the table, and comes over from a previous day.

The VICE PRESIDENT. The parliamentary clerk advises the Chair that it does not come over from a previous day. It was ordered to lie on the table.

Mr. McNARY. Mr. President, when the resolution was presented by the able Senator from Colorado I objected because I thought it was an inappropriate occasion for its consideration. The resolution was left on the desk and never placed on the calendar. I made no objection to that procedure at that time. It must have come under the rule relating to resolutions coming over from a previous day.

The VICE PRESIDENT. The Chair understands from the parliamentary clerk that there is nothing coming over from the previous day but the Table Calendar. The resolution belongs on the Table Calendar, and can only come up after the calendar has been called under rule VIII.

Mr. ROBINSON of Arkansas. Mr. President, I inquire how the resolution was placed on the Table Calendar?

The VICE PRESIDENT. By request of the Senator from Colorado when he introduced it.

Mr. ROBINSON of Arkansas. I had not understood that he made such a request.

Mr. COSTIGAN. The request will be withdrawn at this time.

The VICE PRESIDENT. The calendar, under rule VIII, is in order. The clerk will state the first order of business on the calendar.

JOINT RESOLUTION PASSED OVER

The joint resolution (S.J.Res. 15) extending to the whaling industry certain benefits granted under section 11 of the Merchant Marine Act, 1920, was announced as first in order on the calendar.

Mr. McKELLAR. Mr. President, the Senator from Utah [Mr. KING], who is necessarily absent, has objected on previous occasions to consideration of the joint resolution and asked that it go over.

Mr. McNARY. Does the Senator desire to make objection to its consideration at this time?

Mr. McKELLAR. Yes; I do.

The VICE PRESIDENT. The joint resolution will be passed over.

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent that the calendar be called for unobjected bills only.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered. The clerk will state the next order of business on the calendar.

BILL PASSED OVER

The bill (S. 682) to prohibit financial transactions with any foreign government in default on its obligations to the United States was announced as next in order.

Mr. JOHNSON. That may go over.

The VICE PRESIDENT. The bill will be passed over.

RECONSTRUCTION FINANCE CORPORATION ADVANCES TO RECLAMATION FUND

The Senate proceeded to consider the bill (S. 317) authorizing the Reconstruction Finance Corporation to make advances to the reclamation fund, which had been reported from the Committee on Irrigation and Reclamation with an amendment, on page 1, line 9, after the word "necessary", to insert "not exceeding $5,000,000", so as to make the bill read:

Be it enacted, etc., That the Reconstruction Finance Corporation, upon request of the Secretary of the Interior, is authorized and empowered to advance from funds made available by section 2 of the act of January 22, 1932 (47 Stat.L. 5), to the reclamation fund created by the act of June 17, 1902 (32 Stat.L. 388), such sum or sums as the Secretary of the Interior may deem necessary, not exceeding $5,000,000, for the completion of projects or divisions of projects now under construction, or projects approved and authorized. Funds so advanced shall be repaid out of any receipts and accretions accruing to the reclamation fund within such time as may be fixed by the Reconstruction Finance Corporation, not exceeding 5 years from the date of advance, with interest at the rate of 4 percent per annum. Sums so advanced may be expended in the same way as other moneys in the reclamation fund.

The amendment was agreed to.

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

BILL PASSED OVER

The bill (S. 882) to provide for the more effective supervision of foreign commercial transactions, and for other purposes, was announced as next in order.

Mr. REED. Mr. President, does the Senator from California desire to have the bill considered at this time?

Mr. JOHNSON. No; let it go over.

The VICE PRESIDENT. The bill will be passed over.

EVERGLADES NATIONAL PARK, FLA.

The bill (S. 324) to provide for the establishment of the Everglades National Park in the State of Florida, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That when title to all the lands within boundaries to be determined by the Secretary of the Interior within the area of approximately 2,000 square miles in the region of the Everglades of Dade, Monroe, and Collier Counties, in the State of Florida, recommended by said Secretary in his report to Congress of December 3, 1930, pursuant to the act of March 1, 1929 (45 Stat., pt. 1, 1443), shall have been vested in the United States, said lands shall be, and are hereby, established, dedicated, and set apart as a public park for the benefit and enjoyment of the people and shall be known as the "Everglades National Park": *Provided*, That the United States shall not purchase by appropriation of public moneys any land within the aforesaid area, but such lands shall be secured by the United States only by public or private donation.

SEC. 2. The Secretary of the Interior is hereby authorized, in his discretion and upon submission of evidence of title satisfactory to him, to accept on behalf of the United States title to the lands referred to in the previous section hereof as may be deemed by him necessary or desirable for national park purposes: *Provided*, That no land for said park shall be accepted until exclusive jurisdiction over the entire park area, in form satisfactory to the Secretary of the Interior, shall have been ceded by the State of Florida to the United States.

SEC. 3. The administration, protection, and development of the aforesaid park shall be exercised under the direction of the Secretary of the Interior by the National Park Service, subject to the provisions of the act of August 25, 1916 (39 Stat. 535), entitled "An act to establish a National Park Service, and for other purposes", as amended: *Provided*, That the provisions of the act approved June 10, 1920, known as the "Federal Water Power Act", shall not apply to this park: *Provided further*, That nothing in this act shall be construed to lessen any existing rights of the Seminole Indians which are not in conflict with the purposes for which the Everglades National Park is created.

SALES OF TIMBER ON KLAMATH INDIAN RESERVATION

The bill (S. 1513) to amend Public Act No. 435 of the Seventy-second Congress, relating to sales of timber on Indian land, was announced as next in order.

Mr. ROBINSON of Arkansas. Mr. President, I inquire of the Senator from Oregon if he is familiar with the bill and what its purposes are?

Mr. McNARY. Mr. President, the bill appertains to timber on Indian lands and Indian reservations of the Klamath Indians located in the southern part of Oregon. The timber is under contract for sale far above the present commercial value and none of it is being cut. It must be converted into lumber in order to give the Indians compensation upon which they may live. The bill permits the Secretary of the Interior to conform the price so it will be salable. It has the approval of the committee and it has the approval of the Commissioner of Indian Affairs and the Secretary of the Interior.

Mr. McKELLAR. Mr. President, as the Senator knows, there has been a full-fledged scandal about the administration of the reservation of the Klamath Indians in Oregon.

Mr. McNARY. On the contrary, the Senator does not know anything of the kind. There has been no scandal. There have been charges against the administration which have now passed into history.

Mr. McKELLAR. I want to say that not only have charges been made but proof has been offered showing beyond a shadow of controversy that those Indians, some 200 in number, have been looked after in the beginning by something like 58 officers and employees on the reservation, every one of them except three having a stenographer, having an automobile at the expense of the Indians; every one getting a per diem when he went from one part of the reservation to another; every one of them drawing a good salary out of the Indians' funds; every one of them standing together with the others.

The Assistant Commissioner of Indian Affairs at that time, whose name escapes my mind for the moment, testified that it ought not to be any concern of our committee, because the money came out of the Indians and did not come out of the Government. That was the statement which the then Assistant Commissioner of Indian Affairs made. In other words, some $250,000 of income which had come to the Indians was involved, and some $60,000 of it had been spent by those employees on the reservation, and the Indians got practically nothing that year. That may not be a scandal to some Senators, but to my mind it is a scandal. It is an indefensible thing. Every one of the officers on the reservation and those in charge of the Bureau boldly say that it ought not to be any matter of concern to the Senate Committee on Indian Affairs because the funds by which those employees were paid big salaries, furnished automobiles, furnished homes, given a per diem in addition, came out of the Indians and did not come out of the Government. For that reason it seems to me somebody ought to think and speak for the Indians on this reservation.

Mr. McNARY. Mr. President, there have been rumors of that character. I think I know as much about the situation as does the Senator from Tennessee. The Indians at one time sold their timber at such huge profits that it caused them extravagantly to spend more money than they should. That was when the price of timber was high several years ago. The price level is now so low that unless arrangements can be made by which the Secretary of the Interior may sell the timber at its present market value, there will not be enough income to sustain the Indians on the reservation.

I have introduced the bill at the request of the Indians, represented by their tribal council held at Klamath Falls. They are in dire need of money to sustain them. The bill simply provides that the Commissioner of Indian Affairs, in whom the Senator has implicit confidence, may so arrange it that the timber will sell at the present market price in order to help the Indians.

Mr. McKELLAR. Mr. President, as a matter of fact, that timber is all under contract now. If the contractors who bought the timber at a price upon which the contractors and the Government both agreed, would simply carry out their contracts, the Indians would get a sufficient fund to sustain them, provided it is not all taken up by administrative expenses as it has been in the past. But the contractors want to get out of their contracts because timber has gone down since the contracts were made. The bill makes provision and gives the contractors a right to get out of their contract. But that is not all there is in the bill. It is not for the benefit of the Indians. It is for the benefit of the contractors. So far as I am concerned, I think the bill ought not to pass. I am opposed to it, and I shall object to its consideration at this time.

Mr. STEIWER. Mr. President, will the Senator withhold his objection until I may make a statement?

Mr. McKELLAR. I withhold the objection momentarily.

Mr. STEIWER. I desire to make a suggestion to the Senator which I think might cause him to withhold his objection permanently. It is true that the contractors would be benefited by the bill, provided the Indians themselves favor the modification of the contract, and provided the Commissioner of Indian Affairs reaches the conclusion that the modification ought to be made. I think from that the Senator from Tennessee said that he was assuming that if the bill is not passed, the contractor would proceed with the cutting of the timber and the Indians would, in any event, get the benefit of its sale.

Mr. McKELLAR. They will if the Commissioner of Indian Affairs simply does his duty, because he has the right to enforce the contract.

Mr. STEIWER. There is where the Senator is seriously in error. The trouble is that the timber companies, with one or two possible exceptions, are financially unable to continue the operation under the contracts. With few exceptions the bonds are not good for more than a fractional

part of the losses which the contractors would sustain if they attempted to cut the timber and pay $8 for stumpage when the wholesale market in which they sell manufactured lumber is not very much in excess of that figure. It is utterly impossible for the contractors to go forward.

I want to say one thing further. The Senator knows that in the matter of expenditures on the reservation he and I have been in accord. I think I have always voted the same way the Senator from Tennessee has voted in the Appropriations Committee with reference to the matter of cutting down expenses on the Klamath Reservation. He will be interested to know that the current figures show a very different story from the old figures against which we used to complain. The automobiles are not so numerous now.

Mr. McKELLAR. Oh, yes.

Mr. STEIWER. The 53 employees are not there now. The number has been cut down about 70 percent.

Mr. McKELLAR. The number of employees has been cut down from 58 to 27. All of them who are there still have their automobiles and still have their good salaries and their per diems, and still have their homes furnished.

Mr. STEIWER. That is not my information. Moreover, the delegate representing the Indians, who came here to protest against the expenditure, himself an Indian, has been placed in charge of that reservation and we may assume he will protest against extravagance. Still, moreover, the Indians recently held a tribal meeting upon the reservation. I am told that at that meeting there was no white man present. It was a meeting within the last 10 days at which, by an overwhelming vote, the Indians of the Klamath Reservation endorsed the bill.

Those Indians are not stupid. Many of them are well educated and are very intelligent people. They know what the old abuses were. They know what corrections have been made. They know what curtailments have been provided for their benefit. They know the financial condition of the contractors; they know the price of stumpage; and they know there is going to be no revenue for them unless some remedial legislation is enacted. It seems to me that a high-class people like the Klamath Indians ought to have some voice in the management of their own business. I can assure the Senator that an examination of the new figures will show to him such a great improvement in those conditions that I think he will be entirely satisfied with the situation.

Mr. President, I ask unanimous consent that there may be incorporated in the RECORD at this point certain sheets showing the reductions in pay roll and other expense upon the Klamath Indian Reservation.

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

Comparison in regular pay roll, Klamath Agency, Oreg., for months April 1931 and March 1933

Position	Annual gross salary	Occupant April 1931	Occupant March 1933	Remarks[1]
Superintendent	$4,200	L. D. Arnold		Not to be filled.
Day-school representative	1,860	H. L. Shilling	Same	Position abolished beginning July 1.
Physician	3,000	Orra E. Patterson	Same	
Principal clerk	2,700	Carl A. Gossett	Same	
Clerk	1,920	Mildred D. Neave	Same	Do.
Temporary clerk	1,620	Florence Edwardsen	(2)	
Junior clerk	1,680	Vera T. Lamb	Same	Do.
Assistant clerk	1,620	Burney O. Wilson	Same	
Financial clerk	2,300	Willard Hamilton	John R. Lynn	
Clerk	1,800	Dorothy Dillstrom	Same	
Assistant clerk	1,800	Alice G. Andrews	(2)	
Do	1,620		Alice G. Andrews	
Junior clerk	1,500	Clara L. Allen	(2)	
Assistant clerk	1,620		Clara L. Allen	Do.
Forest ranger	2,000	John W. Libby	(2)	
Special officer	2,300	Louis C. Mueller	(2)	
Carpenter	1,800	Wm. A. Bourell	(2)	
Stockman	1,740	Floyd Lovelace	(2)	
Field matron	1,680	Bertah Wallace	(2)	
Field nurse	2,200	Zillah Mathias	(2)	
Police private	540	David Chocktoot	Same	
Forest examiner	2,700	W. B. MacMillan	Same	Administrative furlough, no payment. Position abolished beginning July 1.
Do	3,000	Harry Nettleton	(2)	
Forest ranger	2,400	Carl D. Rawie, Sr	(2)	
Do	2,000	Silos O. Davis	Same	
Do	2,100	Edward Neave	Same	Do.
Junior forester	2,000	Nicholas Welter	(2)	
Forest assistant	2,300	Arlie W. Toole	Same	
Do	2,500	Harold Weaver	Same	
Do	2,300	Floyd H. Phillips	Same	
Forest guard	1,800	Alfred E. Hart	Same	Do.
Do	1,860	Marion J. Gober	Same	Position abolished beginning July 1.
Scaler	1,980	C. A. Middlebusher	Same	Administrative furlough; no payment. Position abolished beginning July 1.
Do	1,920	Opie K. Pace	(2)	
Do	1,920	Britton Clair	(2)	
Do	1,920	Geo. C. Hepworth	(2)	
Do	2,040	Frank G. Manness	Same	Do.
Do	1,980	Clarence Whitaker	(2)	
Forest ranger	2,300	Allen F. Space, Sr	(2)	
Forest supervisor	3,300	Frederick R. Moffat	Same	
Scaler	1,920	Philip J. Duffy	Same	Do.
Do	1,860	Roy Rice	Albert L. Christy	
Do	1,980	Clyde W. Flinn	Same	
Do	1,920	Lloyd E. Lamb	Same	Do.
Senior forest ranger	2,400	Stanley J. Johnson	Same	
Do	2,400	Earl L. Silvers	Same	Do.
Nurse	2,100	Inez Rucker	(2)	
Nurse (temporary)	1,800	Lucille L. Shilling	Harriet Blyton	
Nurse	1,800	Florence Miller	Same	
Do	1,860	Pearl I. Clark	(2)	
Do	1,800		Pearl I. Clark	
Cook	1,380	Matie Lemmon	Matie Middlebusher	
Laborer	1,200	Anna Foust	Mollie C. Lewis	

[1] Remarks refer only to 1933 column.

[2] Position abolished prior to fiscal year 1933.

Irregular roll for March 1933

	Net amount paid
Jesse Copeland, laborer (spotter)	$16.32
Irving Crawford, laborer (fireman)	105.09
Kate David, laborer (hospital laundress)	47.30

Irregular roll for March 1933—Continued

	Net amount paid
R. W. DeShazer, special officer	93.31
B. A. Dillstrom, laborer (mechanical)	132.06
Elmer Dillstrom, laborer (mechanical)	100.10

Irregular roll for March 1933—Continued

	Net amount paid
James Gardiner, laborer (agency grounds)	83.74
Maxie Gober, special night telephone operator	41.54
Francis Kirk, laborer (janitor)	112.22
Charles Knight, laborer (saw filer)	95.34
Madge Redmond, nurse (emergency)	36.56
Robert Summers, laborer (treater)	77.97
Lee Warnick, special officer	140.74
Cora Wilson, laborer	23.37
Edwin H. Wilson, laborer	45.00
Harry Wright, laborer (agency grounds)	85.32
Jesse Wright, laborer (agency grounds)	83.74
Total	1,319.72

Irregular pay roll for month of April 1931, Klamath Indian Agency, Oreg.

	Total
Temporary scalers:	
Charles L. Mick, at $5.40 per day	$54.00
Harry L. Francis, at $5.40 per day	81.00
	135.00
Lineriders, grazing:	
Marvin Williams, at $4.50 per day	94.50
William Thomason, at $4.50 per day	31.50
Dice Crain, at $4.50 per day	58.50
Lee V. Corbell, at $4.50 per day	49.50
	234.00
Liquor control:	
James Murphy, at $5 per day	150.00
Eddie Johnson, at $5 per day	10.00
R. G. Haskin, at $5 per day	150.00
R. W. DeShazer, at $5 per day	150.00
Rudolph Cheraldo, at $5 per day	40.00
K. K. Ambrose, at $5 per day	45.00
	545.00
Fire protection:	
L. O. Wright, saw filing, at $6 per day	6.00
John Scott, fireguard, at $4 per day	8.00
George Glasby, fireguard, at $4 per day	8.00
Fred Danelson, laborer, at $3.75 per day	7.50
Fred Danelson, at 35 cents per hour	2.45
	31.95
Road construction and maintenance:	
Herman Akin, powder man, at $4.25 per day	80.75
Jack Cody, laborer, at $3.75 per day	33.75
Harry Francis, foreman, at $5.50 per day	38.50
M. A. Harris, cook, at $4 per day	68.00
Frank Jennie, laborer, at $3.75 per day	71.25
Ted Petterson, laborer, at $3.75 per day	71.25
David Shorpe, patrol operator, at $6 per day	96.00
Thomas Moran, laborer, at $4 per day	36.00
Carl Williams, straw boss, at $4.70 per day	91.65
L. O. Wright, filer, at $6 per day	6.00
Benjamin Tupper, laborer, at $3.75 per day	82.50
Benjamin Mitchell, grader man, at $5.50 per day	145.75
Samuel McGregor, cook, at $4.50 per day	78.75
Sam Klapperick, car driver, at $5.50 per day	154.00
Benjamin Jones, laborer, at $3.75 per day	37.50
McKinley Jackson, laborer, at $3.75 per day	63.75
Elmer Hilt, laborer, at $3.75 per day	26.25
F. E. Hill, laborer, at $3.75 per day	80.63
M. A. Harris, cook, at $4 per day	30.00
Joe Effman, laborer, at $3.75 per day	101.25
Joe Dumore, laborer, at $3.75 per day	33.75
Albert Christy, foreman, at $6 per day	165.00
Leland Parazoo, laborer, at $3.75 per day	54.38
	1,646.66
Beetle-control work:	
L. O. Wright, saw filer, at $6 per day	135.00
Frank Weideman, at $4.25 per day	119.00
John Vogel, at $4.75 per day	38.00
H. L. Tripp, at $4.25 per day	127.50
D. H. Tripp, at $5.50 per day	165.00
James W. Thomas, at $4.25 per day	127.50
Ben Swigard, at $4.75 per day	99.75
Virgil E. Starr, at $4.25 per day	127.50
A. L. Shadley, at $4.25 per day	102.00
William Ruhmann, at $5.50 per day	121.00
Jessie Pete, at $4.25 per day	123.25
Carl Olsen, at $4.25 per day	110.50
C. H. McCumber, at $4.25 per day	59.50
Harry Kallander, at $4.25 per day	114.75
Carrol R. Hussey, at $4.25 per day	102.00
Lester Hodson, at $4.25 per day	84.50
J. C. Hobby, at $4.25 per day	123.25
Delmar Groshong, at $5 per day	115.00

Irregular pay roll for month of April 1931, Klamath Indian Agency, Oreg.—Continued

	Total
Beetle-control work—Continued	
Harry Francis, at $4.25 per day	21.25
Cal Francis, at $4.25 per day	123.25
Leslie Flinn, at $4.25 per day	119.00
Forrest Cunningham, at $4.25 per day	114.75
Floyd Cunningham, at $5 per day	115.00
Wesley Cole, at $4.25 per day	76.50
J. B. Chohran, at $4.25 per day	76.50
Russel Bower, at $5 per day	145.00
J. S. Blankenship, at $4.25 per day	102.00
Herman Akin, at $4.25 per day	29.75
J. M. Cole, at $4.25 per day	42.50
	2,960.50
Agency grounds and miscellaneous:	
Jessie Wright, at $3.50 per day	75.25
Harry Wright, at $3.50 per day	35.00
James Saunders, at $3.50 per day	91.00
Pete McDonald, at $4.70 per day	126.90
Elmer Dillstrom, at $4.25 per day	110.50
Ernest Clauson, at $3.50 per day	84.00
John Barclay, at $4 per day	112.00
	634.65
Miscellaneous:	
C. R. Andrews, janitor, at $4 per day	120.00
Jan. O. McKenzie, engineer, at $4.70 per day	141.00
Kenneth Nelson, mechanic, at $4.25 per day	55.25
Kenneth Nelson, mechanic, at $4 per day	52.00
R. B. Wade, painter, at $5 per day	115.00
R. B. Wade, painter, at $5 per day	17.50
Cora Wilson, caring for guest room at 35 cents per hour	12.70
Maxie Gober, telephone operator, at $1.33⅓ per day	40.00
Gertrude I. Hepworth, laundress (hospital), at $3.50 per day	35.00
	588.45
Liquor control:	
Alec Tecumseh, at $5 per day	10.00
Russell White, at $5 per day	10.00
	20.00
Miscellaneous improvements, forestry:	
Fred Danelson, at $3.75 per day	86.25
George Glasby, at $4 per day	96.00
W. T. Schilling, at $3.75 per day	26.25
John Scott, at $4 per day	92.00
	300.50
Construction and maintenance of telephone lines:	
C. R. Holmes, at $4 per day	10.00
George Dohl, at $4 per day	110.00
W. H. Dobney, at $4.50 per day	74.25
Myron Taylor, at $4.50 per day	76.50
Ted Peterson, at $4 per day	18.00
Jack Nye, at $4 per day	14.00
N. A. McNab, at $4 per day	18.00
Sam McGregor, at $4 per day	24.00
F. Jennie, at $4 per day	18.00
Elmer Hilt, at $4 per day	18.00
B. J. Brewer, at $4.50 per day	20.25
Bill Backer, at $4 per day	8.00
	409.00
Total	6,583.22

Table showing comparison of total pay rolls of Klamath Agency, Oreg., as of April 1931 and March 1933

	April 1931	March 1933
Total paid to regular pay roll, after making deductions for quarters, legislative furlough, retirement, or other purposes	$7,421.00	$3,210.21
Total paid to irregular roll	6,583.22	1,319.72
Total paid to regular and irregular roll	14,004.22	4,529.93

Table showing comparison of expenditures from tribal and public funds, Klamath Agency, Oreg., for years 1931 and 1933

	1931	1933 [1]
Total paid from tribal funds	$185,457.94	$82,850
Total paid from public funds	105,177.93	22,700
Total paid from tribal and public funds	290,635.87	105,550

[1] Estimate of Indian Bureau based on fiscal appropriation and past expenditures.

Mr. McKELLAR. Mr. President, if the Senator will permit me, I will read what this bill provides. It proposes to amend the existing law by striking out of the first section thereof the following words:

Provided, That the prices are not reduced below the basic sale prices.

It is proposed, therefore, to reduce the prices below the basic sale prices; that is, below the prices for which other people are selling lumber.

Mr. STEIWER. No; below the basic sale prices in the contracts. No Klamath Indian stumpage will be sold below the market at which other people sell.

Mr. McKELLAR. It does not say that. It says, "below the basic sale prices"; not "below the contract sale prices."

Mr. LA FOLLETTE. Mr. President, that refers to the basic sale prices in the contracts.

Mr. STEIWER. In the contracts, of course.

Mr. McKELLAR. This provision does not so provide.

Mr. LA FOLLETTE. But the Senator has not before him the act which this bill proposes to amend. If he had, it would be perfectly apparent that this bill refers to nothing but the basic prices in the contracts.

If the Senator from Oregon will permit me, if he has the floor, may I say to the Senator from Tennessee that I share with him the desire which he manifests to protect the rights of the Indians in this situation; but may I point out to the Senator that when Public Act No. 435 was passed the same representative of the Klamath Indians was before the committee and insisted that the phraseology now proposed to be stricken out should be in the bill. After the act was passed, after returning to the reservation, and after studying the full effect of that phraseology, my information is that the Indians themselves, acting entirely upon their own motion, came to the unanimous conclusion that it was in the interest of the tribe itself to have that phraseology taken from the bill, for the simple reason that it is impossible for these companies to operate under the contracts entered into prior to the depression.

Now, as I understand, both the Department and the representative of the Indians in tribal council have recognized that unless this phraseology is taken out of the act passed at the last session of Congress there will be no operations whatsoever, or they will be upon such a limited scale that the revenues to the Indians will be greatly diminished.

For whatever it may be worth, may I say to the Senator from Tennessee that I am convinced, from such information as I have, both from the Department and from the representatives of the Klamath Indians—a very intelligent tribe—that their interests will be best served by the enactment of this amendatory bill?

Mr. McKELLAR. Mr. President, may I ask the Senator a question? Of course, my only interest in this matter is the interest of the Indians.

Mr. LA FOLLETTE. I know that.

Mr. McKELLAR. The contractors who have bought this lumber are taking it out in accordance with the contract, cutting it, sawing it, and sending it out.

Mr. LONG. Mr. President——

Mr. McKELLAR. They give the Government a bond——

The VICE PRESIDENT. The Senator from Oregon [Mr. STEIWER] has the floor, and his time under the rule has expired.

Mr. LONG. Can we not have a little bit better order in the Senate?

The VICE PRESIDENT. The Senate will be in order.

Is there objection to the present consideration of the bill?

Mr. McKELLAR. Mr. President, in view of the fact that the former Chairman of the Committee on Indian Affairs [Mr. FRAZIER] and others on the committee have stated that this bill is in the interest of the Indians—I cannot see how it is possible—but, in view of their statements, since they are on the Indian Affairs Committee, I am not going to object. I really think, however, that this is a bad bill and that it is in the interest of the contractors and not in the interest of the Indians.

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, as follows:

Be it enacted, etc., That Public Act No. 435 of the Seventy-second Congress entitled "An act to authorize the Secretary of the Interior to modify the terms of existing contracts for the sale of timber on Indian lands when it is in the interest of the Indians so to do" is hereby amended by striking from the first section thereof the words "*Provided*, That the prices are not reduced below the basic sale prices."

NATIONAL EMPLOYMENT SYSTEM

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, was announced as next in order.

Mr. KING. Mr. President, I have several amendments which I should like to offer to this bill. I suggest that it go over.

Mr. WAGNER. Mr. President, I desire to say to the Senator from Utah that the Senate on two occasions has approved this legislation, and I am informed that the Senator from Utah himself supported it heretofore. In view of that fact, I did not think there would be any need for further discussion.

The bill simply provides for a coordinated system of employment exchanges between the States and the Federal Government. I may say that the President himself is strongly in favor of the legislation, and recognizes, particularly at this time, the need of such a system. We are without any coordinated system of public employment exchanges; and with the legislation that is about to come, which will require the reassembling of workers in different sections of the country, the work will be very much impeded, if not frustrated, if we have not a system of employment exchanges of this character.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. WAGNER. Yes.

Mr. ROBINSON of Arkansas. Is not this the bill that passed at the previous session?

Mr. WAGNER. Yes. As a matter of fact, the Senate passed upon it twice, I may say to the Senator.

Mr. ROBINSON of Arkansas. That is my recollection.

Mr. WAGNER. I understood that it was universally accepted. The committee reported it unanimously.

Mr. COPELAND. Mr. President, will my colleague yield?

Mr. WAGNER. Yes.

Mr. COPELAND. May I say for the committee that we had an extended hearing on this bill this year, as we have had before; and by unanimous vote of the committee its passage was recommended. I hope it may be passed now.

Mr. KING. Mr. President, in a conversation which I had some time ago with the Secretary of Labor, I was informed that her intention was to utilize more and more the State organizations.

Mr. COPELAND. This bill provides, may I say to the Senator, for the absolute utilization of the State organizations.

Mr. KING. I thought this bill was not in harmony with the views of the Secretary of Labor.

Mr. COPELAND. Oh, no; it exactly carries out that view. It provides for the use of State organizations, and the Federal Government simply coordinates by securing certain service from State organizations.

Mr. KING. My objection was based upon my understanding that the bill was not in harmony with views of the Secretary of Labor. If she has approved of this bill, of course that alters the situation.

Mr. LA FOLLETTE. On the contrary, she was the first and most ardent advocate to appear before the committee on behalf of the bill.

Mr. WAGNER. Exactly.

Mr. LA FOLLETTE. May I say to the Senator from Utah, if the Senator from New York will permit me, that not only in conjunction with the present situation so far as unemployment is concerned, but particularly in connection with any program for its stimulation, this measure is of vital

importance in order that the necessary information and service may be rendered to those seeking opportunities for work in connection with any reemployment program. I sincerely hope, therefore, that the Senator from Utah will not insist upon his objection.

Mr. KING. I stated that my opposition was based upon the assumption that the measure was not in harmony with the views of the Secretary of Labor; but if she has put her O.K. upon it, I have no objection.

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Education and Labor with amendments, on page 4, line 4, after the word "act", to insert "If the legislature of any State has not made provision for accepting the provisions of this act, the Governor of such State may, insofar as he is authorized to do so by the laws of such State, accept the provisions of this act and designate or create a State agency to cooperate with the United States Employment Service until 6 months after the adjournment of the first regular session of the legislature in such State following the passage of this act"; on page 4, line 15, after the word "appropriated", to insert "(1)"; in line 16, after "1934", to strike out "and" and insert "(2)"; in line 18, after "1938", to insert "(3) and thereafter such sums annually as the Congress may deem necessary"; and on page 6, line 23, after the word "legislature", to insert "or its Governor, as the case may be", so as to make the bill read:

Be it enacted, etc., That (a) in order to promote the establishment and maintenance of a national system of public employment offices, there is hereby created in the Department of Labor a bureau to be known as "the United States Employment Service", at the head of which shall be a director. The director shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive a salary at the rate of $8,500 per annum.

(b) Upon the expiration of 3 months after the enactment of this act the employment service now existing in the Department of Labor shall be abolished; and all records, files, and property (including office equipment) of the existing employment service shall thereupon be transferred to the United States Employment Service; and all the officers and employees of such service shall thereupon be transferred to the United States Employment Service created by this act without change in classification or compensation, but the term of office of any person transferred by this section to the United States Employment Service, and who was not appointed subject to the provisions of the Civil Service laws, shall expire upon the expiration of 6 months from the date of enactment of this act.

SEC. 2. The Secretary of Labor is authorized, in accordance with the Civil Service laws, to appoint and, in accordance with the Classification Act of 1923, as amended, to fix the compensation of one or more assistant directors and such other officers, employees, and assistants, and to make such expenditures (including expenditures for personal services and rent at the seat of Government and elsewhere, and for law books, books of reference, and periodicals) as may be necessary to carry out the provisions of this act.

SEC. 3. (a) It shall be the province and duty of the bureau to promote and develop a national system of employment offices for men, women, and juniors who are legally qualified to engage in gainful occupations, to maintain a farm placement service, to maintain a public employment service for the District of Columbia, to cooperate with the Veterans' Administration in securing employment for veterans and, in the manner hereinafter provided, to assist in establishing and maintaining systems of public employment offices in the several States and the political subdivisions thereof. The bureau shall also assist in coordinating the public employment offices throughout the country and in increasing their usefulness by developing and prescribing minimum standards of efficiency, assisting them in meeting problems peculiar to their localities, promoting uniformity in their administrative and statistical procedure, furnishing and publishing information as to opportunities for employment and other information of value in the operation of the system, and maintaining a system for clearing labor between the several States.

(b) Whenever in this act the word "State" or "States" is used it shall be understood to include the Territory of Hawaii.

SEC. 4. In order to obtain the benefits of appropriations apportioned under section 5, a State shall, through its legislature, accept the provisions of this act and designate or authorize the creation of a State agency vested with all powers necessary to cooperate with the United States Employment Service under this act. If the legislature of any State has not made provision for accepting the provisions of this act, the Governor of such State may, insofar as he is authorized to do so by the laws of such State, accept the provisions of this act and designate or create a State agency to cooperate with the United States Employment Service until 6 months after the adjournment of the first regular session of the legislature in such State following the passage of this act.

SEC. 5. (a) For the purpose of carrying out the provisions of this act there is hereby authorized to be appropriated (1) the sum of $1,500,000 for the fiscal year ending June 30, 1934, (2) $4,000,000 for each fiscal year thereafter up to and including the fiscal year ending June 30, 1938, (3) and thereafter such sums annually as the Congress may deem necessary. Seventy-five percent of the amounts appropriated under this act shall be apportioned by the director among the several States in the proportion which their population bears to the total population of the States of the United States according to the next preceding United States census, to be available for the purpose of establishing and maintaining systems of public employment offices in the several States and the political subdivisions thereof in accordance with the provisions of this act. No payment shall be made in any year out of the amount of such appropriations apportioned to any State until an equal sum has been appropriated or otherwise made available for that year by the State, or by any agency thereof, including appropriations made by local subdivisions, for the purpose of maintaining public employment offices as a part of a State-controlled system of public employment offices; except that the amounts so appropriated by the State shall not be less than 25 percent of the apportionment according to population made by the director for such State for the current year, and in no event less than $5,000. The balance of the amounts appropriated under this act shall be available for all the purposes of this act other than for apportionment among the several States as herein provided.

(b) The amounts apportioned to any State for any fiscal year shall be available for payment to and expenditure by such State, for the purposes of this act, until the close of the next succeeding fiscal year; except that amounts apportioned to any State for any fiscal year preceding the fiscal year during which is commenced the first regular session of the legislature of such State held after the enactment of this act shall remain available for payment to and expenditure by such State until the close of the fiscal year next succeeding that in which such session is commenced. Subject to the foregoing limitations, any amount so apportioned unexpended at the end of the period during which it is available for expenditure under this act shall, within 60 days thereafter, be reapportioned for the current fiscal year among all the States in the same manner and on the same basis, and certified to the Secretary of the Treasury and treasurers of the States in the same manner, as if it were being apportioned under this act for the first time.

SEC. 6. Within 60 days after any appropriation has been made under authority of this act the director shall make the apportionment thereof as provided in section 5 and shall certify to the Secretary of the Treasury and to the treasurers of the several States the amount apportioned to each State for the fiscal year for which the appropriation has been made.

SEC. 7. Within 60 days after any appropriation has been made under the authority of this act, and as often thereafter while such appropriation remains available as he deems advisable, the director shall ascertain as to each of the several States (1) whether the State has, through its legislature or its Governor, as the case may be, accepted the provisions of this act and designated or authorized the creation of an agency to cooperate with the United States Employment Service in the administration of this act in compliance with the provisions of section 4 of this act; and (2) the amounts, if any, which have been appropriated or otherwise made available by such State and by any agency thereof, including appropriations made by local subdivisions, in compliance with the provisions of section 5 of this act. If the director finds that a State has complied with the requirements of such sections, and if plans have been submitted and approved in compliance with the provisions of section 8 of this act, the director shall determine the amount of the payments, if any, to which the State is entitled under the provisions of section 5, and certify such amount to the Secretary of the Treasury. Such certificate shall be sufficient authority to the Secretary of the Treasury to make payments to the State in accordance therewith.

SEC. 8. Any State desiring to receive the benefits of this act shall, by the agency designated to cooperate with the United States Employment Service, submit to the director detailed plans for carrying out the provisions of this act within such State. In those States where a State board, department, or agency exists which is charged with the administration of State laws for vocational rehabilitation of physically handicapped persons, such plans shall include provision for cooperation between such board, department, or agency and the agency designated to cooperate with the United States Employment Service under this act. If such plans are in conformity with the provisions of this act and reasonably appropriate and adequate to carry out its purposes, they shall be approved by the director and due notice of such approval shall be given to the State agency.

SEC. 9. Each State agency cooperating with the United States Employment Service under this act shall make such reports concerning its operations and expenditures as shall be prescribed by the director. It shall be the duty of the director to ascertain whether the system of public employment offices maintained in each State is conducted in accordance with the rules and regulations and the standards of efficiency prescribed by the director in accordance with the provisions of this act. The director may revoke any existing certificates or withhold any further certificate provided for in section 7, whenever he shall determine, as to any State that the cooperating State agency has not properly expended the moneys paid to it or the moneys herein required to be appropriated by such State in accordance with plans approved under this act. Before any such certificate shall be revoked or withheld from any State, the Director shall give notice in writing to the

State agency stating specifically wherein the State has failed to comply with such plans. The State agency may appeal to the Secretary of Labor from the action of the director in any such case, and the Secretary of Labor may either affirm or reverse the action of the director with such directions as he shall consider proper.

SEC. 10 (a) The director shall establish a Federal Advisory Council composed of men and women representing employers and employees in equal numbers and the public for the purpose of formulating policies and discussing problems relating to employment and insuring impartiality, neutrality, and freedom from political influence in the solution of such problems. Members of such council shall be selected from time to time in such manner as the director shall prescribe and shall serve without compensation, but when attending meetings of the council they shall be allowed necessary traveling and subsistence expenses, or per diem allowance in lieu thereof, within the limitations prescribed by law for civilian employees in the executive branch of the Government. The council shall have access to all files and records of the United States Employment Service. The director shall also require the organization of similar State advisory councils composed of men and women representing employers and employees in equal numbers and the public.

(b) In carrying out the provisions of this act the director is authorized and directed to provide for the giving of notice of strikes or lockouts to applicants before they are referred to employment.

SEC. 11. The director, with the approval of the Secretary of Labor, is hereby authorized to make such rules and regulations as may be necessary to carry out the provisions of this act.

SEC. 12. The Postmaster General is hereby authorized and directed to extend to the United States Employment Service and to the system of employment offices operated by it in conformity with the provisions of this act, and to all State employment systems which receive funds appropriated under authority of this act, the privilege of free transmission of official mail matter.

The amendments were agreed to.

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

ST. LAWRENCE RIVER BRIDGE, OGDENSBURG, N.Y.

The bill (S. 1577) creating the St. Lawrence Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Lawrence River at or near Ogdensburg, N.Y., was announced as next in order.

Mr. COPELAND. Mr. President, I ask that Order of Business 87, House bill 5329, be substituted for this bill. It is an identical bill which has passed the House, but I wish to offer an amendment to it.

The VICE PRESIDENT. Is there objection to the request of the Senator from New York?

There being no objection, the Senate proceeded to consider the bill (H.R. 5329) creating the St. Lawrence Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Lawrence River at or near Ogdensburg, N.Y., which was read, as follows:

Be it enacted, etc., That in order to facilitate international commerce, the St. Lawrence Bridge Commission (hereinafter created, and hereinafter referred to as the "Commission") and its successors and assigns, be, and are hereby, authorized to construct, maintain, and operate a bridge and approaches thereto across the St. Lawrence River at or near the city of Ogdensburg, N.Y., at a point suitable to the interests of navigation, in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, subject to the conditions and limitations contained in this act, and subject to the approval of the proper authorities in the Dominion of Canada. For like purposes said Commission and its successors and assigns are hereby authorized to purchase, maintain, and operate all or any ferries across the St. Lawrence River within 5 miles of the location which shall be selected for said bridge, subject to the conditions and limitations contained in this act, and subject to the approval of the proper authorities in the Dominion of Canada.

SEC. 2. There is hereby conferred upon the Commission and its successors and assigns all such rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use such real estate and other property in the State of New York as may be needed for the location, construction, operation, and maintenance of such bridge and its approaches as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State of New York, upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation of private property for public purposes in such State; and the Commission and its successors and assigns may exercise in the Dominion of Canada all rights, powers, and authority which shall be granted or permitted to the Commission by the proper authorities of the Dominion of Canada or of the Province of Ontario, including the entering upon lands and acquiring, condemning, occupying, possessing, and using such real estate and other property in the Dominion of Canada as may be needed for such location, construction, operation, and maintenance of such bridge.

SEC. 3. The Commission and its successors and assigns are hereby authorized to fix and charge tolls for transit over such bridge and such ferry or ferries in accordance with the provisions of this act.

SEC. 4. The Commission and its successors and assigns are hereby authorized to provide for the payment of the cost of the bridge and its approaches and the ferry or ferries and the necessary lands, easements, and appurtenances thereto by an issue or issues of negotiable bonds of the Commission, bearing interest at not more than 6 percent per annum, the principal and interest of which bonds and any premium to be paid for retirement thereof before maturity shall be payable solely from the sinking fund provided in accordance with this act. Such bonds may be registerable as to principal alone or both principal and interest, shall be in such form not inconsistent with this act, shall mature at such time or times not exceeding 30 years from their respective dates, shall be in such denominations, shall be executed in such manner and be payable in such medium and at such place or places as the Commission may determine. The Commission may repurchase and may reserve the right to redeem all or any of said bonds before maturity in such manner and at such price or prices, not exceeding 105 and accrued interest, as may be fixed by the Commission prior to the issuance of the bonds. The Commission may enter into an agreement with any bank or trust company in the United States as trustee having the power to make such agreement, setting forth the duties of the Commission in respect of the construction, maintenance, operation, repair, and insurance of the bridge and/or the ferry or ferries, the conservation and application of all funds, the safeguarding of moneys on hand or on deposit, and the rights and remedies of said trustee and the holders of the bonds, restricting the individual right of action of the bondholders as is customary in trust agreements respecting bonds of corporations. Such trust agreements may contain such provisions for protecting and enforcing the rights and remedies of the trustee and the bondholders as may be reasonable and proper and not inconsistent with the law and also provisions for approval by the original purchasers of the bonds of the employment of consulting engineers and of the security given by the bridge contractors and by any bank or trust company in which the proceeds of bonds or of bridge or ferry tolls or other moneys of the Commission shall be deposited, and may provide that no contract for construction shall be made without the approval of the consulting engineers. The bridge constructed under the authority of this act shall be deemed to be an instrumentality for international commerce authorized by the Government of the United States, and said bridge and ferry or ferries and the bonds issued in connection therewith and the income derived therefrom shall be exempt from all Federal, State, municipal, and local taxation. Said bonds shall be sold in such manner and at such time or times and at such price as the Commission may determine, but no such sale shall be made at a price so low as to require the payment of more than 6 percent interest on the money received therefor, computed with relation to the absolute maturity of the bonds in accordance with standard tables of bond values, and the face amount thereof shall be so calculated as to produce, at the price of their sale, the cost of the bridge and its approaches, and the land, easements, and appurtenances used in connection therewith and, in the event the ferry or ferries are to be acquired, also the cost of such ferry or ferries and the lands, easements, and appurtenances used in connection therewith. The cost of the bridge and ferry or ferries shall be deemed to include interest during construction of the bridge, and for 12 months thereafter, and all engineering, legal, architectural, traffic surveying, and other expenses incident to the construction of the bridge or the acquisition of the ferry or ferries, and the acquisition of the necessary property, and incident to the financing thereof, including the cost of acquiring existing franchises, rights, plans, and works of and relating to the bridge, now owned by any person, firm, or corporation, and the cost of purchasing all or any part of the shares of stock of any such corporate owner, if, in the judgment of the Commission, such purchases should be found expedient. If the proceeds of the bonds issued shall exceed the cost as finally determined, the excess shall be placed in the sinking fund hereinafter provided. Prior to the preparation of definitive bonds the Commission may, under like restrictions, issue temporary bonds or interim certificates with or without coupons of any denomination whatsoever, exchangeable for definitive bonds when such bonds have been executed and are available for delivery.

SEC. 5. In fixing the rates of toll to be charged for the use of such bridge the same shall be so adjusted as to provide a fund sufficient to pay for the reasonable cost of depreciating, maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to pay the principal and interest of such bonds as the same shall fall due and the redemption or repurchase price of all or any thereof redeemed or repurchased before maturity as herein provided. All tolls and other revenues from said bridge are hereby pledged to such uses and to the application thereof hereinafter in this section required. After payment or provision for payment therefrom of all such cost of maintaining, repairing, and operating and the reservation of an amount of money estimated to be sufficient for the same purpose during an ensuing period of not more than 6 months, the remainder of tolls collected shall be placed in the sinking fund, at intervals to be determined by the Commission prior to the issuance of the bonds. An accurate

record of the cost of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected, shall be kept and shall be available for the information of all persons interested. The Commission shall classify in a reasonable way all traffic over the bridge, so that the tolls shall be so fixed and adjusted by it as to be uniform in the application thereof to all traffic falling within any such reasonable class, regardless of the status or character of any person, firm, or corporation participating in such traffic, and shall prevent all use of such bridge for traffic except upon payment of the tolls so fixed and adjusted. No toll shall be charged officials or employees of the Commission or of the Governments of the United States or Canada while in the discharge of their duties.

SEC. 6. Nothing herein contained shall require the Commission or its successors to maintain or operate any ferry or ferries purchased hereunder, but in the discretion of the Commission or its successors any ferry or ferries so purchased, with the appurtenances and property thereto connected and belonging, may be sold or otherwise disposed of or may be abandoned and/or dismantled whenever in the judgment of the Commission or its successors it may seem expedient so to do. The Commission and its successors may fix such rates of toll for the use of such ferry or ferries as it may deem proper, subject to the same conditions as are hereinabove required as to tolls for traffic over the bridge. All tolls collected for the use of the ferry or ferries and the proceeds of any sale or disposition of any ferry or ferries shall be used, so far as may be necessary, to pay the cost of maintaining, repairing, and operating the same, and any residue thereof shall be paid into the sinking fund hereinabove provided for bonds. An accurate record of the cost of purchasing the ferry or ferries, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected shall be kept and shall be available for the information of all persons interested.

SEC. 7. After payment of the bonds and interest, or after a sinking fund sufficient for such payment shall have been provided and shall be held for that purpose, the Commission shall deliver deeds or other suitable instruments of conveyance of the interest of the Commission in and to the bridge, that part within the United States to the State of New York or any municipality or agency thereof as may be authorized by or pursuant to law to accept the same (hereinafter referred to as the "United States interests") and that part within Canada to the Dominion of Canada or to such Province, municipality, or agency thereof as may be authorized by or pursuant to law to accept the same (hereinafter referred to as the "Canadian interests"), under the condition that the bridge shall thereafter be free of tolls and be properly maintained, operated, and repaired by the United States interests and the Canadian interests, as may be agreed upon; but if either the United States interests or the Canadian interests shall not be authorized to accept or shall not accept the same under such conditions, then the bridge shall continue to be owned, maintained, operated, and repaired by the Commission, and the rates of tolls shall be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management, until such time as both the United States interests and the Canadian interests shall be authorized to accept and shall accept such conveyance under such conditions. If at the time of such conveyance the Commission or its successors shall not have disposed of such ferry or ferries, the same shall be disposed of by sale as soon as practicable, at such price and upon such terms as the Commission or its successors may determine, but in making any such sale preference shall be given to the Canadian interests and thereafter to the United States interests before any sale except to such respective interests.

SEC. 8. For the purpose of carrying into effect the objects stated in this act there is hereby created the St. Lawrence Bridge Commission, and by that name, style, and title said body shall have perpetual succession; may contract and be contracted with, sue and be sued, implead and be impleaded, complain and defend in all courts of law and equity; may make and have a common seal; may purchase or otherwise acquire and hold or dispose of real estate and other property; may accept and receive donations or gifts of money or other property and apply same to the purposes of this act; and shall have and possess all powers necessary, convenient, or proper for carrying into effect the objects stated in this act.

The Commission shall consist of Walter Willson, George W. Sisson, Jr., John Bird, James C. Dolan, Albert P. Newell, Charles Steger, Franklin R. Little, Felix Hulser, Arthur Belgard, Robert H. McEwen, and Julius Frank. Such Commission shall be a body corporate and politic constituting a public-benefit corporation. Any vacancy occurring in said Commission shall be filled by a majority vote of the remaining members of the Commission, and notices of elections to fill vacancies and of acceptances thereof shall be filed with the county clerk of St. Lawrence County, N.Y. Each member of the Commission and their respective successors shall qualify by giving such bond as may be fixed by the Chief of the Bureau of Public Roads of the Department of Agriculture, conditioned for the faithful performance of all duties required by this act. The Commission shall elect a chairman and a vice chairman from its members, and may establish rules and regulations for the government of its own business. Five members shall constitute a quorum for the transaction of business: *Provided, however*, That if there be less than five members of said Commission on account of vacancies, the remaining member or members may fill such vacancies.

SEC. 9. The Commission shall have no capital stock or shares of interest or participation, and all revenues and receipts thereof shall be applied to the purposes specified in this act. The members of the Commission shall be entitled to a per diem compensation for their services of $10 for each day actually spent in the business of the Commission, but the maximum compensation of the chairman in any year shall not exceed $2,500 and of each other member shall not exceed $500. The members of the Commission shall also be entitled to receive traveling expense allowance of 10 cents a mile for each mile actually traveled on the business of the Commission. The Commission may employ a secretary, treasurer, engineers, attorneys, and such other experts, assistants, and employees as they may deem necessary, who shall be entitled to receive such compensation as the Commission may determine. All salaries and expenses shall be paid solely from the funds provided under the authority of this act. After all bonds and interest thereon shall have been paid and all other obligations of the Commission paid or discharged, or provision for all such payments shall have been made as hereinbefore provided, and after the bridge shall have been conveyed to the United States interests and the Canadian interests as herein provided, and any ferry or ferries shall have been sold, the Commission shall be dissolved and shall cease to have further existence by an order of the Chief of the Bureau of Public Roads made upon his own initiative or upon application of the Commission or any member or members thereof, but only after a public hearing in the city of Ogdensburg, notice of the time and place of which hearing and the purpose thereof shall have been published once, at least 30 days before the date thereof, in a newspaper published in the city of Ogdensburg, N.Y., and a newspaper published in Prescott, Ontario. At the time of such dissolution all moneys in the hands of or to the credit of the Commission shall be divided into two equal parts, one of which shall be paid to said United States interests and the other to said Canadian interests.

SEC. 10. Nothing herein contained shall be construed to authorize or permit the Commission or any member thereof to create any obligation or incur any liability other than such obligations and liabilities as are dischargeable solely from funds provided by this act. No obligation created or liability incurred pursuant to this act shall be an obligation or liability of any member or members of the Commission, but shall be chargeable solely to the funds herein provided, nor shall any indebtedness created pursuant to this act be an indebtedness of the United States.

SEC. 11. All provisions of this act may be enforced, or the violation thereof prevented by mandamus, injunction, or other appropriate remedy brought by the attorney general for the State of New York, the United States district attorney for the district in which the bridge may be located in part, or by the solicitor general of the Dominion of Canada in any court having competent jurisdiction of the subject matter and of the parties.

SEC. 12. The right to alter, amend, or repeal this act is hereby expressly reserved.

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

The CHIEF CLERK. On page 11, it is proposed to strike out lines 3 to 24, both inclusive, and to insert in lieu thereof the following:

The Commission shall consist of 11 persons appointed by the Governor of New York. Such Commission shall be a body corporate and politic constituting a public-benefit corporation. Any vacancy occurring in said Commission shall be filled by the Governor. Each member of the Commission and their respective successors shall qualify by giving such bond as may be fixed by the Chief of the Bureau of Public Roads of the Department of Agriculture, conditioned for the faithful performance of all duties required by this act. The Commission shall elect a chairman and a vice chairman from its members, and may establish rules and regulations for the government of its own business. Five members shall constitute a quorum for the transaction of business.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The VICE PRESIDENT. Without objection, Senate bill 1577 will be indefinitely postponed.

BILL PASSED OVER

The bill (S. 1286) to increase the efficiency of the Veterinary Corps of the Regular Army was announced as next in order.

Mr. KING. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

OCHOCO NATIONAL FOREST, OREG.

The Senate proceeded to consider the bill (S. 285) to authorize the addition of certain lands to the Ochoco National Forest, Oreg., which was read, as follows:

Be it enacted, That the following described public lands are hereby included in and made a part of the Ochoco National Forest, Oreg., subject to all the laws and regulations applicable to na-

tional forests, but such inclusion shall not affect any entry or vested rights acquired under the public land laws prior to the passage of this act: The west half southeast quarter and the southwest quarter section 7; the southwest quarter northeast quarter, the northwest quarter northwest quarter, the south half northwest quarter, the north half southwest quarter, the southeast quarter southwest quarter, the north half southeast quarter, and the southwest quarter southeast quarter section 17; the north half northeast quarter, the southwest quarter northeast quarter, the west half southeast quarter, and the west half section 18; and all of section 19; all in township 13 south, range 24 east, Willamette meridian.

Mr. KING. Mr. President, in view of the fact that some of us are receiving petitions to exclude or withdraw lands that have been incorporated within the forest reserves upon the ground that it was not necessary to do so and that their incorporation is injurious to the people living contiguous to the forests, I should like to ask the Senator from Oregon [Mr. STEIWER] what is the necessity now of enlarging the boundaries of this forest.

Mr. STEIWER. Mr. President, I think there is no objection to this particular item of extension. The land involved is high mountain land, forming the divide between the headwaters of two small river systems. It is contiguous to the national forest; it is a part of the public domain, but has been withdrawn from entry for a great many years—I think at least 10 years.

The application for this extension was made sometime ago by the Department of Agriculture, and was submitted to the Interior Department, which, of course, controls this land. Both Departments are desirous that the bill be enacted. The report discloses that the present Secretary of the Interior reported favorably upon the bill. The Secretary of the Interior prior to this administration favored the bill. The Secretaries of Agriculture in this and in the prior administration, I understand, both favored the bill. There is no settlement here. There is no private ownership involved. There is a total of 1,800 acres of land which it is thought should be logically a part of the national park.

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

BILL PASSED OVER

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, was announced as next in order.

The VICE PRESIDENT. This bill is the unfinished business.

SEVERAL SENATORS. Let it go over.

The VICE PRESIDENT. The bill will be passed over.

LOANS BY RECONSTRUCTION FINANCE CORPORATION TO CLOSED BUILDING-AND-LOAN ASSOCIATIONS

The bill (S. 1648) to amend the Reconstruction Finance Corporation Act, as amended, to provide for loans to closed building-and-loan associations, was announced as next in order.

Mr. KING. Mr. President, I should like an explanation by the Senator from Ohio [Mr. BULKLEY] as to the necessity and wisdom of this measure.

Mr. BULKLEY. Mr. President, the Reconstruction Finance Corporation Act as originally passed gave the Corporation authority to make loans to banks, savings banks, and building-and-loan associations, among other institutions. The original act gave the Corporation authority to lend to closed banks. A subsequent amendment gave the Corporation the authority to lend to closed savings banks; but no authority has yet been given to lend to closed building-and-loan associations. It is believed that the theory of the original act will be carried out by extending the authority to lend to closed building-and-loan associations exactly the same as to closed banks or closed savings banks.

Another change in the law that is made by this bill is with respect to the limitation of all loans to closed institutions. The original act contained a limitation of $200,000,000, and the attorneys for the Reconstruction Finance Corporation are not certain whether that limitation is an absolute limitation or whether the $200,000,000 constitutes a revolving fund. The bill as reported by the committee would raise that limit to $300,000,000, and make it clear that it is a revolving fund.

Mr. KING. Mr. President, is it recommended that there should be an increase of $100,000,000 for this purpose?

Mr. BULKLEY. Yes. The Reconstruction Finance Corporation recommended that all limit be removed, but the committee thought it wise to leave a limit of $300,000,000, with a provision that it shall be considered as a revolving fund.

Mr. KING. Has not the Senator received a number of communications—I know I have received six or seven—to the effect that some building-and-loan associations which are practically insolvent are unloading and want to unload upon the Federal Government, through the Reconstruction Finance Corporation, some of their unsound and wholly unliquid assets, and to free themselves from the bad situation in which they find themselves because of bad loans and of frozen assets?

Mr. BULKLEY. I have no doubt that many owners of bad securities, both building-and-loan associations and banks and other institutions, would be glad if they could unload their bad securities on the Reconstruction Finance Corporation, or on anybody else; but I submit that that has nothing to do with the matter now before us. The Reconstruction Finance Corporation is required to take adequate security for each and every loan made, and it is not presumed that any bad loans will be made under this measure.

Mr. KING. May I ask the Senator whether he believes it is wise that the Federal Government should get behind the building-and-loan associations in their distress and make advances to them up to this tremendous sum?

Mr. BULKLEY. Mr. President, the Congress has taken the view that the Government should get very liberally behind financial institutions, savings banks and other banks, to save them from closing, and also to help them to reopen, and to help them to get dividends paid to depositors. I submit that exactly the same principle applies to the building-and-loan associations.

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

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Banking and Currency with amendments.

The amendments were, on page 2, line 15, to strike out "$250,000,000" and to insert in lieu thereof "$300,000,000", and in line 19, after the word "liquidation", to insert a comma and the words "and such sum shall constitute a revolving fund for such purposes", so as to make the bill read:

Be it enacted, etc., That the first paragraph of section 5 of the Reconstruction Finance Corporation Act, as amended, is amended to read as follows:

"SEC. 5. To aid in financing agriculture, commerce, and industry, including facilitating the exportation of agricultural and other products, the Corporation is authorized and empowered to make loans, upon such terms and conditions not inconsistent with this act as it may determine, to any bank, savings bank, trust company, building-and-loan association, insurance company, mortgage-loan company, credit union, Federal land bank, joint-stock land bank, Federal intermediate credit bank, agricultural credit corporation, livestock credit corporation, organized under the laws of any State or of the United States, including loans secured by the assets of any bank, savings bank, or building-and-loan association that is closed or in process of liquidation, to aid in the reorganization or liquidation of such banks or building and loan associations, upon application of the receiver or liquidating agent of such bank or building-and-loan association, and any receiver of any national bank is hereby authorized to contract for such loans and to pledge any assets of the bank for securing the same: *Provided*, That not more than $300,000,000 shall be used for the relief of banks (including savings banks and building-and-loan associations) that are closed or in the process of liquidation, and such sum shall constitute a revolving fund for such purposes."

The amendments were agreed to.

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

Mr. DILL subsequently said: Mr. President, I desire to enter a motion to reconsider the vote whereby the Senate

passed this morning the bill (S. 1648) to amend the Reconstruction Finance Corporation Act, as amended, to provide for loans to closed building-and-loan associations.

The VICE PRESIDENT. The motion of the Senator from Washington will be entered.

RELIEF OF HOME OWNERS

The bill (H.R. 5240) to provide emergency relief with respect to home mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes occupied by them and who are unable to amortize their debt elsewhere, to amend the Federal Home Loan Bank Act, to increase the market for obligations of the United States, and for other purposes, was announced as next in order.

Mr. BULKLEY. Mr. President, that bill should go over. A number of Senators want to speak on it and to offer amendments to it.

The VICE PRESIDENT. The bill will be passed over.

NAVAL AIR STATION, PENSACOLA, FLA.

The bill (S. 1103) to authorize the Secretary of the Navy to proceed with certain public works at the Naval Air Station, Pensacola, Fla., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Navy is hereby authorized to construct additional buildings, structures, roads, utilities, and appurtenances, and to remove, relocate, replace, remodel, and extend existing buildings, structures, roads, utilities, and appurtenances at the naval air station, Pensacola, Fla., at a cost not to exceed $6,955,000, and said sum is hereby authorized to be appropriated.

NAVAL AIR STATION, PENSACOLA (CORRY FIELD), FLA.

The bill (S. 1104) authorizing the Secretary of the Navy to proceed with certain public works at the Naval Air Station, Pensacola (Corry Field), Fla., was announced as next in order.

Mr. KING. Let that go over.

Mr. TRAMMELL. Mr. President——

Mr. KING. I withhold the objection.

Mr. TRAMMELL. Mr. President, this bill provides an authorization, not an appropriation, for the building of hangars and of some other minor improvements at the landing field at Pensacola, Fla. The object of the bill, particularly at this time, is that there may be an authorization so that if the President and the Budget Director see proper to include this in the public-works program, it may be included. Otherwise, there would be no expenditure made at all, and that rests in the sound judgment of the President and the Director of the Budget. The bill itself does not carry an appropriation but merely an authorization.

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

Mr. TRAMMELL. I yield.

Mr. KING. If I had not had my attention distracted, I should have objected to the consideration of calendar 101, Senate bill 1103. A joint committee of the House and of the Senate are now engaged in hearing testimony with respect to the question of dirigibles, trying to ascertain the cause of the disaster to the *Akron*, as well as to the *Shenandoah*, and other dirigibles constructed by the Government, and to determine whether or not there is any utility in the construction of these airships.

May I ask the Senator whether Senate bill 1103 is for the purpose of obtaining nearly $7,000,000 for the purpose of making ready for the reception of airships, when we may not construct them?

Mr. TRAMMELL. Mr. President, the purpose of it is to provide sufficient housing and facilities at the naval air station at Pensacola, Fla. Of course, that is not a station where they use dirigibles at all. It is a heavier-than-air station, and is used exclusively for the training of student flyers for the Navy. Air drills for trained pilots are carried on at the station located in California. The station at Pensacola is one of the major air stations of the country, and it is here that students are sent to learn to fly. The lighter-than-air planes have never been used, and such operation is not contemplated. Unless the President should decide to use the authorization here proposed in a public-works program, the appropriation would not be made. Of course, the bill does not carry any appropriation.

The Government has about 80 planes at this training field on the average, and those planes are exposed to the weather. They have been so exposed for years and years, and the principal part of the expense involved in this measure would be for the building of hangars to protect those planes in the interest of economy and in the interest of increased protection to the flyers. Exposed as they are, the planes deteriorate much more rapidly than if in hangars, and there is much more danger of defects resulting from the exposure as well as a greater expense for upkeep. The Navy Department for 2 or 3 years or 4 years has called attention to the necessity of these hangars and other facilities at this field. However, it all reverts back to the question of the authority of the President and of the Budget Director as to whether anything shall be done under the provisions of a public-works program. I know the improvement called for in the bill is very necessary and I believe well merits being taken care of in the public-works program. In this connection this legislation is exceedingly desirable, and I urge its passage.

Mr. KING. Mr. President, the bill which ought to command the largest opposition was passed during the time I was called to another part of the Chamber, and if that becomes a law, obviously the pending bill should be enacted. In my opinion, however, neither of them at this particular juncture should have received the approval of the Congress or of the Senate. We have been insisting that there should be a reduction of 25 percent, and when we make a reduction of 25 percent in one line we increase it by 50 or 100 percent in some other. Instead of there being reductions and economies, with the profligate manner in which we are passing many of these appropriation bills, I venture the prophecy that there will be no reduction.

The VICE PRESIDENT. Is there objection to the 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, as follows:

Be it enacted, etc., That the Secretary of the Navy is hereby authorized to construct additional buildings, structures, roads, utilities, and appurtenances, at the naval air station, Pensacola (Corry Field), Fla., at a cost not to exceed $1,053,500, and said sum is hereby authorized to be appropriated.

PRACTICE OF GOVERNMENT EMPLOYEES BEFORE DEPARTMENTS

The Senate proceeded to consider the joint resolution (S.J.Res. 54) limiting the operation of sections 109 and 113 of the Criminal Code.

Mr. REED. Mr. President, will not the Senator from Arkansas explain why this is necessary?

Mr. ROBINSON of Arkansas. Mr. President, this measure is affected with emergency considerations. It is the desire of the Secretary of Agriculture and others who are charged with responsibility for administering the Farm Act recently passed by the Congress to secure the services as attorney of Mr. Lee, whom every Member of the Senate well knows. Mr. Lee has, without compensation, collaborated with Members of both Houses of Congress, and with the committees having jurisdiction of the legislation, in the preparation of the bill.

In addition to that fact, he is familiar with all relief legislation pertaining to agriculture passed by the Congress during recent years. He is a member of a law firm here consisting of two persons, and is unwilling to surrender his connection with the law firm for mere temporary employment in the Department of Agriculture, as the legislation referred to contemplates. The Department is anxious to have his services.

There are two precedents for this proposed legislation—one in the case of former Senator Pomerene and Mr. Roberts, now Associate Justice Roberts, when they were employed under the resolution of the Senate in connection with the litigation pertaining to oil lands owned by the United States, and the other in connection with Mr. Huston Thompson.

There is a provision in the pending measure which denies to the attorney and his subordinates the right to practice before the Department of Agriculture. I shall place in the RECORD, with the consent of the Senate, the statutes which are involved in this measure, and the statements of fact, more elaborately gone into than I have gone into them.

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

Mr. ROBINSON of Arkansas. I yield.

Mr. KING. I noticed in the paper yesterday that Mr. Lee has been employed by the Governor of the State of Maryland for the purpose of presenting a claim of the State of Maryland to the Reconstruction Finance Corporation, as I understood it, or to some governmental agency, in order that that State might obtain a considerable part of an appropriation made by Congress. I was wondering whether, being employed by the State to present a claim against the Government, it would be quite consistent that he should receive employment along the lines indicated by the Senator. Knowing Mr. Lee so well and having such confidence in his integrity personally, I would trust him with employment on both sides of a case.

Mr. ROBINSON of Arkansas. Mr. President, there is no proposal here that Mr. Lee shall be employed on both sides of any case. The proposal is that the general rule established by the statute, that no person in the employ of the Government shall be permitted to practice law before any department, is relaxed for the reasons I have stated.

This does not interfere with Mr. Lee or his associate in taking cases of the nature described by the Senator from Utah. It has no relationship to that subject.

The representatives of the Government desire the services of Mr. Lee. As every Senator who hears me knows, the Farm Act is an exceedingly complicated statute. It requires the advice of counsel, in its proper administration, familiar with the legislation, and with preceding legislation having relation to similar purposes and effects.

I think there is nothing further I desire to say.

The VICE PRESIDENT. The question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That nothing in sections 109 and 113 of the Criminal Code (U.S.C., title 18, secs. 198 and 203) or any other act of Congress forbidding any person in the employ of the United States from acting as attorney or agent for another before any department (other than the Department of Agriculture) or branch of the Government, or from receiving pay for so acting, shall be deemed to apply to any counsel or other officer of the Department of Agriculture if designated by the Secretary of Agriculture at the time of appointment as entitled to the benefits of this resolution: *Provided*, That not more than three such officers shall hold such exemptions at the same time.

Mr. ROBINSON of Arkansas. Mr. President, I ask leave to place in the RECORD, in connection with my remarks, a copy of the statute and statements referred to.

The VICE PRESIDENT. Is there objection?

There being no objection, the matters were ordered to be printed in the RECORD, as follows:

SECTIONS 109 AND 113 OF THE CRIMINAL CODE

Whoever, being an officer of the United States, or a person holding any place of trust or profit, or discharging any official function under, or in connection with, any executive department of the Government of the United States, or under the Senate or House of Representatives of the United States, shall act as an agent or attorney for prosecuting any claim against the United States, or in any manner, or by any means, otherwise than in discharge of his proper official duties, shall aid or assist in the prosecution or support of any such claim, or receive any gratuity, or any share of or interest in any claim from any claimant against the United States, with intent to aid or assist, or in the consideration of having aided or assisted, in the prosecution of such claim, shall be fined not more than $5,000 or imprisoned for not more than 1 year, or both. Members of the National Guard of the District of Columbia who receive compensation for their services as such shall not be held or construed to be officers of the United States, or persons holding any place of trust or profit, or discharging any official function under or in connection with any executive department of the Government of the United States within the provisions of this section (Criminal Code, sec. 109).

Whoever, being elected or appointed a Senator, Member of or Delegate to Congress, or a Resident Commissioner, shall after his election or appointment and either before or after he has qualified, and during his continuance in office, or being the head of a department, or other officer or clerk in the employ of the United States, shall, directly or indirectly, receive, or agree to receive, any compensation whatever for any services rendered or to be rendered to any person, either by himself or another, in relation to any proceeding, contract, claim, controversy, charge, accusation, arrest, or other matter or thing in which the United States is a party or directly or indirectly interested, before any department, courtmartial, bureau, officer, or any civil, military, or naval commission whatever, shall be fined not more than $10,000 and imprisoned not more than 2 years; and shall, moreover, thereafter be incapable of holding any office of honor, trust, or profit under the Government of the United States (Criminal Code, sec. 113).

STATEMENTS

The proposed resolution does not alter the maximum salary of $10,000, less 15 percent under the Economy Act, as authorized by the farm bill, nor does it otherwise affect the salary situation. What the proposed resolution does provide is that the designated appointee may be employed by the Secretary of Agriculture without having to surrender his connection with his own law firm or his private practice before any department or agency of the Government, other than the Department of Agriculture. During the tenure of the employment, however, practice before the Department of Agriculture could not be engaged in.

There are two precedents for the proposed resolution. One is the joint resolution of December 21, 1928 (45 Stat. 1067), covering the cases of Owen J. Roberts and Atlee Pomerene; the other is the act of December 24, 1931 (Public, No. 1, 72d Cong.), covering the case of Huston Thompson. The language of the proposed resolution is substantially the same as that of the above-cited resolution and act, except that under these practice was permitted to be continued before all Departments and agencies of the Government, without exception. The act covering the Huston Thompson case, for instance, reads as follows:

"*Be it enacted, etc.*, That nothing in sections 109 and 113 of the act entitled 'An act to codify, revise, and amend the penal laws of the United States,' approved March 4, 1909, as amended (U.S.C., title 18, secs. 198 and 203), or of any other act of Congress forbidding any person in the employ of the United States or acting in any official capacity under them from acting as agent or attorney for another before any department or branch of the Government or from receiving pay for so acting shall be deemed to apply to counsel serving in the case of the Appalachian Electric Power Co. against George Otis Smith and others, now pending in the District Court of the United States for the Western District of Virginia."

Frederic P. Lee, whom it is understood the Secretary of Agriculture will designate under the proposed joint resolution, is a member of the firm of MacCracken & Lee, with offices in the National Press Building in this city. There are only two members of the firm. Unless the benefits of the proposed resolution were given him he could not accept appointment for service in the Department of Agriculture as he cannot afford to give up his private practice and withdraw from his firm.

Mr. Lee is a resident of Maryland and a member of the New York and District of Columbia bars. He was legislative counsel of the Senate from 1923 to 1930, and assistant legislative counsel in the House of Representatives from 1919 to 1923. During this period he drafted and prepared legal arguments, memoranda, and reports concerning a large majority of the farm-relief measures considered and acted upon by the two Houses. As a result he became familiar with most of the legal and economic problems involved in the farm-relief legislation.

For approximately 2 weeks last November, he aided in developing a farm-relief legislative program at the request of Mr. Moley. This service was volunteer service without compensation. During December, January, and February last, Mr. Lee was retained by the national farm organizations in connection with the drafting and legal phases of their legislative program for farm relief and agricultural credits. He also appeared on behalf of the farm organizations at the hearings before the House Committee on Agriculture. This retainer expired on March 4. Immediately thereafter Mr. Lee was commandeered by Secretary of Agriculture Wallace to serve as special counsel in connection with the farm relief bill just passed. He served the Secretary and the committees of Congress in the framing of the legislation and represented the Secretary on numerous occasions before committees and Members of Congress. Up to a few days before the measue was signed by the President, Mr. Lee gave his full time to this work. This service was without compensation from the Government or any other source.

The Secretary of Agriculture and the administrator of the Farm Relief Act desire again to commandeer Mr. Lee's services in handling for the Department of Agriculture the legal problems arising under the act. They believe his services are necessary because of his exceptional familiarity with farm-relief legislation, its legal phases, legislative history, and subject matter; and because of his knowledge of departmental legal procedure and other legal activities of the Government.

WATER CHARGES ON DAMAGED LAND

The Senate proceeded to consider the bill (S. 1536) giving credit for water charges paid on damaged land, which had been reported by the Committee on Irrigation and Reclama-

tion with amendments, on page 2, line 9, to strike out the word "districts" and insert the word "district", and on line 12, strike out the word "districts" and insert the word "district", so as to make the bill read:

Be it enacted, etc., That all construction charges heretofore paid by owners on lands to be conveyed to the United States of America pursuant to the act of Congress approved March 23, 1933 (S. 156, 73d Cong.), shall be transferred as a credit to the lands to be so patented by the United States, and all payments of operation and maintenance charges with penalty and interest heretofore made on such of the lands to be conveyed as were not, in the determination of the Secretary of the Interior, during the period for which payment was made, susceptible of successful cultivation by reason of seepage, alkalinity, or other causes not within the control of the owners of such land, shall be allowed as credits on future construction, operation, and maintenance charges on the lands retained or those to be patented by the United States pursuant to the act of Congress approved March 23, 1933 (S. 156, 73d Cong.). Like credit shall also be given the irrigation district for all the charges heretofore paid by it on such lands and for which the owners of said lands have not in turn reimbursed the irrigation district.

The amendments were agreed to.

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

MENOMINEE TRIBE OF INDIANS, WISCONSIN

The bill (H.R. 4494) authorizing a per capita payment of $100 to the members of the Menominee Tribe of Indians of Wisconsin from funds on deposit to their credit in the Treasury of the United States, was considered, ordered to a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 506) conferring upon the President the power to reduce subsidies, and for other purposes, was announced as next in order.

Mr. REED. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

LOANS TO IRRIGATION DISTRICTS

The bill (S. 1738) authorizing the Reconstruction Finance Corporation to make loans to irrigation districts for certain purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Reconstruction Finance Corporation is authorized and empowered to make loans under the Reconstruction Finance Corporation Act, as amended, to irrigation districts organized under the laws of any State, and operating under contract with the United States, to aid in the payment of their operation and maintenance charges and to provide funds for the installation and operation of necessary works, upon the same terms and conditions, and subject to the same limitations, as are applicable in the case of loans to financial institutions as specified in section 5 of such act, as amended; except that such loans may also be made to any such irrigation district to aid in refunding or refinancing its obligations outstanding on the date of enactment of this act.

SEC. 2. (a) The Reconstruction Finance Corporation is authorized to make such rules and regulations as may be necessary to carry out the provisions of this act.

(b) The amount of notes, debentures, bonds, or other such obligations which the Reconstruction Finance Corporation is authorized and empowered to have outstanding at any one time under section 9 of the Reconstruction Finance Corporation Act, as amended, is increased by such amount as may be necessary to enable the Corporation to obtain funds for the purposes of this act.

FRANK W. MAHIN

The bill (S. 696) to authorize Frank W. Mahin, retired American Foreign Service officer, to accept from Her Majesty the Queen of the Netherlands the brevet and insignia of the Royal Netherland Order of Orange Nassau, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That Frank W. Mahin, retired American Foreign Service officer, be, and he is hereby, authorized to accept from Her Majesty the Queen of the Netherlands the brevet and insignia of officer of the Royal Netherland Order of Orange Nassau, which has been tendered to said officer, through the Department of State, in appreciation of services rendered the people of Holland.

JOINT RESOLUTION PASSED OVER

The joint resolution (S.J.Res. 56) to assure uniform value to the coins and currencies of the United States was announced as next in order.

Mr. REED. Let that go over.

The VICE PRESIDENT. The joint resolution will be passed over.

PAYMENT TO SURPLUS GRADUATES OF NAVAL ACADEMY

The Senate proceeded to consider the bill (H.R. 5012) to amend existing law in order to obviate the payment of 1 year's sea pay to surplus graduates of the Naval Academy, which had been reported from the Committee on Naval Affairs with an amendment, on page 1, after the word "discharge", at the end of line 10, to insert the following proviso: "*Provided, however,* That one half of 1 year's sea pay as heretofore provided by law shall be paid to each of said surplus of graduates who shall graduate in the class of 1933 who do not receive an appointment", so as to make the bill read:

Be it enacted, etc., That so much of the act of August 5, 1882 (22 Stat. 285, ch. 391), 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: *Provided, however,* That one half of 1 year's sea pay as heretofore provided by law shall be paid to each of said surplus of graduates who shall graduate in the class of 1933 who do not receive an appointment."

Mr. KING. Mr. President, I inquire of the Senator from Florida if the report on the bill is unanimous?

Mr. TRAMMELL. It is a unanimous report, 11 members of the committee participating in it.

Mr. KING. I have no objection to the consideration of the bill.

The VICE PRESIDENT. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. TRAMMELL subsequently said: Mr. President, I move that the Senate insist upon its amendment to the bill (H.R. 5012) to amend existing law in order to obviate the payment of 1 year's sea pay to surplus graduates of the Naval Academy, ask for a conference with the House of Representatives, and that conferees on the part of the Senate be appointed by the Chair.

The motion was agreed to; and the Presiding Officer (Mr. POPE in the chair) appointed Mr. TRAMMELL, Mr. MCGILL, and Mr. HALE conferees on the part of the Senate.

PROPOSED ADJOURNMENT TO WEDNESDAY

Mr. ROBINSON of Arkansas. Mr. President, the desire has been expressed on the part of many Senators that the Senate at the conclusion of its labors today shall take a recess until Wednesday next. It is my opinion, from a study of the situation, that we will well be able to do that, in the event that the unfinished business, which is the independent offices appropriation bill, shall be disposed of during the present calendar day.

SALARY SCHEDULES OF BANKS, PUBLIC UTILITIES, ETC.

Mr. COSTIGAN. Mr. President, at this time I desire to ask unanimous consent for the immediate consideration of Senate Resolution 75, as modified.

The VICE PRESIDENT. The clerk will state the resolution by title.

The CHIEF CLERK. A resolution (S.Res. 75) calling for salary schedules of executive officers of certain banks, railroads, and electric and power corporations.

Mr. MCNARY. Mr. President——

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

Mr. COSTIGAN. I yield.

Mr. MCNARY. When this resolution came before the Senate on three different occasions during the past week I objected to its consideration and it went to the calendar. I do not understand that it is necessary for the Senator from Colorado to ask unanimous consent for the consideration of the resolution. I think it comes up automatically after the conclusion of the call of the calendar.

Mr. COSTIGAN. If that be so, I hope the resolution may be considered at this time.

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

There being no objection, the resolution (S.Res. 75), submitted by Mr. COSTIGAN on May 8, 1933, and modified on May 16, was read, considered, and agreed to, as follows:

Resolved, That the Federal Reserve Board is requested to prepare and transmit to the Senate as soon as practicable a report showing the salary schedule of the executive officers and directors of each Federal Reserve bank and member bank of the Federal Reserve System; be it further

Resolved, That the Reconstruction Finance Corporation is requested to prepare and transmit to the Senate as soon as practicable a report showing the salary schedule of the executive officers and directors of each bank not a member of the Federal Reserve System to which loans or advances have been made by the Corporation; be it further

Resolved, That the Federal Power Commission is requested to prepare and transmit to the Senate as soon as practicable a report showing the salary schedule of the executive officers and directors of each public-utility corporation engaged in the transportation of electrical energy in interstate commerce and of all other corporations licensed under the Federal Water Power Act; and be it further

Resolved, That the Federal Trade Commission is requested to prepare and transmit to the Senate as soon as practicable a report showing the salary schedule of the executive officers and directors of each corporation engaged in interstate commerce (other than public-utility corporations) having capital and/or assets of more than a million dollars in value, whose securities are listed on the New York Stock Exchange or the New York Curb Exchange.

For the purposes of this resolution the term "salary" includes any compensation, fee, bonus, commission, or other payments, direct or indirect, in money or otherwise, for personal services.

Mr. COSTIGAN subsequently said: Mr. President, following today's proceedings whereby Senate Resolution 75 was adopted, I ask unanimous consent to have inserted in the RECORD an article from this morning's Washington Post indicating certain possibilities of Executive and legislative action based on the requested information.

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

[From the Washington Post, May 29, 1933]

FANCY CORPORATION PAY CUT BY RECONSTRUCTION FINANCE CORPORATION—BORROWERS ARE COMPELLED TO SHOW THAT SALARIES ARE NOT EXCESSIVE

Executives of corporations who obtain loans for their companies from the Reconstruction Finance Corporation hereafter must take reductions in salaries or prove that their compensation is not excessive.

This rule, an outgrowth of efforts in Congress to require limitation of salaries paid by companies which receive Government loans, was laid down yesterday by Jesse H. Jones, chairman of the Reconstruction Finance Corporation. It was applied last week in the case of the Southern Pacific Co., which received loans totaling $23,200,000.

The Southern Pacific, always noted for paying handsome salaries to its officers and executives, who operate one of the greatest transportation systems in the country, was required to reduce executive salaries by from 10 to 60 percent.

The scale of reductions as laid down by the corporation in this specific case was 60 percent, including previous reductions, for all salaries of $100,000 or more per year; 50 percent for salaries from $50,000 to $100,000; 40 percent from $25,000 to $50,000; 25 percent from $15,000 to $25,000; 15 percent from $10,000 to $15,000; and at least 10 percent for salaries and wages from $4,800 to $10,000. Reductions already made in salaries and wages are to be included in the reductions required by the Corporation.

Contracts of the railroad brotherhoods and other unions which deal with the Southern Pacific, which runs, besides its railroad and steamship lines, a number of bus lines and a hotel system and has other interests, are not affected. Higher-salaried officials of the Southern Pacific already have taken cuts of approximately 25 percent.

The Southern Pacific agreement provided that in the event Congress passed a law requiring a limitation of salaries of officers of corporations borrowing from the Reconstruction Corporation, the reduction in salaries of officers would be put at whatever limitation Congress imposed from June 1.

The Southern Pacific agreement also required that the company go to bankers and the public for funds to repay the Government as soon as the money market would permit. Salaries cannot be increased during the life of the loan.

Hale Holden, of New York, is chairman of the executive committee of the company. It was reported in railroad circles yesterday that the reduction agreed upon would cut his salary from $150,000 a year to $60,000, including any reduction already made.

Other high officials of the company include H. W. DeForest, chairman of the board; Angus D. McDonald, vice chairman of the executive committee; and Paul Shoup, of San Francisco, president of the company.

"While the Southern Pacific Railroad loan is the first in which these salary reductions have been required", Mr. Jones said yesterday, "it will be the policy of the Corporation to impose similar conditions in all future loans to railroads or other corporations paying excessive salaries."

The VICE PRESIDENT. That completes the calendar.

COST OF ELECTRICAL DISTRIBUTION

Mr. COSTIGAN. Mr. President, I ask unanimous consent to bring up at this time for immediate action Senate Resolution No. 80. It is my understanding that the respective party leaders on both sides of the Senate Chamber have no objection to such immediate consideration.

The VICE PRESIDENT. The resolution will be read.

The Chief Clerk read Senate Resolution 80, submitted by Mr. COSTIGAN on the 15th instant, as follows:

Whereas growing interest is manifest throughout the Nation on the part of householders, both urban and rural, as to present and future uses of electricity and reasonable rates chargeable therefor; and

Whereas a considerable, if not controlling, factor in the cost of rural and domestic electric service is reported to be the expense of distributing transmitted current between local substations and the customers' meters; and

Whereas it is responsibly alleged by engineers that the service companies keep no record of this important distribution cost and that the subject has never been discussed before any engineering society; that technical literature does not deal with it; and that only rarely has it been considered in electric rate cases:

Resolved, That the Federal Power Commission is hereby requested to furnish the Senate with a report summarizing such information as may be available indicating the cost of electrical distribution expressed in cents per kilowatt-hour under varying service conditions, as contrasted with the more widely known costs of electrical generation and electrical transmission.

Mr. VANDENBERG. Mr. President, I understand the Senator from Colorado to say that the resolution is now satisfactory to the Senator from Oregon [Mr. MCNARY].

Mr. COSTIGAN. I may say to the able Senator from Michigan that the Senator from Oregon has stated to me today that he has no objection to action on the resolution.

The resolution was agreed to.

The preamble was agreed to.

Mr. COSTIGAN. I ask unanimous consent to have published in the RECORD, in connection with the resolution and informative as to its purposes, an editorial in the Electrical World of March 7, 1931, and an article in the New Republic of December 21, 1932, dealing with the subject matter of the resolution. The article was prepared by a distinguished authority in this field, Mr. Morris Llewellyn Cooke, of Philadelphia.

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

[Editorial from the Electrical World for Mar. 7, 1931]

TURN MORE LIGHT UPON DISTRIBUTION COSTS

Segregation of distribution costs is needed more than ever before because the public does not comprehend why these costs are relatively high compared with others. Although many companies have used itemized costs of this character to determine the expense of serving different classes of business and to guide moves for economy, these costs have not had the publicity that has been given to production costs, and since the public hears of nothing but the low values of the latter it is no surprise that it reaches the conclusion it does.

When the public hears more frequently about systematic analyses of distribution costs and knows that they are being used to establish the most equitable tariffs, political agitation will have less weight. Political attacks are not due to the divulging of generating costs but to failure to give equal emphasis to distribution costs—domestic, commercial, and industrial. Of course the intermingling of services prevents absolutely accurate allocation of costs, but it does not eliminate the relative value of data apportioned, according to the best knowledge obtainable.

Sufficient study already has been made of cost allocation to show that this is a difficult problem to solve by a single method or plan. But the general basic principles should be determined and the influence of local modifying elements, such as quality of service and territorial conditions, ascertained. If these topics were discussed as thoroughly in committees and conventions as other economic engineering topics have been, a consensus of opinion might be developed on how to make analyses more accurate and more generally applicable. If this task is not initiated and carried to fruition by the industry, sooner or later commissions will pre-

scribe the details of cost allocation and methods for ascertaining values.

Insistently the public asks: "Why the spread between generating and customer cost?" Publicity on analyses of distribution costs is the only answer. Incidentally these analyses may show where economies can be effected. If economies are found possible, the industry may be trusted to do as popular a job as it has with production costs.

[From the New Republic for Dec. 21, 1932]

PAYING TOO MUCH FOR ELECTRICITY

By Morris Llewellyn Cooke

It seems clear that the American people are definitely of the opinion that retail electric rates are excessive. Householders are asking why they are compelled to pay, say 7 cents per kilowatt-hour for current which their neighbor, the big industrialist, purchases for, say, 7 mills to operate his blast furnaces, mines, and railways. The merchant, the farmer, and the city councilor negotiating a contract for street lighting also question the rates charged them.

Our Ambassador to Germany, the Honorable Frederick M. Sackett, gained Nation-wide popularity for his remark at the World Power Conference in Berlin 2 years ago to the effect that he knew of no other manufacturing industry where the sale price of the product to consumers is 15 times the actual cost of production. In my opinion the Ambassador overestimated the spread. On the other hand the rejoinder of the spokesmen for the industry was unsatisfactory. The next day George N. Tidd, at Berlin, and J. F. Owens, of the National Electric Light Association, then in convention in San Francisco, both explained that the apparently excessive price to domestic users for electric service was due to the high cost of distribution. Bananas, they said, were cheap off the plants in Central America, but necessarily cost many times more in a grocery store in New York. The gentlemen were quite right. It does cost more per unit to deliver electric energy in small quantities to a house on a side street than in huge volume to a great industrial plant—but how much more? That is what they failed to state and what the American people, and presumably Mr. Sackett himself, would like to know.

The surprising thing is that had Ambassador Sackett put this question to his critics they could not have answered him, because they did not know. The whole electrical industry could not have answered him, because it does not know. Its executives can tell you to the fraction of a mill what it costs to generate electricity, or what it costs to transmit current over high-tension lines for 10 miles, or 350 miles. But they do not know what it costs per kilowatt-hour to distribute energy from a local switchboard or the step-down station at the end of a transmission line to houses, stores, and streets—a distance usually not more than 5 miles.

They have not investigated or discovered this important fact about their business in all the 50 years of its existence. Had Mr. Sackett gone to the libraries, even the engineering libraries, he would have found no light on this subject. Had he turned expectantly to the great engineering societies, he would have been no better off.

The electric-service companies do not claim to keep cost accounts on distribution by such methods as are employed in every phase of the steel, clothing, paper, and other industries. Only a few years ago every operating company in Pennsylvania officially advised an investigating commission that cost-keeping in the domestic field was not attempted. Mr. Alex Dow, president of the Detroit Edison Co., recently testified to the same effect. The Electrical World, recognized organ of the industry, in its leading editorial for the issue of March 7, 1931, "Turn More Light on Distribution Costs", frankly admitted the entire absence of these data and emphasized their public importance.

This indifference to distribution costs has been studied and deliberated. It is well known that the uniform classification of accounts required of electrical companies by State public-service commissions originated with the National Electric Light Association. It provides no possibility of cost-finding on distribution. As a result the regulators know nothing of this matter. The absence of distribution-cost data has barely attracted their attention. Further, the rate research committee of the National Electric Light Association has studiously avoided the question.

The upshot is that while the householder and commercial manager are told that their higher rates are primarily due to the high cost of distribution, there are absolutely no scientific data upon which such costs are based. The importance of the issue here raised becomes apparent when we consider that while the national electrical bill for 1931 was $2,000,000,000, 70 percent of this amount, or $1,400,000,000, was paid by the retail consumers. The energy they used possibly cost the companies $400,000,000 to generate and transmit to local substations. Therefore the retail users paid $1,000,000,000 for local distribution. The item is impressive.

In the absence of a proper engineering, cost-finding technique we are compelled to resort to other methods in an effort to determine whether the above estimated distribution-cost figure is excessive and, if so, to what degree. The cost of distribution is a matter of concern to three classes of electric service: (1) domestic, including rural; (2) commercial light and power, retail; and (3) municipal, largely street lighting. The current consumed by each class, the revenue derived therefrom, and the average rates paid in 1931 as reported by the National Electric Light Association, were as follows:

	Kilowatt-hours (in billions)	Revenue (in millions)	Average rate per kilowatt-hour
			Cents
Domestic	11,785	$686	5.82
Commercial light and power	13,837	569	4.11
Municipal and street lighting	2,793	108	3.87
Total	28,415	1,363	4.80

To determine what part of this total charge for retail service belongs to distribution we may assume that the "transmitted current" costs on the average one and a half cents per kilowatt hour, including return on invested capital. The national average rate paid for wholesale transmitted power in 1931 was 1.48 cents per kilowatt-hour.

There are municipalities owning their distribution systems, but buying current at wholesale, who pay for it in the neighborhood of 1 cent per kilowatt-hour. That part of the sales price, therefore, which may be said to be attributable to the total national consumption of 28,415,000,000 kilowatt-hours would be not more than $426,225,000. Subtracting this from the $1,363,000,000 of total revenue, there remains $936,775,000 to be justified as the cost, including profit, of distribution, or nearly one half the revenues of the industry. A distribution overcharge of major proportions is here clearly indicated. This overcharge, as before stated, cannot be exactly determined. It can, however, be roughly approximated.

There is support for the statement that "the whole cost of distribution is approximately $7.50 per year per domestic consumer for 500 kilowatt-hours of service, or 1½ cents per kilowatt-hour." If, then, the cost of current ready for delivery is 1½ cents per kilowatt-hour and the distribution cost is 1½ cents, a fair average price to the domestic consumer would be 3 cents per kilowatt-hour with a fair profit left to the industry. But reports show that in 1931 the national average collected by the industry was 5.82 cents. Subtracting, we arrive at a suggested excess charge of 2.82 cents. Apply this to the nearly 12,000,000,000 kilowatt-hours used in domestic service for that year and we arrive at an estimated unjustifiable charge of $330,000,000 for distribution expense. Even allowing 2 cents for distribution, the overchange will still total $275,000,000.

In commercial service the average use per customer is much higher than domestic use, and other factors are more favorable. Allowing 1¼ cents for cost of current and the same for distribution, the overcharge in this field would be over $200,000,000. Even using the same cost figures as for domestic service, an overcharge of $150,000,000 is indicated. As for municipal service, no approximation of overcharge is possible because of varying local conditions and contracts. Hence, until we have some definite cost data scientifically determined to the contrary, the estimate of $400,000,000—possibly $500,000,000—annual overcharge on distribution seems justified and conservative, this despite the possibly misleading character of general averages when applied to certain special local conditions. The figures here used, however, are well within the facts for a great majority of urban situations.

Substantial support is given these estimates by the unexplained differences between the general level of rates charged by private and by the public plants. In Ontario, Canada, for instance, in the year 1930–31, the householders in 289 cities, towns, and hamlets paid just a little over 1½ cents per kilowatt-hour. In Seattle, where the public plant is in competition with a private plant, the average domestic cost is 2.8 cents and in Tacoma 1.72 cents per kilowatt-hour. In Winnipeg and Fort William it was 8 mills; in Ottawa 9 mills. Thus our national average cost per kilowatt-hour is more than three times that of Ontario and well over double that in several American cities having public plants. This difference in rates, though not an accurate measure of the difference in costs, is far too large to be accounted for by taxes and profits paid by private companies, charges which public plants customarily do not have to meet. The discrepancy is further emphasized by the fact that the capital outlay of public plants both in Ontario and the United States is being amortized, so that in time the people will own the plants outright. Under private ownership no such deduction is made, so that a return must be paid indefinitely by the public on the capital invested.

In spite of the dramatic drop in electric costs during the last 10 years, rates for the great majority of small consumers have remained practically stationary. The average rates reported have fallen because a small percentage of the more well-to-do customers have received the advantage of the lower rates in stepped-rate schedules. In many places the changes in demand charges, service charges, minimum charges, etc., have actually raised rates for large numbers of consumers.

Notwithstanding this discrimination in rates, however, the consumption of electricity in our homes is slowly increasing. In 1926 the average domestic revenue stood at $29.70 and at $33.70 in 1931. Yet the industry has doubtless obtained a greater profit both per domestic consumer and per kilowatt-hour used in domestic service with each drop in the national average of rates paid. The principal added expense to the companies has been for the current itself. If we compute the cost of this current at 1½ cents per kilowatt-hour, we find that in each of the last

5 years the cost of the added current is only about half the added revenue received. Normal business usage in other lines suggests a smaller profit per unit as the number of units sold increases. In view of the fact that increased consumption at lower rates not only ensures larger net profits to the industry but removes the public feeling that it has an antisocial attitude, it is puzzling to understand why the industry has so persistently fought to maintain high-rate levels.

That low rates result in greatly increased consumption is easily demonstrated. In the United States the average family consumption is less than 600 kilowatt-hours per year; in Seattle it is nearly 1,200; in Ontario as a whole, 1,600; in Winnipeg, over 4,000 kilowatt-hours per year. It is clear that if we abandon our present topsy-turvy rate structure based on "all the traffic will bear" and replace this by one based on actual cost plus a fair profit, our present domestic use can speedily be trebled.

As a by-product a much better feeling on the part of the public toward the industry will be engendered. The people are now aware, from the revelations of the Federal Trade Commission investigation, that misleading propaganda, political activities and other antisocial practices sponsored by the National Electric Light Association and other agencies of the industry are largely paid for out of profits yielded by high rates to retail consumers.

To understand how the electrical industry has ignored modern cost accounting in the field under discussion one must go back 50 years to the time when electricity was used almost exclusively for lighting during a few hours at night. To succeed it was necessary to put the plant at work in the daytime. Hence the urge to sell current to factories for industrial purposes. This technically was called improving the load factor. It seemed, and was, at that time, more important to find customers who could use electricity in off-peak hours for plants designed primarily for night lighting. This absorbed the attention of the engineers and the executives, and little attention was paid to distribution. But now that about half the revenue received is from distribution amounting to $1,000,000,000 annually—$8,000,000,000 in the last 10 years—through the tremendous growth of domestic usage, there is an obligation on the industry to give retail consumers the benefit of scientific cost-finding in respect to distribution already given to other consumers in the field of generation and transmission.

The importance of the domestic business as a financial stabilizer has, during the depression, been impressed upon the industry. While industrial use has materially decreased, household consumption of electricity has increased, and the total earnings show a decline of but 1.2 percent. Again the load factor in domestic use compares favorably with that of industry. A study by the Commonwealth Edison Co., of Chicago, disclosed it to be 31 percent. The old arguments seeking to justify discrimination against the retail consumer are disappearing. As a matter of fact, the most promising load builder for the immediate future lies in increased domestic use. But that result will not follow to the desired extent if the industry continues to penalize its customers in the home.

If it is objected that the further extension of the accounting classifications will burden the industry by an added expense, the answer is that the expense will not be increased because it is proposed to substitute for the present meaningless and cumbersome system a truly scientific system which will prove profitable both to the industry and to the consumers. To date, accounting in the industry has been developed almost wholly by accountants who knew nothing of the necessary engineering techniques. The time has come when the engineer must be called in, for the reason that, in order to practice effective cost-finding, expenses must be subdivided in accordance with the plant and work units involved. Each unit must have its standard, and comparisons must be made between the units and actual costs progressively as the work goes forward. It is not a question of further subdivision of accounts, or more elaborate distribution of general and overhead expense, but better organization of accounts and a more obvious tie-in of costs with the general books.

It is not hoped to obtain costs which are absolutely correct, but to obtain comparable costs under different conditions and in different localities for the light which these costs will throw upon the relative value of different devices, methods and administrative policies.

It is pertinent here to take note of a recent decision by the Indiana Public Service Commission in the Martinsville-Wabash electric case, now before the United States Supreme Court. The commission fixed the domestic rate by first ascertaining the cost of "transmitted current" at the city limits. To this was added only the local distribution expense incurred within the city limits. This simplifies rate-making procedure. The significance of this case lies in the fact that a commission has recognized that retail costs consist of two factors: The one the cost of transmitted current, which is now generally known within reasonable limits; the other, local distribution costs, a scientific method of determining which must be devised.

The appliances of distribution, however much they may vary in size and number, are always the same. Everywhere and always we have poles, wires, transformers, meters, and sometimes underground ducts. These factors are so constant that the day is not far off when, given a few easily obtained facts about a given community, the rates for retail electric service will be quickly determined on a slide rule. Such a development, however, would throw into the discard every retail rate schedule in the United States. By eliminating many present wasteful practices based on guesswork, as well as unjust overcharges on distribution, costs will be obtained which will drive drudgery out of the home and off the farm. The ledger balance of the commercial houses will be removed farther from the red and the tax levy for street lighting will be lessened. Another result of importance to investors and promoters will follow: The temptation will be materially lessened to form holding companies, whose chief reason for existence has been to provide reservoirs in which to drain off, and so conceal, the unjustified profits taken from retail consumers by operating companies.

INDEPENDENT OFFICES APPROPRIATIONS

Mr. VANDENBERG. Mr. President, I think that under the parliamentary situation I am now entitled to proceed for a few moments.

Mr. McKELLAR. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. McKELLAR. Does not the unfinished business automatically come before the Senate, and may it not be laid before the Senate, and then the Senator from Michigan may proceed?

The VICE PRESIDENT. Not until 2 o'clock. Without objection, however, the unfinished business may be laid before the Senate and be considered pending. Is there objection to that being done?

There being no objection, the Senate resumed the 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 ST. LAWRENCE DEEP-WATERWAY PROJECT

Mr. VANDENBERG. Mr. President, I desire at this time to present the affirmative case to the Senate in behalf of the St. Lawrence Seaway Treaty between the Government of the United States and the Government of Canada.

Opponents intermittently and sporadically testify against the treaty and—from my viewpoint—thus invite unwarranted prejudice.

Mr. LEWIS. Mr. President——

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

Mr. VANDENBERG. I yield.

Mr. LEWIS. May I ask the able Senator from Michigan if it is his purpose in connection with his presentation to press the subject for a vote today?

Mr. VANDENBERG. It is not.

Mr. LONG. Mr. President——

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

Mr. VANDENBERG. I will yield now, but I desire to proceed without interruption.

Mr. LONG. I merely desire to say to the Senator from Illinois that the Senator from Michigan has more intelligence than that.

Mr. LEWIS. I grant the intelligence of the Senator from Michigan, though I do not know to what particular subject the compliment properly addressed to him relates.

Mr. VANDENBERG. The chief reason that I find it necessary to intrude upon the time and attention of the Senate is the fact that just such persistent prophecy of the treaty's defeat as we heard a moment ago has created a prejudice and miscalculation regarding the Senate's attitude which in fairness to 40,000,000 people who have a stake involved in this proposition can no longer be left without an affirmative case in behalf of the pending treaty.

It would not be fair for this process—and I refer to the process to which I have just adverted—to continue without the present submission of what we believe to be the compelling reasons, grounded in public welfare and in sound public policy, for the immediate ratification of the pending treaty which has twice been favorably reported by the Foreign Relations Committee, the last time by a vote of 16 to 2.

Strenuous efforts have been made to aline a Senate majority against consideration of the treaty at this present extraordinary session of the Senate. It is openly stated that these efforts are pledged to success, despite the fact that the President of the United States authorized a statement in his behalf last week that he desires ratification at

the present session. I am hopeful that he will make his attitude clear in a direct message. The success or failure of the movement obviously depends upon his action in this respect; but, be that as it may, the hopes and aspirations of 40,000,000 people in the United States call upon those of us who believe in the President's stated position to present to the Senate and the country what we believe to be the compelling reasons for affirmative action before this session shall draw to a close.

I shall undertake to demonstrate that this present action is part and parcel of the emergency objectives to which this administration and this special session are dedicated.

First. Because it offers direct and specific encouragement to the economic welfare of the great American mid-continent;

Second. Because it is a practical and primary contribution to farm relief;

Third. Because it is a practical and primary contribution to the recapture of American export trade.

Fourth. Because it is one of the greatest make-work projects which can be dedicated to our war upon unemployment; and it seems to me that it would be nothing less than a travesty to dedicate $3,300,000,000 to a public-works program and not place this St. Lawrence project within reach of that great prospectus.

Fifth. Because the criticisms of the undertaking are always more apparent than real, and no remote offset to the stupendous advantages involved can be claimed to lie within these criticisms.

A sixth reason might well find itself in the aspirations of the New York power authority to extend to the great northeastern section of the Nation another of the great public-power developments which may have within it such vast advantage for the people.

Mr. President, in bringing the Great Lakes-St. Lawrence Deep Waterway Treaty to the attention of the Senate, I first crave the privilege of a memorial word respecting the silenced sponsor who was always its greatest, its most loyal, and its most irresistible proponent in this Chamber. I speak reverently, and with deep significance, of the late Senator from Montana, Mr. Walsh.

Those of us who now take up this treaty sponsorship where he laid it down, in an hour of irreparable loss to the Republic, are conscious of our own limitations compared with the commanding genius and the contagious conviction which he dedicated to this cause. But we are the more consecrated to our tasks by the recollection of his attitudes and his allegiance. We are the surer of our ground because of the knowledge that we plead an objective which he deemed necessitous and paramount. We are the more convinced because of his convincing allegiance to this challenging enterprise.

The last public responsibility which the late Senator from Montana discharged was to speak for some 2 hours in the Foreign Relations Committee in behalf of the favorable report which he had personally written to recommend this treaty's ratification. The last senatorial appeal which he addressed to his colleagues was his plea in committee which successfully brought the treaty to the Senate Calendar.

It was his anxiety not to leave the Senate, in anticipation of the prospective Attorney Generalship which he never lived to occupy, without putting this treaty as far forward as it could go in the Seventy-second Congress. As a faithful member of the subcommittee which held long and comprehensive hearings, he never missed a meeting or a witness in the broad and probing survey which we devoted to this inquiry. Prior thereto, for many years, his eloquent voice was always and implacably lifted in behalf of this stupendous adventure. He saw in this seaway, Mr. President, the economic salvation of the land-locked Middle West. He saw in it the most practical formula for farm relief in all the agricultural prospectus. He saw in it, as a by-product, the most gigantic hydroelectric development of modern times. He saw in it new ties of mutually beneficent fraternity between Canada and the United States. It was his dream—and I do not run from the word, because dreams always have preceded great achievements. It was his dream. In ultimate completion it shall be his monument.

I do not recall the late Senator from Montana as my preliminary witness in behalf of the treaty's ratification with any desire to invoke the emotions of his erstwhile colleagues. He would himself reject any such appeal, because he was a realist and preeminently the logician. I recall him solely on these latter counts. Because I feel my own relative incompetence to do justice to the cause of which he was the master, I am submitting at the outset—as a reason for the Senate's friendly and responsive ears—that since he found this seaway completely practical and this treaty entirely worthy of ratification, the Senate should give my own address in this behalf a credence beyond anything which I might alone deserve.

At any rate, Mr. President, the first words spoken for the pending treaty should be the commendations of it as they would have come from our late lamented friend if he were here to urge that the Senate shall advise and consent. In historic justice, lest republics forever be ungrateful, I have wanted the preface to my own observations to speak thus of the seaway's historic "first friend", the late Senator from Montana. Nor could anything else be more cogent or persuasive as an argument.

With these initial, favorable presumptions upon my side, I proceed to my own analysis of this problem now at the Senate's bar.

Mr. President, 200 years of pioneering, 30 years of long-range planning, and 12 years of research, investigation, and examination into the economic, engineering, and international aspects of the Great Lakes-St. Lawrence deep waterway have culminated in the pending treaty between the Governments of Canada and the United States. If the treaty be ratified by us, and then by the Canadian Parliament, immediate construction will be instituted upon the greatest transportation project since Theodore Roosevelt bisected Panama. Then in 7 or 8 years the seaway will be completed; and when it is, the Great Lakes will join the oceans in a common traffic which will unlock this vast American midcontinent and its 40,000,000 people to favorable trade and commerce with the earth.

The possibilities of subsequent developments and advantages stagger the imagination. The asset values to the Nation are well-nigh incalculable. This prospectus does not lie in idle speculation. There are solid reasons for this faith and for these expectations. These are not snap judgments. On the contrary, they are supported by long-sustained studies by international commissions of high experts. Nor are these judgments partisan. The present Democratic President of the United States recommends this treaty precisely as did his Republican predecessors.

Again, these judgments are not sectional. On the contrary, 23 States of the Union have expressed, by executive or legislative action, their deep concern that the seaway shall be built. This is the roll: California, Colorado, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Montana, Nebraska, North Dakota, South Dakota, Ohio, Oregon, South Carolina, Utah, Washington, West Virginia, Wisconsin, and Wyoming. Very recently, Mr. President, resolutions favoring this seaway treaty and its consideration and ratification at the present session of the Senate have been adopted by the Legislatures of Arkansas, Indiana, Michigan, Montana, Minnesota, North Dakota, South Dakota, and Wisconsin. Resolutions similarly favoring action upon it at this session of the Senate have been adopted by one body of the State Legislature of Ohio and one body of the State Legislature of Nebraska. In other words, we are bringing to the Senate an appeal that has behind it a more fundamental sweep of aspiration across a great section of the American people than any other single appeal that has been laid at the bar of the Senate this year.

Typical, Mr. President, of the resolutions that are being adopted not only by State legislatures but by municipal authorities throughout this great area, is the following resolution adopted unanimously by the Common Council of the

City of Detroit, Mich., which I ask unanimous consent may be inserted in the RECORD at this point in my remarks.

The PRESIDING OFFICER (Mr. POPE in the chair). Is there objection? The Chair hears none, and it is so ordered.

The resolution is as follows:

By Councilman Bradley

Whereas the Michigan-St. Lawrence Waterway and Great Lakes Harbors Association, in convention assembled in Detroit today, thanked the President of the United States, Franklin D. Roosevelt, for his earnest and courageous support of the treaty between the United States of America and Canada for the development of the Great Lakes-St. Lawrence waterway, and expressed the hope that he would be able to use his great influence to secure its approval at the present session of Congress; and

Whereas it is reliably stated that opponents of the treaty are making desperate efforts to defeat the will of the President, alleging the Lake States have lost interest in the project; and

Whereas the city of Detroit and State of Michigan have taken a leading part in forwarding this great project, and few, if any, of our prominent citizens or public officials have expressed any sentiments against it; and

Whereas the sentiment in favor of this project is more pronounced in Detroit and the State of Michigan, and the demand for its early consummation is greater at the present time than ever before; and

Whereas the treaty is now before the United States Senate for its ratification: Therefore be it

Resolved, That the Common Council of the City of Detroit express its thanks to the President of the United States for his great interest in the ratification of the treaty, and we respectfully petition the two Members of the Senate from the State of Michigan to support it with their votes and also to use their influence to secure its approval at the present session of Congress; and be it further

Resolved, That a copy of this resolution be sent to His Excellency the President of the United States and to Senators COUZENS and VANDENBERG.

Adopted as follows:

Yeas: Councilmen Bradley, Castator, Couzens, Hall, Lindsay, Lodge, and president pro tempore—7.

Nays: None.

Mr. VANDENBERG. Nor is this all. For example, New England has registered a deep concern, first in a favorable report by a committee representing six States and headed by Col. Charles R. Gow, of Cambridge; more recently by the contemporary endorsement of Mr. Henry I. Harriman, now president of the United States Chamber of Commerce. Again, New York, speaking through its power authority, as well as through its distinguished ex-Governor, now President of the United States, supports this fraternity of action.

Furthermore, if there is any validity and integrity in political promises given to the American people in political campaigns, there is a fundamental contract between the people and both Republican and Democratic parties, a contract written at the polls last November which calls for validation in action upon this treaty before this session of the Senate adjourns. Here is what the Republican members of this body are committed to under the terms of their national platform, their contract with the 15,000,000 voters who sustained them. I read:

The Republican Party stands committed to the development of the Great Lakes-St. Lawrence seaway. Under the direction of President Hoover, negotiations of a treaty with Canada for this development is now at a favorable point. Recognizing the inestimable benefits which will accrue to the Nation from placing the ports of the Great Lakes on an ocean base, the party reaffirms its allegiance to this great project and pledges its best efforts to secure its early completion.

That is the contract under which Repubican Senators, on their word and faith, must approach this proposed ratification.

Now what about the dominant Democratic Party in this same aspect? I will confess there was a little mystery about the attitude of the Democratic Party at the Chicago National Convention. The subcommittee on platform reported a platform with a plank which unequivocally endorsed the St. Lawrence Treaty project.

When that platform was submitted to the full convention, however, that particular plank seemed to have disappeared and in the platform as subsequently published in behalf of the convention the plank was mysteriously absent. But a few days later, Mr. President, to wit, on the evening of July 30, 1932, the distinguished Democratic nominee for the Presidency spoke over the air from his executive chambers in Albany and undertook to tell the American people what was in the Democratic national platform. In that address he told them that "The Democratic platform promises the completion of the St. Lawrence-Great Lakes seaway." So, I assume that whatever mystery may have attached to the slippery convention itself in this respect, we have the final commitment of the candidate himself that it is the purpose of the party to carry on in behalf of this undertaking.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from New York?

Mr. VANDENBERG. I yield.

Mr. COPELAND. Is there not a later aspect where at a later time the President called attention to the mystery of which the Senator speaks?

Mr. VANDENBERG. If there is, I missed his particular reference to the matter, but I am referring to the fact that there is no question whatever about the President's attitude in regard to the proposition. I hope there is nothing I have said that has indicated any lack of faith on my part in his attitude. I am sure he does not intend to duplicate the Chicago mystery in respect to his own connection with the treaty.

Mr. COPELAND. I think the Senator will find that at a later date the President-elect called attention to the fact that on perusal of the platform as adopted this clause was not found in it.

Mr. VANDENBERG. Whatever he subsequently said in that respect, Mr. President, he himself promised the American people to build the St. Lawrence seaway. There was no equivocation about the promise either. The great former Senator from Montana, Mr. Walsh, to whom I have recently referred, went into the heart of the middle Northwest as ambassador of the Democratic candidate for President and promised those people, who have no greater aspiration in this world than the completion of this treaty, promised them in behalf of the Democratic nominee for President, that under his auspices this great adventure would carry on. Now is the time to validate the promise.

I want to repeat that I think the President stands at this hour precisely where he undertook to say he stood then. I think he wants the treaty ratified before the adjournment of this session of Congress, and I only regret that he has not thus far seen fit to step squarely forward with an affirmative recommendation. Nevertheless, I am perfectly confident that before the session is concluded the Senate will have heard from the President in no uncertain terms.

Mr. CONNALLY. Mr. President——

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

Mr. VANDENBERG. I yield, although I prefer to proceed.

Mr. CONNALLY. Very well.

Mr. VANDENBERG. I am happy to yield to the Senator from Texas, however.

Mr. CONNALLY. The Senator from Texas declines to interrupt the Senator from Michigan under the circumstances.

Mr. VANDENBERG. Mr. President, I have been speaking about the various general credentials which this project enjoys and about the attitude of the President in particular. We have a still more specific exhibit upon this latter point.

A few days ago a telegram went out of a group meeting in Chicago, which only one or two governors were able in person to attend, but which in substantial numbers was attended by their authenticated representatives. A telegram went out of that group meeting addressed to the President of the United States, praying for ratification of this treaty at the present session and signed by the following chief executives:

William A. Comstock, Governor of Michigan; Alfred M. Landon, Governor of Kansas; George White, Governor of Ohio; A. G. Schmedeman, Governor of Wisconsin; Floyd B. Olson, Governor of Minnesota; Clyde L. Herring, Governor of Iowa; William Langer, Governor of North Dakota; Paul V. McNutt, Governor of Indiana; I. C. Blackwood, Governor of South Carolina; James Rolph, Jr., Governor of Califor-

nia; Charles W. Bryan, Governor of Nebraska; C. Ben Ross, Governor of Idaho; F. H. Cooney, Governor of Montana.

I submit that this of itself is a formidable challenge to the attention of the Senate. I want to read the telegram which was sent back to that conference from the White House, a message signed by Stephen Early, assistant secretary to the President:

THE WHITE HOUSE,
Washington, D.C., May 16, 1933.

To A. O. MOREAUX,
Chairman Executive Committee,
Great Lakes-St. Lawrence Tidewater Association,
Stevens Hotel, Chicago:

The President requests acknowledgment with thanks assurances your whole-hearted cooperation bring St. Lawrence Treaty to fulfillment by ratification. Only crushing pressure business prevents the President extending personal greetings your gathering and wishing your movement complete, certain success.

STEPHEN EARLY,
Assistant Secretary to the President.

That is the last word we have on this subject from the White House. It is dated May 16, 1933, and it says to those who plead for the ratification of this treaty at this session of the Congress that the President of the United States wishes this movement "complete, certain success." I hope he will say it to the Senate itself in that same conclusive fashion, which always brings results when he wants results.

It is a national undertaking, just as truly as was the Panama Canal. I beg of Senators to view it in this broad light. A provincial or parochial decision on a project of this far-flung magnitude would be a reflection upon our willingness and our ability to think in terms of a united America.

I beg of Senators also to understand, at the outset, that it is a thoroughly practical undertaking which has the warrant of the most searching preliminary inquiries ever addressed to a project of this character. No enterprise ever came to the Senate with more formidable credentials. Fair play and truth will decline to permit it to be self-servingly scorned as an unsound fantasy. It is inevitable that differences of opinion should exist in respect to so gigantic a contemplation. But that it should be derided as an impracticable and sterile aspiration would belie the facts. The seaway has the unqualified approval of every public inquiry which has put it under a decade of scrutiny. The facts and all official authority are on its side.

First an International Joint Commission, existing by virtue of the treaty of 1909, held protracted hearings on both sides of the international boundary, from Boston to Calgary, and reported to the Congress in 1922. The report was an enthusiastic recommendation that Canada and the United States should proceed to develop this St. Lawrence seaway. The report stamped the project, without qualification, as economically practicable and as sure of a traffic sufficient "to justify the expense involved."

Mr. President, the chief official of the International Joint Commission at that time was the Honorable Obadiah Gardner, of the State of Maine, previously an honored Member of this body. I wondered the other day whether ex-Senator Gardner had changed his mind with respect to this convincing report which he signed as one of the officials sponsors; so, in company with my able friend the senior Senator from Wisconsin [Mr. LA FOLLETTE], we addressed a telegram to Mr. Gardner and asked him whether he had changed his mind; whether he did not still think that New England had a stake in this proposition quite as great even as the stake of the Middle West. I quote from a telegram of May 23 from ex-Senator Gardner, who, I remind you again, was chairman of this initial International Joint Commission:

Am more firmly convinced than ever of the great economic benefit to this country as a whole by the development of the St. Lawrence waterway as projected. I know of no other contemplated project which in my judgment would result in as great a benefit to the people of the United States.

I commend that testimony to those Senators from New England who are willing to give an open-minded, fair consideration to this tremendous opportunity for the advantage of the Nation.

After this International Commission had done its work, a special commission was ordained to study further into this prospectus. It was headed on the American side by Herbert Hoover, then Secretary of Commerce; and on the Canadian side by George P. Graham, then Dominion Minister of Railways and Canals. The Commission had the advice of the most eminent engineers and economists in the New World. It reported to the Congress in 1926. The report contained the plans and estimates upon which it is contemplated that we shall now proceed. I particularly ask the Senate's attention to the following brief summary in the Commission's report:

The conclusions of this Commission are therefore:

First. The construction of the shipway from the Great Lakes to the sea is imperative—

Is imperative!—

both for the relief and for the future development of a vast area in the interior of the continent.

Second. The shipway should be constructed on the St. Lawrence route, provided suitable agreement can be made for its joint undertaking with the Dominion of Canada.

Third. That the development of the power resources of the St. Lawrence should be undertaken by appropriate agencies.

Fourth. That negotiations should be entered into with Canada in an endeavor to arrive at agreement upon all these subjects. In such negotiations the United States should recognize the proper relations of New York to the power development in the international section.

Mr. President, I stand upon those conclusions which rest for their validity upon the best and surest engineering and economic talent in North America. Pursuant to these conclusions, negotiations proceeded as rapidly as possible to bring Canada and the United States into agreement upon a contract of construction. These negotiations speeded up in 1931. Our State Department, acting particularly through American Minister MacNider and through Assistant Secretary James Grafton Rogers, and ably supported by ex-Senator Henry J. Allen, of Kansas, as special commissioner, concluded its agreement with representatives of the Dominion Government on July 18, 1932. President Hoover promptly submitted the proposed treaty to the Senate with his urgent recommendation that it be ratified. The Senate Foreign Relations Committee authorized a subcommittee, headed by the distinguished Senator from Idaho, Mr. BORAH, to open the entire subject to searching investigation. I had the honor to sit upon that subcommittee. It devoted many weeks to many witnesses. It finally recommended the treaty to the full committee, with a single reservation dealing with a purely domestic diversion problem in New York. The full committee thereupon recommended the treaty to the Senate. And thus we come to the present zero hour in the life of this magnificent aspiration. The Senate must decide whether the Government of the United States shall reject the fruition of these pregnant plans or whether the Government shall be released to develop one of the modern wonders of this modern world.

It is this international contract which now impends in treaty form. Frankly acknowledging my personal prejudice of many years' standing in favor of this objective, I propose now to summarize the case for the treaty, to assess the oppositions to it, and to submit my reasons for believing it would be a sad and tragic error to void this superb opportunity for the common weal. This is my incorrigible text: We of the mid-continent must reach the sea, and the achievement of this aim is everlastingly to the national advantage.

The first thing that Senators should realize is that when we speak of building the St. Lawrence seaway we are not talking about the new creation of a totally new and virgin water route. On the contrary, we are talking about the culmination of a transportation program long since initiated under the joint auspices of nature and of man. We are talking about the maximum utilization of investments and facilities long since created upon a grand scale. We are talking about an enterprise to link up and correlate a series of already existing waterways which must always have been intended to form a united route from the heart of the con-

tinent to the ocean. We are talking about creating a uniform depth of 27 feet in these interlocked and connecting lakes and river and channels—thus to admit 88 percent of all the cargo ships upon the oceans to commerce on the Lakes. In particular, we are talking about removing the last remaining major barrier to this continuity of water service, namely, the elimination of the St. Lawrence Rapids over a 48-mile so-called "international section" in the St. Lawrence River. The amazing thing is not that so much, but that so little remains to be done, and the still more amazing thing would be that, after approaching so near to the final goal, we should decline the culminating step. It would be wantonly unsound economy.

The truth of the matter is that both Canada and the United States, wittingly or otherwise, have been building this seaway piecemeal for many years. I refer, for example, to our locks at the Soo and to Canada's magnificent new Welland Canal. Now the time has come to put the pieces together. I repeat that the only major task remaining is in the "international section" where $275,000,000 of the total expenditure—and I shall refer to these expenditures in detail later—will be made upon two gigantic dams and their flanking locks. It is fair analogy to translate this remaining problem into a question which I put to Senators in all earnestness and candor. If we had a superb transcontinental highway 1,500 miles long, which had been painstakingly improved for all but a single, impassable stretch of 48 miles, how long would it take us to complete this final 48 miles and open the highway to use from end to end? What would we say of any legislative judgments which would shun so obvious a duty? The pending treaty asks a verdict in kindred common sense, and nothing else.

Senators should realize another important fundamental in thinking of this problem. We are proposing a seaway in fact as well as name. It is not a mere series of canals. It must not be confused with barge transportation. It is a seaway in all that this name implies. It is for ocean ships of 25 or 26 feet draft. They will use the seaway almost as freely as they use the sea itself. Over the distance of 1,677 miles from the head of Lake Superior to the Gulf of St. Lawrence there will be but 16 locks and only 40 miles of canal section. Do not overlook that fact, because it is a major one—only 40 miles of canal section out of a total of 1,677 miles. This means that 97 percent of the route is either open water or through channels no more restricted than the entrance channels to most of our ocean ports. The detention to a ship due to these locks and canals will not cause a delay of more than 12 hours in traveling time as compared with open water. There is not another inland prospectus for water-borne commerce to compare with this opportunity anywhere else on earth. The Senate's decision upon the pending treaty will determine whether, in America's name, this unprecedented opportunity shall be declined. I respectfully suggest that the relatively petty objections to the treaty, as we shall subsequently frankly meet them, be viewed in perspective against the background of this vision.

Perhaps the quickest and surest way to visualize the seaway, in its maximum stretch, is to imagine ourselves on an ocean vessel entering the mouth of the St. Lawrence River and bound for Duluth at the head of Lake Superior. In quick sketches the journey would proceed as follows:

Now you are about to take a journey the length of the proposed St. Lawrence seaway; and let us see what it would be.

1. Plain sailing in the river to Montreal. This stretch already has a mean depth of 30 feet, and Canada, on her own account, is making it 35 feet. Thus for 340 miles.

2. Three miles of canal around the Lachine Rapids. This canal is now 14 feet deep. It will become 27 feet in depth.

3. Now through deep Lake St. Louis for a distance of about 16 miles.

4. Fifteen miles through the Beauharnois Channel, where nearly three fourths of the route already has a 27-foot depth.

5. Twenty-six miles through Lake St. Francis.

6. Down the 48-mile international section, where there will be 27-foot channels flanking two of the largest dams in the world, with three 30-foot locks and 8 miles of canals. This is the major link to be wrought within the purview of the treaty.

7. Emerge at the source of the St. Lawrence River, where its waters pour down out of the Great Lakes among the picturesque and famous Thousand Islands. Here the United States already has practically completed a 27-foot channel 67 miles long.

8. Lake Ontario.

9. Through the magnificent new Welland Canal, 25 miles long and 27 feet deep, which Canada has completed at her own expense. The cost was $128,000,000. No finer canal exists on earth. It has seven lift locks 820 feet long, 80 feet wide, and 30 feet deep.

10. Lake Erie.

11. Up the Detroit and St. Clair Rivers and through Lake St. Clair. Here the United States is now completing the deepening of connecting channels to 27 feet.

12. Lake Huron.

13. Chicago traffic, or Michigan's west-shore traffic, now turns through the Straits of Mackinac and into Lake Michigan. Duluth traffic proceeds on through the St. Marys River and the Soo locks. The United States will deepen the river 2 additional feet and build new 30-foot locks at the Soo. These Soo locks already handle twice as much tonnage in a normal year as Panama, Suez, and Manchester combined.

14. Lake Superior.

I want to linger on that statement for a moment, for the benefit of those who seem to think or fear that perhaps there cannot be developed in these inland waters a sufficient commerce to justify this aspiration that would join us with the sea. I say to you again that now, within a restricted calendar, twice the commerce passes through the locks at the Soo that passes through the locks of the Pamana Canal, the Suez Canal, and the Manchester Canal combined.

We are not dealing merely in an idle dream for tomorrow. We are dealing in the development and the further promotion of a great institution of transportation which already has challenged the admiration of the world.

Such is the seaway. Of the entire distance which a ship will have traveled when the waterway is completed, all but 286 miles is already open on seaway specifications; or, if the destination is Chicago, all but 211 miles. Of these remaining distances, as previously stated, only the 48 miles of the international section present a major engineering and fiscal problem.

This, then, is the undertaking to which the Governments of Canada and the United States have pledged their faith. It is the sort of thing which appeals to the imagination of brave peoples. It is the sort of thing which justifies governments and serves nations. It is the contemplation now waiting for a Senate verdict.

Such an enterprise, no matter how romantic, cannot justify itself however—particularly in these days of economic realism—by a mere appeal to the imagination, although I should dislike to rob it of its colorful perspective and confine its assessment exclusively to the mathematics of commerce. But this commercial justification must tangibly exist, and I shall presently deal with this commercial phase in respect to transportation. Meanwhile, however, while we are getting our initial grasp of the magnitude and the romance—yes; and the commerce—of this great enterprise, it is advisable also to realize that the seaway deals not alone in transportation but also in hydroelectric energy upon an equally grand scale. It is not only a gigantic navigation project. It is equally a gigantic power project. It contemplates the development of 2,200,000 horsepower of electricity in the so-called "international section" where the St. Lawrence River drops 92 feet in 48 miles. Half of this power, which exceeds Hoover Dam and Muscle Shoals combined, will come to the United States and will be delivered to the Power Authority of the State of New York in return for New York's payment of that portion of the total cost of the enterprise which is properly allocatable to power. This share of power is 1,100,000 horsepower, and the allocatable cost has been tentatively agreed upon between the War

Department Board of Engineers and the Power Authority of the State of New York as $89,000,000. Congress subsequently will govern the contract which will be made upon this score.

Suffice it to say at the moment that this new and expectedly cheap power will be quite as great a benediction upon New York and New England as this new transportation facility will be to the mid-continent. It will be developed in the heart of the busiest industrial section of the United States. It is eagerly desired by the Power Authority of the State of New York, which unreservedly recommends the ratification of the pending treaty. It represents 6,000,000,000 kilowatt-hours of electricity per year—a power equal to nearly half the total amount of power used in the State of New York in 1929. This natural resource now runs to waste. It can be harnessed only by international agreement with our neighbor to the north. Here is the treaty which achieves this end. It is for the Senate to determine whether the waste shall end and whether these waters hereafter shall labor for mankind.

It is well known that I am not an advocate of Government in business. But, Mr. President, when so stupendous a public power project invites fruition as a by-product of an equally stupendous navigation project, I submit that the dual challenge permits but one rational answer. To reject nature's bounty under such auspices would appear to me as social and economic sabotage.

I said that New York State will pay $89,000,000 for this power. As I understand the mathematics, this is the total cost of all works exclusively chargeable to power and half the cost of the works that serve both power and navigation. The Government of the United States is accordingly relieved of $89,000,000 of the total treaty project cost.

The total treaty project cost, based upon unit costs in 1926, will be $270,976,000 for Canada and $272,453,000 for the United States. But a portion of the latter cost, which represents a multitude of links in the chain, is already appropriated for work that is either completed or is now under way in connection with our own regular rivers and harbors program. The principal credit accruing to the United States attaches to work prosecuted by us in the waters connecting Lakes Superior and Huron and Lakes Huron and Erie, while the principal Canadian credit involves Canada's expenditure of $128,000,000 on her magnificent new Welland Canal which was built on seaway specifications.

Mr. LONG. Mr. President, if the Senator wants to yield, I was just going to ask the Senator, if he would permit, this question: I believe he stated that there would be $89,000,000 coming from New York State. I desire to ask whether that is not a cheap price for New York to get for its port?

Mr. LEWIS. Mr. President, the Senator from Michigan has made request of the Senate, particularly of us who oppose this treaty, that he be not interrupted, and I am sure the able Senator from Louisiana did not understand the request. I ask that the Senator from Michigan be not interrupted.

Mr. VANDENBERG. Mr. President, I should be glad to be interrupted at any time after I shall have completed an affirmative presentation of the case. Before I have finished, I will submit to the Senate a complete answer to every bit of misinformation that has been submitted by the senior Senator from Louisiana upon this proposition.

Mr. President, I was speaking of the cost to the United States of this undertaking. Without stopping for details, which are all set out voluminously in the hearings, we finally reach a net cost figure of $221,000,000 over a period of 7 years, according to General Pillsbury, Assistant Chief of Engineers. This does not include accrued interest during construction if the project shall be funded as was the Panama Canal. But Colonel Markham, division engineer for the Great Lakes Division, declares that construction undertaken at present prices will more than underrun the 1926 estimates to the extent of absorbing any such carrying charges during construction.

It may be advisable at this point to advert to some of the fantastically higher estimates of cost which have been submitted by other and external engineers in support of criticism against the seaway. General Pillsbury's testimony demolished all of them. He stood upon the proposition that the seaway can be built well within the official estimates, significantly pointing out that the $29,000,000 project for deepening connecting channels between the Great Lakes—part of this whole prospectus which is already under way—will be completed for less than two thirds of the estimate. Meanwhile Colonel Markham committed himself to the following unequivocal statement at the hearings:

> As the matter stands today, I regard the estimates as being very greatly in excess of what will be the likely cost of that improvement if undertaken during the period of conditions such as obtain today or at anywhere moderately up the incline.

This could lead one to observe that one of the persuasive reasons why the seaway should be started at once is that present price levels are lower than they are calculated to be a few years hence, and that the launching of these tremendous construction projects will provide one of the greatest possible reservoirs of work for the unemployed.

Our total cost figure, to recapitulate, is $221,000,000. There is no question about it, unless we want to impeach our own rivers and harbors engineers, and our own War Department. There is no color of fact to support the constantly reiterated nonsense submitted by the senior Senator from Louisiana to the end that this is a $600,000,000 project, so far as the people of the United States are concerned. It is nothing of the sort, by any color of calculation that can be justified.

I repeat, our total cost figure is $221,000,000. The power offset is $89,000,000. The ultimate Federal investment thus does not exceed $132,000,000. The calculations reported by the late Senator Walsh put the figure at $125,000,000; $125,000,000 for this great adventure, less than we are proposing to spend to plant saplings. We are asking for less than is proposed to dedicate and plant saplings during the next 12 months, in order to unlock 40,000,000 people in the midcontinent of this Nation, give them fair and adequate and equitable access to the sea. If paid out of pocket in the course of the 7 years estimated to complete the work, the annual pro prata cost would be about $18,000,000. No fantastic $600,000,000 estimate; on the contrary, an estimate of between eighteen and twenty million dollars a year for 7 years. Let that figure challenge the attention of the Senate; instead of thinking prejudicially in terms of a staggering burden upon the Treasury, let us think of this adventure in terms of annual reality. Eighteen millions. Eighteen million dollars a year, for 7 years, to complete the greatest waterway on earth. The St. Lawrence was "the river that has no end", as it was described by the Indians to Jacques Cartier when he first sailed into the Straits of Belle Isle in the summer of 1534. "The river that has no end" of golden possibilities under the prospectus conjured by this pending treaty—at a price of $18,000,000 for 7 years. Unlock the American midcontinent. Join the oceans and the Lakes. Set seaports in the heart of the Nation. Endow agriculture and industry with new outlets to the markets of the earth. Eighteen million dollars. The bargain of the ages. Nothing like it has been offered to the Senate in modern times.

Some Senators may think I deal in hyperbole. But facts are available to justify this apostrophe. International commissions have not been in a perpetual trance when they have planned this undertaking. Presidents have not ignored realities. Twenty-three States and 40,000,000 people have not been dreaming idle dreams. Economists and engineers have not surrendered to a myth. The Senate's committee, which heard the case argued at exhaustive length, did not grasp a shadow and avoid the substance. On the contrary, proofs abound to verify the faith which impels those of us—both American and Canadian—who urge that this pending treaty contemplates a project incalculably worth while. I earnestly urge the Senate's open-minded attention to a few of these specific considerations. The printed hearings abound in kindred details.

The seaway, of course, must be susceptible of actual profitable use if it shall justify itself. We built the Panama Canal

primarily as a national-defense measure for the purpose of making one fleet mobile in two oceans. Although little has been said about this phase, the new St. Lawrence seaway would itself have a great defense value. At least Mr. Julius Barnes, former president of the Chamber of Commerce of the United States and in a position of large executive responsibility in respect of food during the World War, recently told our Senate Foreign Relations Committee: "It is my profound conviction that if we had only had the seaway, America's part in the war would have been much simplified"—with particular reference to food blockades. In this connection, also, it should be noted that the fact of international auspices for the seaway would not delimit its defense utility, because the pending treaty gives us irrevocable right of navigation through its Canadian sections. The only jeopardy to this right would be in the event that the United States and Great Britain and Canada were directly at war with each other. But in that event our border waters would be unnavigable—treaty or no treaty. Furthermore, anyone who can imagine a war between these two English-speaking peoples across the American-Canadian border has imagination enough to envision the end of civilization. The seaway will be just one more tie of Canadian-American fraternity to help make this war calamity still more remote along 3,000 miles of boundary upon which there is not a single fort or gun.

But this sort of utility alone is not enough. Critics of the seaway have a right to demand proofs of its specific commercial utility. Happily such proofs are amply available. Total tonnage available for the seaway is variously estimated. Dr. Moulton, an opponent, admits 10,500,000 tons. Dr. MacElwee, a proponent, says 20,000,000 tons. Mr. Alfred H. Ritter, transportation specialist of the United States Government, says 30,000,000 tons. The United States Department of Commerce says an average of 21,000,000 tons. The grand average of all these estimates is 20,000,000 tons. This is only 30 percent less than Panama in its present development. Such a prospect is unanswerably worth while. The ultimate use may be more, because these Great Lakes will be open to 88 percent of all the cargo ships in all the world; and, again quoting Julius Barnes:

> History shows that transportation projects were always used to a far greater extent than could be foreseen ahead of time.

But even tonnage of itself is not a justification. It must be carried at a substantial economy under existing facilities. Here again the proofs are thrilling. For example, an automobile traffic expert from Detroit has told our Senate committee that, based on the previous 5-year average we could expect 375,000 cars to be annually exported via the seaway, at a transportation saving of at least $22.50 per car; that an additional saving of $20 per car can be effected by eliminating crating and instead driving the cars on shipboard at Detroit; that these two items alone respecting this one commodity represent nearly $15,000,000 per annum; and that it will be the greatest single factor in expanding or recapturing our export trade. This is but one industrial commodity out of many. My own State of Michigan has been the fourth largest exporting State in the Union, despite the fact that it is a thousand miles from the sea. Since water transportation axiomatically is 10 times cheaper than rail transportation, this new facility for exports cannot fail to be an incalculable boon. The motor exhibit but typifies the general opportunity.

South Haven, Mich., has had 56 foreign ships of less than 14-foot draft in its harbor during 1932. Despite the difficulty of negotiating all existing St. Lawrence shallow channels, these little tramps have brought in 64,000 tons of pulp or kaolin this past season, at a proven saving of from $1.50 to $2 per ton over use of an Atlantic port. This has not only helped the port of South Haven; it has equally helped the paper industry in the Kalamazoo Valley. The saving would be substantially larger if larger and more economical ships use the new seaway. The point is that the potential trade does exist and so do the potential traffic savings.

There is not only great opportunity in transoceanic trade; there is equal opportunity in intercoastal trade. It now costs $1.72 to send a motor engine by rail from Muskegon to San Francisco. The cost via St. Lawrence seaway is estimated at 86.8 cents. It costs $325 to bring a car of canned fruit from California to Michigan. The cost via seaway is estimated at $240. The saving on Pacific coast lumber into Michigan—and we bring in 80 percent of our consumption from the outside—is estimated at from $6 to $8 per thousand feet. There are 55,000 tons of butter, cheese, eggs, and dressed poultry sent from the agricultural Northwest to three main Atlantic ports annually at a transportation cost of $19.50 per ton, as compared with an estimated $12 via the prospective seaway—a saving in one casual item of more than $400,000.

These are random exhibits. They could be multiplied indefinitely. But they suffice to personify the prospectus. The hearings are full of them, and anybody who suggests we are proceeding in the absence of adequate economic surveys, I submit, simply has not familiarized himself with the available official literature. I repeat that these exhibits could be multiplied indefinitely, but the ones referred to suffice to personify the prospectus. As a matter of fact, all of the imports consumed in the midcontinent and now necessarily transshipped from the seaboard could come into our Great Lakes ports direct, and all of the exports originating in the midcontinent could leave from our own wharves. I do not speak literally when I say "all." But I speak of such tremendous potentialities that even a small average of actual traffic diversion through the new seaway would be of vast value—and the prospective trade is reciprocal, which is to say that it offers shiploads both in and out.

Mr. President, the States directly tributary to the seaway account for 44 percent of our meat exports, 18 percent of our wheat-flour exports, 42 percent of our export in farm machinery, and 17 percent of our export in iron and steel sheets. These same States account for 65 percent of all the crude rubber brought into the United States, one third of all the coffee and tea, and 60 percent of Canadian pulp products. A careful study a few years ago showed that 38 percent of all our exports and 24 percent of all our imports may be termed potential traffic for the seaway route.

The greatest potential export crop of all to be served by the seaway is grain from the land-locked Northwest, which is demanding ratification of the pending treaty on the plea that it is the only export hope for this vast granary. There is no place in the world except America's interior where an heretofore prosperous agriculture has existed 1,500 miles from the sea. Russia raises wheat, but the port of Odessa is only 300 miles from her concentrated wheat-producing area. Rumanian wheat fields are 200 miles from Constanza. Argentine centers of agricultural production are only 300 miles from Buenos Aires, Rosario, and Bahia Blanca. Our own American granary can no longer survive against the handicap of its land-locked location. The greatest of all practical farm relief measures is to put the seaway at the disposition of the midcontinent's land-locked surpluses.

Much is made by seaway opponents of the fact that under existing distress water rates it is possible to ship a bushel of grain from the lakehead at Duluth to Liverpool for 8 cents a bushel; and they argue, plausibly, that the seaway certainly cannot cut from 6 to 10 cents a bushel from this contemporary 8-cent rate. But this contemporary rate is one of the transient byproducts of these fatefully depressionistic times. Ship operators frankly testify that the ships soon must cease to operate if these cutthroat rates persist. Any such rates, as a permanent thing, are possible only in larger ships which make unbroken transit. In other words, they are possible only when such a facility as the St. Lawrence seaway is provided. This is the significant fact. The average cost for 7 years from 1924 to 1931 to handle grain between Duluth and Liverpool via Montreal was 16.2 cents. The average cost via New York was 16.83 cents. The average all-rail cost to New York and thence by water was 28.97 cents. These averages are the appropriate criterion for

comparisons. They are not peaks; they are not valleys; they are averages. Against these averages it is correctly estimated that the seaway will normally save from 6 to 10 cents a bushel in grain-carrying charges from Duluth to Liverpool or from Chicago to Liverpool. The estimate of the Department of Commerce is 6½ cents. The estimate of Mr. F. S. Keiser, traffic manager for the Duluth Board of Trade, is a minimum of 8 cents. The grain thus available for export via the St. Lawrence is estimated by the Department of Commerce at 96,000,000 bushels annually. Even the hostile Dr. Moulton, the chief economist in opposition, estimates a saving of $5,000,000 annually upon this one score—and it is a sum of money poured into the pocketbook of American agriculture. Upon the basis of this and kindred scores, I have heard the late Senator Walsh, of Montana—a man not easily misled—repeatedly exclaim that the completion of the seaway is the greatest and most practical "farm relief" upon which America can embark.

There are hundreds of pages of testimony supporting the utility of the seaway in the record made last December by the Senate committee and in the voluminous economic surveys theretofore concluded. The prospective benefits are enormous and are easily identified in countless different directions. Modern industry develops on cheap transportation lanes. Otherwise it cannot permanently meet modern competition. When the midcontinent is joined at tidewater with the Atlantic Ocean, it at last becomes eligible for the most highly competitive industrial development to serve both foreign and domestic markets. The seaway will feed this development, and the development in turn will feed the seaway. All of these movements contribute to the sum total of national prosperity, because we are an integrated Union and a stimulus to one member is a stimulus to all.

This is peculiarly true when it is enhanced export trade that wins this stimulus. I want to iterate and reiterate that the export factor is of particular importance, especially at a moment when we universally recognize the need for recaptured world trade. The International Joint Commission discussed this phase in its initial report from which I quote the following significant paragraph:

> The conclusion is obvious that if countries that had for the most part to import their raw materials from abroad were able to build up a great foreign trade because of their ready access to the sea, the region economically tributary to the Great Lakes, with its limitless resources, its raw materials within easy reach, its facilities for industrial expansion, can hardly fail to become an even greater factor in the world's markets than it is today, if given a practicable and efficient water route to the sea.

We are not dealing in idle dreams. We are dealing in conclusions urged upon us by the best available engineers and economists in both the United States and Canada. Let me trespass upon your attention, even at the risk of repetition, with a paragraph from the recommendations of the Department of Commerce:

> In the Midwest, the territory tributary to any of these projects, the economic situation is considerably distorted; there is much agricultural distress and incessant demands for remedial legislation. This situation to a large extent has been brought about by transportation changes. Increases in railway rates since the war force the Midwest farmer to pay from 6 to 12 cents more per bushel to reach world markets than before the war. Foreign farmers produce close to ocean ports and pay but little, if any, more than pre-war costs, because shipping rates are substantially at pre-war levels. While it is true that these rate increases apply only on the exports of grain, nevertheless the price which the farmer receives in foreign markets is the principal factor in determining his return upon the whole crop, not alone the export balance. It is this transportation differential that is, unquestionably, one of the most important causes for our present agricultural depression.

That final line is directly reminiscent of the conclusions of the late Senator Walsh, to which I have previously adverted. Here is another important paragraph from that same report of the Department of Commerce. Speaking of modern transportation developments, the Department says:

> All of these influences have had a very far-reaching effect, certain classes of industry have migrated to the seaboard, agriculture has been greatly depressed, and through the increasing separation of agriculture and manufacture both have been affected adversely. The net result has been to accentuate one of our present-day evils—the concentration of industry and population in urban communities.
>
> The waterway project under consideration offers a measure of relief for these conditions. Transportation has brought about economic distortion; in the proposed waterway we have an instrument which will have a beneficial effect and tend largely to restore the former satisfactory economic situation. The Panama Canal cannot be closed, the railroad rates cannot be reduced without impairing disastrously the usefulness of our carriers, but a Great Lakes-to-the-ocean waterway offers the Midwest a substantial rate advantage which will enable it to compete successfully once more in the world markets.

I beg of Senators to get the full impact of that last line: the Mid West can compete successfully once more in the world markets. Is not that an economic aspiration to which the Nation is prayerfully committed? Will not its achievement bring diffused dividends to all our people? Yes; and even to our railroads, which will be fed by the collateral traffic which this new trade will engender.

Former Gov. J. P. Goodrich, of Indiana, was one of the many persuasive witnesses urging this viewpoint on the committee.

Without reading, I ask that a brief quotation from his testimony may be incorporated in the RECORD as a part of my remarks.

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

The quotation referred to is as follows:

> We believe that the opening up of this waterway will greatly facilitate the growth of industry in our State, and we are looking forward to the time when we are to have a balanced production, enough industry, and men working in factories and offices to consume the products of the farms, which would be, from my viewpoint, an ideal situation. We know that the opening of this waterway will greatly aid our manufacturers in exporting their products. We are not guessing at it. There was a shipload of automobiles sent out of South Bend to the South American trade last year. It went out in a ship that brought into Michigan City in the north end of our State, about 7 miles from South Bend, some clay products that we need in manufacturing; and it saved in freight $25 on each automobile shipped, besides the facility of handling. It avoided the expense of crating and of storage charges in New York and other expensive terminal charges in that city. We were able to load them at Michigan City and send them to their destination.

Mr. VANDENBERG. Mr. President, testimony available upon this score is a veritable encyclopedia. It is by no means confined to the immediate midcontinent benefits. Let me quote but one more authority in respect to what this treaty holds for New England. The spokesman is Henry I. Harriman, formerly president of the Boston Chamber of Commerce, now president of the Chamber of Commerce of the United States. Mr. Harriman's benediction upon this seaway and this treaty is as follows:

> I am convinced that the St. Lawrence seaway is of as great importance to New England as to the Middle West, and that New England should unitedly, heartily, and enthusiastically support the project.
>
> The seaway means to New England—
>
> 1. Lower transportation costs on much of its food supply, hence a lower cost of living;
>
> 2. Lower freight rates on many of the raw materials required by its industries;
>
> 3. Lower freight rates to many markets for its finished products.
>
> 4. A supply of export grain and flour at prices as low or lower than can prevail in other North Atlantic ports, hence a revival in the export business of the port of Boston and other New England ports;
>
> 5. The removal of the handicap of rail differentials due to water competition via the St. Lawrence; and
>
> 6. A reasonable supply of cheap power.

Those are not my conclusions respecting the benefits for New England inherent in this project; that is the testimony of one of the most seasoned and dependable business leaders of New England itself.

I shall not weary the Senate with all the available repetition of these cogent exhibits. There never was a more complete and exhaustive survey made of any project than that which Dr. Roy S. MacElwee, internationally famous expert, made for the Senate's committee and submitted in convincing detail. It is printed in full in the hearings. Senators who retain lingering doubts respecting the utility or the prac-

ticality of the seaway owe it to themselves and the welfare of their country to read Dr. MacElwee. They owe it to candor and to the justice of the verdict which the Senate will return in respect to this pending treaty. They owe it to themselves to escape the status of an earlier statesman who, when the first Soo Canal was projected, contemptuously ridiculed the project, saying that it "would serve in the future as an objective to which the Ojibway Indians would paddle down in their canoes to gaze upon the utter folly of the white man." That was the same Soo Canal which now passes twice as much tonnage in an average year as Panama, Suez, and Manchester combined. That was the same Soo Canal which is a major link in the chain of the projected seaway. The "folly" was that of the statesman who declined to look ahead. May history acquit the statesmen of 1933 of kindred flaw.

One further affirmative contemplation is worth passing emphasis. The new water route from the mouth of the St. Lawrence to the seaway terminii, whether at Duluth or Chicago, will be one of the most interesting and unique and spectacular excursion journeys for summer tourists in all the world. There is no more colorful water journey anywhere on earth. Substantial tourist passenger traffic is inevitable. This particular section of the mid-continent is the summer playground of the Nation. Here will be a new and vital feeder to this tourist trade, even as it will contribute to the usefulness of the seaway itself, and to the pleasure and the recreation of our people.

Now, Mr. President, I want to deal with the main body of the opposition to this treaty and this seaway. Already we have pursued its economic phases pro and con. Already we have resolved all doubts respecting the economic utility involved. We have found the estimates of cost reliable. With these prior criticisms dismissed, I want now to search the question whether the main body of the opposition—the real sources of hostility—are of a substance entitled to weigh against the need and the anxiety of the mid-continent to reach the sea and the markets of the earth. Some of this opposition is local. A little of it is sectional. A portion is vocational. None of it, I venture to assert, can claim for itself any such well-nigh national aspect as pleads for the project's support. Some of it is skeptical. Much of it capitalizes relatively casual considerations—perhaps, occasionally, through unwillingness or inability to meet the real issue face to face. None of it, I shall undertake to prove, is entitled to preponderate.

I claim no monopoly either of good faith or of wisdom in behalf of those who urge this undertaking. In some instances there are solid and well-buttressed adverse arguments, which, however, invariably fall before the whole truth and the full facts. Indeed, I am persuaded that if most of those persons who have been led to believe they are opposed to the seaway could have sat with the subcommittee of the Foreign Relations Committee and heard all the witnesses and confronted all the realities, they would hesitate a long time before taking the responsibility for a hostile commitment. I beg of any Senator who finds his inclinations running in an adverse current to study these hearings. They convinced the distinguished chairman of our committee, the able senior Senator from Idaho [Mr. BORAH], I think I am entitled to say, and convinced him against an initial adverse prejudice. I am content to believe that they will have a kindred authority with any judicially minded student.

Let me hastily sketch some of the lesser arguments in opposition and indicate how readily they surrender to proved facts.

There are, for example, the physical aspects of the St. Lawrence route. It is said that the route is ice-bound 5 months in every year, and therefore is impractical. The answer is that the major contemplated traffic is already similarly seasonal or can readily be made so by regimented commodity production. A further answer is that despite this same winter handicap the Great Lakes already have developed a traffic which represents 35 percent of all the water-borne commerce that travels under the American flag. Evidently this particular complaint is more fancied than real.

But it is said the St. Lawrence is fog-bound so much of the time that navigation is hazardous and the lane therefore is impractical. One answer is that Montreal has but 100 fog-hours per year and Toronto has but 440 fog-hours per year, and the Detroit River has but 311 fog-hours per year; whereas the great and successful port of New York has an average of 1,064 fog-hours per year. The truth of the matter is that there are no serious physical handicaps attendant upon the route, and most experienced navigators agree upon this score.

It is said, nevertheless, that ships and shipping will not regularly penetrate this route. The first answer is that world trade already is limping past the barriers to a free contact between the Lakes and tidewater. Ships of shallow draft already, despite all handicaps, are pioneering this full journey, and with profit to all concerned. The second answer is that ship operators frankly look forward to this unfolding opportunity. For instance, the dean of American ship operators, the late Robert Dollar, for whom my able and distinguished friend from New York [Mr. COPELAND] joins me in the utmost respect—at one time a lumberman in upper Michigan—wrote before his death as follows:

> You ask whether ocean-going ships would be willing to go to the upper Lakes for cargo. I can answer you without fear of contradiction by saying that ships will certainly go to the Lakes for cargo; in fact, ships will go anywhere and everywhere to get cargo. We have big ocean-going steamers running 1,000 miles up the Yangtze River, where the current is very swift and navigation quite difficult, far more difficult than it would be going to Lake Superior from Montreal. Bulk cargoes would be available on the Lakes and of the kind that would attract shipping. There is no question that full cargoes of general merchandise would also be obtained going inward.

It is said that these inward-bound cargoes represent a facilitation of imports and, therefore, a hazard to protected American industry. One answer is that much of the anticipated traffic will be in noncompetitive imports. The other answer is that competitive imports will be governed by protective tariffs; and these tariffs can always be made adequate.

It is difficult to meet both attacks at the same time, one that there is not going to be enough traffic to justify the seaway and the other that there is going to be so much traffic that it will destroy our internal domestic trade.

Then, Mr. President, there is another group of opponents who speak largely out of fear that the seaway will dislocate and divert existing port business and thus work to the disadvantage of existing eastern port facilities. This, undoubtedly, is a thoroughly human viewpoint. Yet it scarcely should be entitled to dominate our attitudes. There are the Buffalo grain and ship interests, for example, which fear a loss of their business if traffic no longer needs to break cargo at this port in seeking access to the ocean. But even at this key point it is to be noted that one witness, himself a man of large Buffalo interests and a lifelong ship and elevator operator, told our committee that Buffalo is bound to more than compensate itself from collateral trade development. Furthermore, this same witness—Hon. James Davidson—speaking as the operator of many ships belonging to the Lake Carriers Association, flatly disputed the protests from these present carriers on the Lakes that this new competition would ruin their existing operations.

Numerous port authorities along the Atlantic seaboard have frankly voiced a fear that their cities and their ports will seriously suffer if the mid-continent docks its imports at its own Great Lakes wharves and sends forth its direct exports on the return voyages of the ocean-cargo ships which will invade the Lakes. I doubt whether, upon reflection, our fellow citizens upon the seaboard would insist upon this attitude, if they be otherwise convinced that the seaway is nationally worth while. I do not believe they would offer us this adverse reciprocity in return for all the years of uncomplaining contribution which the land-locked mid-continent has made to the seaboard's development. I reject the notion that they are thus selfishly provincial.

As a matter of fact, there will be ample offsets for these seaboard cities through increased coastwise trade which will be builded up between the Lakes and these ocean ports. There will be offsets through the generally increased midcontinent prosperity which always pays its full share of toll to the industrial and financial East. There will be replacement offsets through the natural growth of these eastern ports in the 7 years which the construction of the seaway will require. But even if there were no offsets, it would be entirely unthinkable that there should be seaboard hostility to midcontinent development after the midcontinent has been so prodigal in contributing to seaboard development throughout the years, contributing not alone in trade and traffic but contributing also in the tax funds which have made these proud Atlantic seaports possible.

We have not complained over the years about paying our share of $53,000,000 to make a seaport of Philadelphia, which is 101 miles inland, or our share of $35,000,000 to make a seaport out of New Orleans, which is 110 miles inland, or our share of 58 million Federal dollars put into New York Harbor?

We do not complain, nor have we had any complaint against our share of $102,000,000 spent upon navigation projects on the Mississippi River or our share of $219,000,000 of flood-control projects on the Mississippi River. But I submit that we do have a right to complain when the senior Senator from Louisiana [Mr. LONG] arose, as he did on May 3, interrupting the senior Senator from Ohio [Mr. FESS], and submitted this astounding proposition in selfishness to the Senate—and I quote from page 2792 of the RECORD:

> But here my friend from Ohio and I are both living in the Mississippi Valley, and naturally I felt if there was any money outside of the Budget or within the Budget that was going to be spent it should be spent to develop the Mississippi Valley, the Ohio River, and the Mississippi River.

Mr. President, I submit again that we are making our vast contribution to this great development in the Mississippi Valley and we are making it not only without complaint but we are making it readily and gladly. When the time comes for a reciprocity of consideration, I submit that we are entitled to have it.

Is it rational that the theory of national contribution should cease at the first moment when we are in a position to get ocean reciprocity? We have not complained that a total of $1,586,514,586 should have been spent by the Federal Government up to June 30, 1931, on water-transportation projects other than the Great Lakes, while simultaneously only $194,000,000 has gone into Great Lakes harbors and channels—only 11 percent of the appropriations for the Great Lakes, although the Great Lakes carry 35 percent of all the water-borne commerce under the American flag. We have been glad to bide our time. But our time has now arrived. Certainly it has arrived, when for less than half the sum spent by the Government in seacoast harbors and channels we can create a new seacoast status for the now land-locked American mid-continent. By "we" I mean some 20 States and some 40,000,000 people.

We did not complain against our share of the $400,000,000 expended upon the building of the Panama Canal. We gloried in its national advantages for the great common good. Yet we in the midcontinent actually have been savagely penalized by the Panama Canal, which has showered its economic advantages exclusively upon the Atlantic and Pacific coasts. For example, industries on each seacoast can ship to the opposite seacoast at rate advantages varying from 40 percent to 64 percent under rates available from Michigan to these same destinations. To reach the west coast from Michigan it actually is cheaper to ship goods by rail 800 miles east and thence by water through the Panama Canal than to ship them straight west by rail. Thus, obviously, the cost of the eastern rail haul measures the Michigan handicap compared with New York in reaching a western destination 800 miles nearer Michigan than New York. This prejudicial differential constantly and progressively increases. It is often insufferable. The entire midcontinent is proportionately affected. Both seaboards proportionately benefit. We helped pay for the Panama Canal, which thus bears down upon us in transportation handicaps. Is it possible that the coastal beneficiaries of that great development and our sacrifice shall successfully refuse us reciprocal cooperation now that our chance has come to put the mid-continent in kindred touch with the oceans? For the mid-continent this means not only an outlet to our own coasts and an equality of service from the Panama Canal; it also means cheaper and more direct transportation to other continents, and thus it means the most practical possible encouragement to more exports and more foreign trade.

Mr. President, I repeat that I decline to believe that Senators from States which know the priceless boon of direct tidewater contacts with the oceans and the markets of the world will vote to deny their less fortunate but equally deserving fellow citizens of the midcontinent this belated opportunity to reach the sea. Justice, sportsmanship, and fair play revolt against any such libel upon our common Americanism.

The next and perhaps the most formidable single source of opposition to the seaway and the treaty centers and then ramifies around Chicago, its drainage canal, its diversion of water from Lake Michigan, and its aspirations for the Lakes-to-the-Gulf barge canal, just now coming into completion. The complaint is: First, that the treaty recognizes and solidifies the 1930 decision of the United States Supreme Court and its order limiting diversion of water from Lake Michigan; second, that this diversion is insufficient for a commercially useful waterway in the Illinois Barge Canal; and, third, that these treaty limitations constitute not only a threat to this barge canal but also an actual surrender to Canada of sovereignty over the exclusively American waters of Lake Michigan.

I think I have correctly summarized the general complaint.

I desire to answer categorically (1) that the treaty's recognition of a United States Supreme Court decree can scarcely be the subject of appropriate or logical complaint in the United States, and that this recognition by Canada, on the other hand, is actually the first time that Canada has ever consented to any diversion of water at Chicago for any purpose whatever, and is therefore actually a step in advance from Chicago's viewpoint; (2) that the permitted diversion is ample, according to all official authorities, for a commercially useful Illinois waterway, as defined in Senate Document No. 126 of the Seventy-first Congress; and (3) that there is no alienation of sovereignty over Lake Michigan. In other words, I shall submit that there is no validity in this particular objection to the treaty. The treaty is not at war with the Illinois waterway, which, I may say, most of us heartily agree should be amply completed and amply utilized. I have supported it as a member of the Commerce Committee and as a Member of the Senate, and I shall continue to do so. But it does not need to interfere with the St. Lawrence Seaway, and it would be a gross perversion of logic and of relative values to permit it needlessly to estop the larger undertaking.

A swift sketch of the historical aspect of this Chicago diversion issue will facilitate the Senate's understanding of the problem. Suffice it to say that for three decades Chicago has been in combat, either with the Federal Government or with her neighbors in the other Lake States, over her artificial diversion of water from Lake Michigan, this being a diversion of water from one natural watershed to another. The diversion started as a means of reversing the natural flow of a river in order to dissipate Chicago's municipal sewage. The diversion has run as high as 10,000 cubic second-feet. At various times Chicago has clashed with the War Department in the latter's efforts to control this diversion. Repeatedly this diversion has been in the United States courts in an effort to control the diversion. For nearly 30 belligerent years Chicago has wanted more diversion, and reluctantly has been forced to be content with less. The controversy climaxed in a suit which the plaintiff Lake States of Michigan, Wisconsin, Minnesota, Ohio, Pennsylvania, and New York took to the Supreme Court. These States claimed that there was no right of diversion from Lake Michigan; that they are entitled to have the natural

level of the Lakes maintained; and that the lowering of the Lakes by unwarranted diversion was a hurt and injury to commerce thereon and to the property rights of those concerned. The Supreme Court rendered its decree on April 21, 1930. It found against the trespass by the Chicago Sanitary District. It laid out a progressive program under which Chicago should substitute modern sewage-disposal works and proportionately reduce its diversion as this substitute program is completed. On and after December 31, 1938, the State of Illinois and the sanitary district are enjoined from diverting in excess of an annual average of 1,500 cubic second-feet in addition to domestic pumpage.

The Supreme Court found—in the language of Mr. Justice Holmes—that—

> The defendant State and its creature, the sanitary district, were reducing the level of the Great Lakes, were inflicting great losses upon the complainants, and were violating their rights.

Then followed these cogent and conclusive sentences by Mr. Justice Holmes:

> It already has been decided that the defendants are doing a wrong to the complainants and that they must stop it. They must find out a way at their peril. We have only to consider what is possible if the State of Illinois devotes all its powers to dealing with an exigency to the magnitude of which it seems not yet to have fully awakened. If its constitution stands in the way of prompt action, it must amend it to yield to an authority that is paramount to the State.

This is Mr. Justice Holmes speaking.

Canada, during all these years, was reiterating, in diplomatic protests to Washington, her own claim of interest in these lake levels—and particularly the claim that since Lake Michigan and the border Lakes of Huron and Erie are at common level, any Chicago diversion from Lake Michigan was a trespass upon her well-recognized international rights. She protested, also, that any diversion from these common waters was a subtraction from the potential power which belonged to her in the St. Lawrence River.

In March 1912 the Canadian Government sent four representatives to Washington to oppose any proposal which would result in lowering the level of international boundary waters. In February 1913 a formal and substantial protest was forwarded through the British Ambassador. No protests were made during the war, but they were renewed in 1921, December 1923, and February 1924. Thus it was but the climax in consistency, from her viewpoint, when Canada set up a prerequisite demand for equitable protection against this jeopardy as the condition precedent to her agreement to a bilateral treaty respecting the development of the St. Lawrence.

Thus we reach the present issue. It has been agreed that the 1930 decree of the United States Supreme Court shall be the basic rule governing this moot diversion. Thus Canada consents to acknowledge a right of diversion at Chicago after 1938 of 1,500 cubic second-feet, plus domestic pumpage—the first time we have had Canadian consent to any diversion whatsoever. We, in turn, acknowledge the authority of our own highest judicial tribunal—which scarcely can be viewed as a revolutionary doctrine upon our part. But I particularly direct the Senate's attention to the emergency clause in this same connection. In the event of an emergency under which the United States proposes to increase the diversion of water from the Great Lakes system through the Chicago Drainage Canal, if Canada takes exception thereto, the matter shall be submitted for final decision to an arbitration which shall have the power to increase the diversion and to stipulate such compensating provisions as shall be just and equitable.

These are the provisions of the treaty. I submit they are just provisions. Behind them is the warrant of our own Supreme Court. Within them is latitude for unforeseen emergency. Such an emergency would exist, in my view, and in the announced view of our State Department, if, despite all good-faith efforts to comply with the Supreme Court's sewage construction program, Chicago should require a reasonable extension beyond 1938 in which to forego her larger use of water from Lake Michigan for sewage purposes. That use at present is 6,500 cubic second-feet, plus domestic pumpage. Such an emergency would exist if a commercially useful Illinois waterway, as defined in Senate Document No. 126, should unexpectedly fail on the basis of 1938 diversion, if good-faith efforts have been made to construct the waterway to operate upon this basis. The language in the treaty respecting an "emergency" is broader than any possible definition of an emergency could hope to be.

I desire to pause at that point and say to my able and highly respected friend, the senior Senator from Illinois [Mr. LEWIS] that I gave prayerful consideration to the possibility of writing some kind of a reservation which might cover this point more effectively; yet it came to be the common judgment of all those who were dealing with the problem that the general exemption as it now exists is broader and more effectual and more dependable than any reservation which we might write. It is reasonable and fair and adequate. Furthermore, let it constantly be borne in mind that any quarrel over additional diversion, in excess of the Supreme Court's limitations, would meet the renewed resistance of the other Lake States long before it would create an issue with Canada, unless the emergency were obvious and the extra diversion to meet it were patently justified.

We had a final adjudication the other day in the Supreme Court, and the Court again announced its conclusions in a rather significant way, and ordered the State of Illinois to underwrite the completion of this Chicago program in lieu of diversion. If there is any challenge in the future, if there is any dispute in the future, it will be a dispute between the State of Illinois and the Supreme Court of the United States on the one hand, or it will be a dispute between the State of Illinois and the other Great Lake States upon the one hand, long before it will ever be a dispute between the State of Illinois and the Dominion of Canada.

I could pursue the details of this phase of our problem for hours. But I believe this summation submits the realities as they are. Against this background, let me now undertake to assess the truth in respect to the criticism which the Senate is asked to magnify into an excuse to overturn these momentous negotiations and to reject the treaty.

It no longer is openly claimed in this treaty argument that additional diversion at Chicago is necessary for domestic sewage purposes—although it will be unless Chicago speeds the construction program demanded of her by the decree of the Supreme Court. Nor is any public claim made in behalf of power to be generated on this Illinois Canal, although we confront the rather amazing grant of a license to the State of Illinois by the Federal Power Commission to develop a gross power which would require at least six times the diversion permitted permanently by the Supreme Court. These uses and reasons for additional water are not enumerated in the plea against the limitations ordered by the Supreme Court and acknowledged by the pending treaty. They are not enumerated, but candor would not neglect to assign them a possible major place in the antitreaty impulses.

I refer to the findings of the special master who reported to the Supreme Court on March 13, 1933, regarding the failure of the State of Illinois and the Sanitary District of Chicago to comply with the Supreme Court's antidiversion order of 1930. The master said:

> It is true that the decree is painful to the defendants and that they have been influenced by a hope that something would happen so that the flow * * * need not go as low as 1,500 cubic second-feet; * * * and that it will be safe to do without controlling works if the diversion of 5,000 cubic second-feet continues. They virtually confess to this—

This is an official charge, entered upon the records of the Supreme Court, that opposition to limitations upon diversion are born of the hope that "something will happen" to make compliance with the Supreme Court's order unnecessary in respect of the construction of sewage works. Opposition to the pending treaty, on the grounds of opposition to limitations upon diversion, may well be born of similar untenable hopes that "something will happen" to save the need for this full construction program solemnly enjoined upon these

defendants by the Supreme Court. I submit that no such impulse can appropriately motivate the Senate. The master in his report proceeds to dissipate this vagrant "hope." I quote again:

After this court has decided that the diversion is damaging to the Great Lakes system, even if this treaty obligation does not ripen, it is not to be anticipated that Congress will authorize the damage.

This simply means that there is no rational chance to increase diversion on account of these indicated reasons, treaty or no treaty. Therefore it would be ridiculous for the Senate to consult any such considerations. If they are, in fact, the unspoken considerations which inspire this particular opposition to the treaty, the opposition itself should be abandoned as sterile in objective. Even if it defeated the treaty, it could not thereby gain its own ends.

The public reason given for complaint against this established order and this treaty prospectus is that we are denying sufficient water diversion from Lake Michigan to permit a commercially useful Illinois waterway. I submit to the Senate that this complaint is without reasonable foundation; and I submit my proofs in the same breath.

The Supreme Court and the treaty permit 1,500 cubic second-feet of diversion in 1938, and permanently thereafter, plus domestic pumpage, which will be approximately 1,900 cubic second-feet in 1938. This totals a water diversion of 3,400 cubic second-feet. Is this sufficient to operate a commercially useful Illinois waterway? Are 3,400 cubic second-feet adequate?

The first answer is in Senate Document No. 126 of the Seventy-first Congress, second session, which is the official definition of the project. At page 3 we read:

The waterway is well designed and well suited to serve its intended purpose. * * * The small amount of additional dredging necessary to provide a depth of 9 feet, even if the flow at Lockport is reduced to 1,000 cubic feet per second, has been included in the estimate.

In other words, the 9-foot barge canal can operate successfully on 30 percent of the permitted low, if necessary. Then at page 6, immediately preceding the signature of Maj. Gen. Lytle Brown, Chief of Engineers, the following:

The 9-foot channel heretofore adopted by Congress can be secured by various flows of water, even as low as 1,000 cubic feet per second.

The flow provided in the treaty is not 1,000 but 3,400 cubic feet per second. This same General Brown, coming to his final conclusions two years later, stated, in a memorandum to the Secretary of War on July 21, 1932:

These facts establish without question that the permissible flow will be more than ample for any commerce that may be developed on the Illinois waterway.

That is the word of the highest official engineering authority in the United States; and even though General Brown may have been less conclusive on this score in earlier years, this quoted statement stands as his final considered verdict. I submit that the Senate—yea, and the friends of the Illinois waterway, among whom I aspire to be numbered—are entitled to rest upon this high advice.

His first assistant, Brig. Gen. George B. Pillsbury, Assistant Chief of Engineers, said in the committee hearings at page 337:

I have been connected with the questions relating to the diversion by the Chicago Sanitary District for nearly 13 years. * * * I know that the waterway which we are now completing down the Illinois River can operate on the minimum diversion that is provided under this treaty.

Meanwhile, remembering that the pending treaty contemplates a minimum flow of 3,400 cubic second-feet, contemplate by way of collateral corroboration of these witnesses that the Monongahela River carries an annual yearly traffic of 25,000,000 tons on an average low-water flow of 200 cubic second-feet; that the Ohio River carries 20,000,000 tons on 1,100 feet; and that the Panama Canal carries 28,000,000 tons on 1,300 feet. The treaty promises the Illinois waterway 3,400 feet to carry an estimated 10,000,000 tons. In the face of these exhibits, I respectfully but implacably submit to the Senate that this phase of opposition to the treaty and to the completion of this stupendous seaway is without sustaining justification and should be rejected.

This leaves only the related subject of the alleged alienation of the sovereignty of the United States over Lake Michigan. I submit that this is a self-serving thesis better calculated to lay down a smoke screen to obscure the realities than to disclose the true purport of our necessary relationships with the Canadian Dominion—particularly if we are committed, as announced in President Roosevelt's inaugural, to a "good neighbor" policy in these contracts with our historic international friend.

May I content myself with submitting to the Senate upon this score four questions which I put to our State Department and the Department's categorical replies, through Assistant Secretary of State James Grafton Rogers, under date of January 5, 1933:

1. Question. Does the St. Lawrence Treaty "surrender sovereignty" over Lake Michigan in any degree?

Answer. The Great Lakes-St. Lawrence Deep Waterway Treaty, signed July 18, 1932, does not surrender in any sense this sovereignty of the United States over Lake Michigan. The net result of the pertinent article of the treaty (article 8) is to establish for a diversion of water from Lake Michigan at Chicago restrictions similar in effect to those provided for in the Boundary Waters Treaty of 1909, in the case of future diversion from Lake Michigan.

2. Question. Under international law and practice between civilized neighbors has our "sovereignty" in Lake Michigan ever included—or does it now include—an unlimited right of diversion from Lake Michigan in the event of Canadian protest that the diversion involves a trespass upon Canadian rights in boundary and connecting waters?

Answer. Sovereignty does not, and should not, include the right to use a nation's property in such a manner as to constitute a trespass in a neighboring country upon vested rights of that country.

3. Question. Under all of our general arbitration treaties with Great Britain, would not such a diversion question have come squarely within our obligation to arbitrate?

Answer. The United States has for generations been a leader in accepting and applying the principle of arbitration for the settlement of international claims and disputes. The practice has been extensively resorted to particularly in the case of Great Britain and Canada, and I cannot conceive of an abandonment of it. There exists between the United States and Great Britain a conciliation treaty, proclaimed November 11, 1914, applicable to matters connected with Canada containing the language that the nations "agree that all disputes between them of every nature whatsoever, other than disputes the settlement of which is provided for and in fact achieved under existing agreements between the high contracting parties, shall, when diplomatic methods of adjustment have failed, be referred for investigation and report to a permanent international commission * * *." As the Boundary Waters Treaty of 1909 neither attempted nor achieved the settlement as between the Governments of questions such as those which arise from diversions from Lake Michigan, the general practices and obligations of the United States in regard to arbitration or conciliation would no doubt be followed without departure.

4. Question. As a matter of fact, does not this pending treaty represent Canada's first and only official concession to an "American sovereignty" over any diversion from Lake Michigan at Chicago for any purposes?

Answer. As you are doubtless aware, a number of cities in the United States and Canada use water from the Great Lakes for domestic purposes. Ultimately, however, the water taken out of the Lakes is returned to the Great Lakes watershed in every case, I believe, except at Chicago, where the water is diverted to another watershed through the drainage canal. In the pending treaty Canada formally acquiesces for the first time in a diversion of water from Lake Michigan and the Great Lakes watershed to the Mississippi River.

Thus, Mr. President, I have completed all that I want to say and all that I deem it necessary to say in dismissal of this major complaint against the pending treaty, and if it were threatened I would not support this treaty. The Illinois waterway, a link in the Lakes-to-the-Gulf waterway, is not threatened by the terms of this treaty. I beg of Senators in the lower Mississippi Basin, where this other project has many merited friends, to study the facts which irrefutably support this conclusion. I beg of them, in open-minded justice, to permit us also to reach the sea by this other outlet with its illimitable potentialities. There is no lost impulse in the Lakes-to-the-Gulf adventure. There is no lost sovereignty in Lake Michigan. The only loss in sight is the loss to forty or fifty million Americans in our land-locked midcontinent if, through prejudicial fiction, this culmination of the St. Lawrence seaway is denied by misguidedly adverse Senate votes upon the pending treaty.

Let me speak of one thing more in this related connection. When all other argument fails we are told that the United States has made a bad bargain with Canada and that the larger advantages to be enjoyed by the latter should warn the former away from this international contract. I submit, Mr. President, that this is a vain and empty thesis. So near as it is possible to write equity, reciprocity, and neighborly fair play into an international agreement, it is to be found in this pending treaty. Canada properly looks forward to large advantage from the seaway. She should. But so do we. Indeed, there are those who insist that America gets infinitely the best of these potentialities, because we have perhaps four times as many people in the benefited sector as does Canada; because we have the developed industry and the nucleus for renewed export trade to an extent which Canada cannot approach for years; and because we have an immediate outlet for this stupendous new power development in northeastern United States, whereas Canada cannot hope to get the full advantage of its share of the power for many years to come. These relative facts may or may not be true. But in any event they are irrelevant, incompetent, and immaterial—so long as both Canada and the United States each gets its full "money's worth" and the responsibilities and commitments of both are at par with each other. Therefore I am disinclined to spend much time on the last-straw arguments of those Americans who, instead of seeing our full value received, pretend that we have been outmaneuvered in these treaty negotiations and that, in some malign way, we are so penalized that we should decline our allegedly poor share of the contract. But I should not want to run from this or any other challenge. So I deal with just one exhibit upon this score.

Governor Horner, of Illinois, has furnished many of us with photostats of a gurgling editorial in the Toronto Mail and Empire of July 19, 1932, in which this eminent Canadian journal enthusiastically promotes the treaty and, in a high-pressure sales talk to its constituency, assures Canadians that the treaty "is more favorable to Canada than any previous arrangement ever made with the United States"; that "it is more favorable than anyone outside a limited Government circle could have hoped for", and so forth. I know of no particular reason why we should resent these enthusiasms. Surely we would not require that our neighbors shall be unhappy about their relations with us before we ourselves may be content. I am gratified, personally, that Canada is thus pleased; because whatever her pleasure, it is not at the expense of any American right or any American interest. If the exhibit means anything at all it simply means that the benefits and the gratifications are bilateral. That ought to be an ideal treaty as well as an unusual one.

Mr. LONG. Mr. President, I understood that the Senator indicated in the beginning of his remarks that he did not wish to be interrupted?

Mr. VANDENBERG. I said I would be happy to yield after I had finished my preliminary case, and I am now happy to yield to the Senator.

Mr. LONG. Would the Senator just as soon go through New York for a port as through Canada?

Mr. VANDENBERG. I did not understand the Senator's question.

Mr. LONG. I say would the Senator just as soon have his people go through the port of New York as through Montreal?

Mr. VANDENBERG. To go where?

Mr. LONG. To get to the sea.

Mr. VANDENBERG. Not if they have got to transfer into barges in order to get to New York.

Mr. LONG. What is the difference if there has to be a closed navigation season?

Mr. VANDENBERG. There is a great deal of difference as to whether it is necessary to break cargo or not.

Mr. LONG. In this instance I understand there has to be at least some breaking of cargo.

Mr. VANDENBERG. There has to be no breaking of cargo whatever.

Mr. LONG. At least there is a breaking of the seasons, because during 5 or 6 months of the year the proposed waterway could not be used at all.

Mr. VANDENBERG. We have no use of the Great Lakes now for 5 or 6 months of the year, and yet we have been able to develop 35 percent of the water-borne commerce of the United States thereby.

Mr. ROBINSON of Indiana. Mr. President——

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

Mr. VANDENBERG. I will yield in a moment. If the Senator will permit me, I wish to refer further to the suggestion of the Senator from Louisiana. He speaks about seasonal situations. The last time he was discussing this seasonal subject on the floor of the Senate he referred, on page 2070 of the RECORD, in the second column, to the fact that he does not propose to submit to the St. Lawrence Treaty "because it is going to dry the Mississippi Valley", and in the first column on page 2071 in complaining against this treaty, he asked:

> Do you expect now that we are going to let you make us nothing but a dumping ground for the flood waters of this Nation?

It is rather difficult for me, Mr. President, to follow the Senator in his inconsistent objection.

Mr. LONG. That just shows——

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

Mr. VANDENBERG. I yield.

Mr. LONG. That just shows, with due deference to the very able and learned Senator, that he does not know anything about the question. Any man who has had experience at all with it would not have any trouble in understanding that we receive the seasonal waters in the springtime, which flood us out; instead of our navigation having been completed and our waters impounded in such a way that, instead of being flooded in the springtime, with no water in the fall we would have a seasonal flow, that is an all-the-year-around flow with floods eliminated. I should be glad if the Senator would study the matter of inland navigation instead of studying Canada so much, because that is a primary question the Senator is asking, and there is not a 6-year-old schoolboy in Louisiana who could not have answered it for him.

Mr. VANDENBERG. I am happy that the Senator thinks it such an easy matter, but I repeat that he complains in one column because we are withholding water, and in the other column because we are overwhelming him with water. He reminds me of a bit of mythology. A stranger was wandering in the woods one night; it was a rather bitter cold evening. A wood nymph found the stranger wandering in the woods, and, being of a sort of humane turn of mind, like my genial friend from Louisiana, the nymph said to the stranger, "Come to my woodland dell and I will take care of you for the night." As they passed along toward the woodland dell the stranger blew upon his hands, and the wood nymph said, "What did you do that for?" He replied, "To warm my hands." When they got in the woodland dell the wood nymph set out hot porridge for the stranger, and right away the stranger began to blow on the hot porridge. The wood nymph said, "What do you do that for?" and the stranger replied, "To cool it off." Then the wood nymph said, "Get out of here; anybody who can blow hot and cold in the same breath cannot stay here." [Laughter.]

Mr. ROBINSON of Indiana. Mr. President——

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

Mr. ROBINSON of Indiana. Possibly the Senator in the early part of his address, which I was unable to hear, may have answered the question I have in mind. I know he has given deep study to this whole matter, and that is the reason why I propound the question at this time, because it interests me considerably. One of the objections that have been urged to this whole project, as the Senator well knows, is that a comparatively small portion of the trade along this

route would be handled by American bottoms—by American ships. I should like, if the Senator can tell us, to know about what percentage of this shipping would be handled by American merchantmen.

Mr. VANDENBERG. I am unable to answer the Senator in any dependable detail, because that phase of the problem has never been reduced to percentages, but the answer seems to be that after we shall have extended our seacoast to include the Great Lakes shore line it is reasonable to assume that the same percentages of shipping will persist under the American flag on that portion of the sea line as on the external sea line.

Mr. ROBINSON of Indiana. That answer invites this further question: Assuming that a considerable portion of the shipping would be carried under a foreign flag, what effect would that have on American seamen or American labor in connection with such transportation? Is the Senator alarmed at all for fear, in case we open up this seaway, that American labor will be discriminated against because of the presence in that seaway of so much foreign labor, that we consider very much underpaid?

Mr. VANDENBERG. No, Mr. President; if I did think so, I would consider it a very serious menace. The ships that enter the Great Lakes, of course, cannot engage in our so-called "coastwise trade."

Mr. ROBINSON of Indiana. Has that question come before the subcommittee?

Mr. VANDENBERG. Only in a general way.

Mr. President, I was discussing the editorial in the Toronto Mail and Empire concerning which so much has been made to indicate the poor bargain that our negotiators made in connection with this treaty.

But let the persistent cynic test this Canadian editorial at each factual point. "The cost of the undertaking is to be borne mainly by the United States." The total costs are equally divided between the two countries within a fraction of 1 percent, with credits to each country for expenditures already made upon direct links in the seaway chain. Chiefly because Canada has just expended some $130,000,000 of her own money on her own Welland Canal—which becomes a partnership canal, by the way, under the treaty—her balance due on her half of the total bill is less at the moment than our balance due on our half of the total bill. And that is how "the cost of the undertaking is to be borne mainly by the United States." I do not mean to speak critically of the Toronto Mail and Empire in this connection. I have written newspaper editorials myself in my day. Zeal in the advocacy of a cause is a familiar newspaper phenomenon and in no sense unworthy.

"We have retained the right to construct an all-Canadian waterway, at any time in the future, if such an expenditure is deemed advisable", this Toronto editorial triumphantly continues. Quite correct. But we may similarly say that we have retained the right to construct an all-American canal, if we be thus minded. It is the announcement of an elementary axiom.

"The United States abandons its ancient contention that Lake Michigan is an American lake", the editorial chortles. It would be equally true for us to say that Canada abandons its contention that the Welland Canal is a Canadian canal. It would be equally true because the mutual navigation rights are the same in both places. But it would be far more accurate to say that neither country abandons anything. It would be more accurate to say that both countries simply agree to make permanent the precise reciprocal navigation rights which have existed on a revocable basis ever since the treaty of 1909 was ratified. Meanwhile, if this editorial reference relates to Chicago diversion, it would be far more specific to say that Canada, in this treaty, recognizes for the first time a right of diversion at Chicago than to say that Canada gains a new right of veto upon diversion.

Such, Mr. President, are the realities. The exhibit submitted by the Governor of Illinois says that this Canadian editorial "expresses the joy and appreciation of Canada at the great victory won by Canadian statesmen in the St. Lawrence treaty." I do not undertake to subtract a single credit mark from these eminent Canadian statesmen with whom we have been proud and glad to participate in these negotiations. It would be a travesty upon international comity if this treaty did not bear within it a just share of beneficial advantages for this great dominion to the north. I am glad that this common enterprise is wholly worth while for all concerned. I do not mourn our lack of a monopoly upon the dividends from this common effort. But I respectfully submit that it is equally logical and equally appropriate—and would reflect an equally justified gratitude on our own part—if we, with equal or even greater warrant, should express the joy and appreciation of our own United States that our own statesmen have so completely preserved American rights in these negotiations and so effectually brought us within reach of these amazingly emphatic American advantages.

Mr. President, the criticisms of the proposition which I have heard on the floor of the Senate are in the main misguided. I only want to refer specifically to one or two because I must conclude. My dear friend the able senior Senator from New York [Mr. COPELAND] constantly refers to this seaway as the "all-British canal." It is his favorite expression. Let us see.

From the head of Lake Superior to Father Point, in Quebec, where the river ends and the high seas begin, is 1,677 miles. Of this distance 1,243 miles, or 74 percent, lie in international waters, and 434 miles, or 26 percent, in wholly Canadian waters. The locks at the "Soo" will all of them be in United States territory. The connecting channels in the Great Lakes are about equally divided in mileage on the two sides of the boundary line. The locks and navigation works at the upper dam in the St. Lawrence will be in Canadian territory and built by Canada at her own cost. The locks and navigation works at the lower dam in the St. Lawrence will be wholly in the United States and built by the Federal Government.

The treaty creates and makes perpetual an international highway from lake head to the Atlantic Ocean; one entire navigation route, protecting equally and in every particular both nations alike.

Mr. President, the Senator from New York in similar light-hearted fashion says that I expect the *Leviathan* is going to tie up at the dock in Grand Haven, Mich. He says that I seem to believe in Santa Claus and fairy tales. If he considers that ships of the *Leviathan* type are essential to the success of the seaway, I want to call his attention to the fact that ships of the *Leviathan* type do not dock at Boston, Philadelphia, Baltimore, Savannah, or New Orleans; yet that certainly is no reason why those great ports do not enjoy a stupendous utility and why they should not be encouraged and supported by the American Government. We are not expecting the *Leviathan* on the Great Lakes, but we do know that 88 percent of all the cargo shipping on the seas of the world will be eligible to enter and we are perfectly cognizable of the net results, and we are perfectly satisfied without the *Leviathan* to contemplate an utterly stupendous dividend.

This now leaves us with one final source of opposition to assess. The one argument against the seaway most calculated to give serious pause is the argument that railroad transportation will be adversely affected, and at the very moment when one of the country's major needs is the rehabilitation of these railroads. It would be silly not to agree to this need of rehabilitation. I insist upon registering myself as one who completely sympathizes with this railroad problem and who will make every possible contribution to its helpful determination. We must have the railroads as the solid backlog of our entire transportation system. But I am profoundly convinced that even the railroads have more to gain than to lose, in a long-range view, from the completion of the seaway.

There will obviously be an initial diversion of traffic from the rails to the seaway—particularly east of Detroit. Thus I can understand the initial fears of eastern railroad executives. But, frankly, I cannot understand why western railroad executives should have changed front and joined atti-

tude with their eastern brethren when heretofore most of these western executives have freely admitted that the seaway will help them and their traffic. It seems to me that the seaway could not do otherwise. It will give them large new traffic en route to these new inland seaboard ports. It will inevitably contribute to the prosperity of the mid-continent, and there cannot be mid-continent prosperity without a full share going to the railroads in this area, if not throughout the Nation.

But whether the railroads be east or west, their jeopardy today is not water competition in any controlling degree. It is, first, an inevitable reflex from the general depression; second, unregulated competition with trucks and busses; third, loss of business to airplanes and private motor cars; fourth, inability to meet these new situations with comparably attractive rates and service; fifth, outworn systems and capitalizations. Would it be fair to say that the whole mid-continent shall be permanently penalized by withholding a great, natural transportation advantage—primarily intended for the creation of new export trade—because these other factors in this contemporary situation are unfortunate for the railroads? It seems to me any such penalties would be at war with elementary economics. This is particularly true in respect to an external seaway as distinguished from an internal canal. Even the Railway Bureau of Economics recognized this distinction a few years ago.

The answer to the railroad problem does not lie in stifling the seaway. The railroads and the seaway should complement each other. In the first place, less than a decade ago our railroad facilities were totally inadequate to the traffic demands upon them, and a restoration of normalcy in the Nation will again provide ample traffic, regardless of diversion of traffic via the seaway. In the second place, the seaway will hasten this return to normalcy. It will provide new American business flowing into and out of new areas—and all of this collateral flow will be on the railroads. There will be new industrial development in the midcontinent; and the rails cannot escape an advantage in the reflex. Further, it is impossible for new trade to be stimulated and new prosperity created anywhere in the whole Union without profitable repercussions in every other part of the Union.

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

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

Mr. VANDENBERG. I prefer not to yield at this time.

Mr. LONG. I want to give the Senator an interesting report.

Mr. VANDENBERG. I must decline to yield at this time.

Again, stimulated trade at the new inland seaboard will feed the rails in the process of serving this trade. For example, if automotive export is stimulated from the port of Detroit—if as a result of cheap access to foreign markets we sell more cars abroad—Detroit will buy more steel, more tires, more leather, more glass, and so forth, and it will be chiefly the railroads which will bring in these materials. Let it be remembered that the auto industry uses 81.6 percent of all the rubber, 60 percent of all the plate glass, 32 percent of all the nickel, 35.8 percent of all the lead, 28 percent of all the mohair, and 51 percent of all the upholstery leather sold in the United States. When additional motor cars move out of Detroit in export these other commodities move into Detroit, and mainly by rail.

Here is a specific and probably a typical exhibit bearing upon this point. According to the statistics of the National Automobile Chamber of Commerce, the inbound rail traffic in connection with automotive production runs as follows for 1930 and 1931:

> Eight hundred and sixty-seven thousand, seven hundred and forty carloads of inbound freight against 5,982,537 autos produced. This is an average of one carload of inbound railroad freight for each 6.89 automobiles produced.

It has been somewhat difficult for me to translate this into actual revenue. But I find that the grand average railroad revenue in 1931 from incoming and outgoing automotive traffic was $127.71 per carload. Using this figure as an index, we could say that since every average sale of between 6 and 7 automobiles produces a carload of incoming freight, therefore the railroads have a stake of $127 in every increased sale of between six and seven automobiles, regardless of how the finished product goes to market. This, then, is some indication of the direct importance to the railroads of new export business generated by the seaway—to say nothing of the indirect importance of increased mid-continent trade and prosperity reflected in collateral channels.

This story will be repeated a thousand times. Again quoting Mr. Julius Barnes, former president of the Chamber of Commerce of the United States, "Any study of economic history shows that tonnage develops from forces impossible to foresee", and the seaway will "result in new tonnage" both for itself and for the rails.

This prophecy is confirmed by Dr. MacElwee, who told the committee:

> Just as every other great change in transportation or manufacturing methods revolutionizes existing conditions, I believe there will be such an increase in business activity in the mid-continent as a result of the St. Lawrence seaway as to show an increase in per-ton mileage of the carloadings of the railroads.

It is inconceivable that there could be any permanent advantage to the rails in circumscribing the economic progress of 40,000,000 people in this land-locked mid-continent.

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

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Minnesota?

Mr. VANDENBERG. I yield.

Mr. SHIPSTEAD. Germany and France own their own railroads and spend hundreds of millions of dollars for the development of rivers and canals. In conversation with an official of the German Government I pointed out the fact that in this country the railroads consider waterways and water transportation unfair competition. I expressed my curiosity as to why the Governments of France and Germany would spend so much money for water transportation when the Governments own the railroads. He told me that the waterways add to the tonnage of the railroads, bringing business to the railroads. He said it made it possible for a great deal of freight to be moved by water that could not afford to be moved by rail, but when they move it as far as they can by water the railroads carry it inland. The barges, of course, do not travel by land. We have there an example of 100 years of history of water transportation which after experiment shows that in their opinion water transportation aids the railroads.

Mr. VANDENBERG. I thank the Senator for his observations, which are unquestionably sound both in history and in economics.

I repeat that it is inconceivable that there could be any permanent advantage to the rails in circumscribing the economic progress of 40,000,000 people in this land-locked mid-continent. It is equally inconceivable that this progress would fail to spell progress for the rails themselves. Certainly their prosperity is inseverably linked with the prosperity of the people themselves.

Most certainly I do not blame railroad labor for being critical of every competitive service which seems to threaten railroad traffic. Railroad labor has one of the most enlightened organizations in the land. It has seen inroads upon its livelihood for several unhappy years. But these inroads are largely from forces and events which are entirely foreign to the considerations involved in the seaway. If the ultimate effect of the seaway would be helpful to mid-continent prosperity, and thus to railroading, this labor certainly would not oppose the seaway. The question to be decided is, Which guess for the future is right? I cannot escape the persuasion that the affirmative "guess" is the correct "guess." It might be argued that the railroad situation is too desperate to justify any "guessing" at all. Yet this very desperation calls for new experiments. It calls for bus and truck regulation. It calls for regulated competition. But it chiefly calls for "more prosperity" in the Nation; and if the seaway trends in this direction, it must trend in the direction of help rather than hurt for the railroads and for railroad labor.

Mr. President, this concludes my presentation of this absorbing subject. I cannot hope to have done it justice. It transcends the power of speech. It is one of those stupendous opportunities which is permitted but once in the lifetime of a generation. It is the promise of a benediction upon vast areas of our America. Half a continent intimately believes in it. Half the States of the Union specifically have asked for it. The commerce of the world is in its purview. The greatest engineers declare it sound. The greatest economists pronounce it good. Political parties have addressed it with a common fidelity. Presidents unite in its sponsorship—Franklin Roosevelt no less than Herbert Hoover. We are summoned to the fruition of a courageous dream. We are called to high adventure in the name of these two great English-speaking peoples. This is the appointed hour for the marriage of the oceans and the Lakes. These nuptials will bless us and our children and our children's children.

Mr. LA FOLLETTE obtained the floor.

Mr. LONG. Mr. President——

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

Mr. LONG. I just want to ask the Senator a question.

Mr. LA FOLLETTE. I yield if the Senator from Michigan wishes to respond.

Mr. LONG. I only want to ask the Senator a question. I was wondering if the Senator, who has so eloquently concluded his speech, knew of the magnificent further support he had in Canada, in which they recount the following statistics:

Shipments of Canadian grain—

Says this Canadian newspaper——

Mr. VANDENBERG. What is the newspaper?

Mr. LONG. This is the Shipping Register and Travel Guide.

Mr. VANDENBERG. Where is it published?

Mr. LONG. In Canada.

Mr. VANDENBERG. Where in Canada is it published? Is it published in Quebec?

Mr. LONG. Probably so.

Mr. VANDENBERG. "Probably so" is right. [Laughter.]

Mr. LONG. At any rate, this is advocating the St. Lawrence Waterway Treaty. It is published in behalf of the Halifax Harbor Commission. It is an advertisement by them, in which they say:

Shipments of Canadian grain in 1930 through United States ports, 67,747,685 bushels.
Through Canadian Atlantic ports, 5,153,553 bushels.

Then it says:

All-Canadian routes for Canada's grain!

In other words, showing that 67,000,000 bushels of Canadian grain now going through America will be made to go through Canada, as well as the American grain going through the port of Montreal, as a result of the American money spent to build a canal in Canada.

Mr. LA FOLLETTE. Mr. President, following the able and exhaustive presentation of the affirmative side of this question for the St. Lawrence Treaty, it is with some hesitation that I ask the indulgence of the Senate to a further consideration of this momentous question. Nevertheless, in view of the long and historical interest in this subject of the State which I have the honor in part to represent in this body, I should feel myself derelict in my duty did I not present the arguments as I see them in favor of action upon this most important development at this session of Congress. I regard the treaty as a part of the program for consideration at this session in order that it may become a part of the public works bill which is the most important aspect of the administration's proposals for this session.

BOTH POLITICAL PARTIES PLEDGED TO PROJECT

The completion of the seaway from the head of the Great Lakes at Superior and Duluth through the St. Lawrence River to the Atlantic has been pledged by both political parties.

This project was embodied in the treaty signed at Washington by the United States and Canada nearly a year ago. The ratification of the treaty will fulfill the pledges made to the people of this country by Republicans, Democrats, and Progressives alike in the campaigns of 1932 and preceding years.

I propose today to show that the railroads and the public utility and power companies have been energetically at work for months to prevent the consideration of this treaty at the present session of the Senate. Those interests, and the bankers allied with them, hope to defeat the treaty by obstruction and delay. This cannot be achieved without a rank betrayal of party pledges, repeatedly made to the people of the land-locked Middle West and to the electorate of the entire country.

President Roosevelt is pledged in unequivocal terms to the completion of the St. Lawrence project. He specifically included it among the policies to which the Democratic Party was bound in the 1932 campaign. In his address at Portland September 21, 1932, he listed the St. Lawrence with Boulder Dam, Muscle Shoals, and the Columbia River as four natural resources of water power which the Democratic administration would undertake to develop under public ownership and control for the benefit of the consumers of electricity.

PRESIDENT ROOSEVELT FOR PROMPT ACTION

On July 9, 1932, immediately after his nomination for the presidency, Governor Roosevelt sent a telegram to President Hoover, from which I quote in part:

I am deeply interested in the immediate construction of the deep waterway as well as in the development of abundant and cheap power. * * * With * * * an agreement between the Federal administration and the State of New York, it would be my hope that it would be possible to submit a treaty to the Senate for immediate and, I hope, favorable action as soon as signed.

May I respectfully point out that such action would hasten greatly the initiation of this vast project—one which means cheap transportation by deep waterway for the agricultural and other products of the West; cheap electricity from the State owned and controlled resource, to be developed for the primary interest of homes, farms, and industry; and, of immediate importance, employment for thousands of workers. * * * Early and final action on this great public work * * * would be greatly to the public interest. It has already been too long delayed.

In his reply to the Governor's message President Hoover stated:

Having ardently advocated for over 10 years the great work of completing this shipway from Duluth and Chicago to the sea, I am glad to know that it will meet with your support.

These telegrams were exchanged after negotiations for the pending treaty had been concluded, at a time when both Governor Roosevelt and President Hoover were advised of the major provisions which had been agreed upon.

At its national convention at Chicago, the Republican Party adopted the following plank by a unanimous vote:

The Republican Party stands committed to the development of the Great Lakes-St. Lawrence seaway. Under the direction of President Hoover negotiation of a treaty with Canada for this development is now at a favorable point. Recognizing the inestimable benefits which will accrue to the Nation from placing the ports of the Great Lakes on an ocean base, the party reaffirms allegiance to this great project and pledges its best efforts to secure its early completion.

While both the Republican and Democratic candidates were unequivocally pledged to the completion of the St. Lawrence project in the 1932 campaign, this policy was not initiated as a partisan question.

The progressive States of the Northwest, at the headwaters of the Mississippi and the Great Lakes, were the first to demand the opening of the highway from the mid-continent to the sea. The Progressive Republicans of Wisconsin in 1920 adopted a platform plank which has been approved at every election held within the State and submitted to every Republican National Convention since that time, as follows:

We favor a deep waterway from the Great Lakes to the sea. The Government should, in conjunction with Canada, take immediate action to give the Northwestern States an outlet to the ocean for cargoes, without change in bulk, thus making the primary markets on the Great Lakes equal to those of New York.

This pledge was adopted in the same form at the Progressive Convention held at Cleveland, Ohio, July 4, 1924, and at that time was first embodied in the platform of a national political movement.

FARM ORGANIZATION AND 14 GOVERNORS SUPPORT PROJECT

At every convention since 1921 the American Farm Bureau Federation has endorsed the St. Lawrence Seaway. The National Grange approved the project in resolutions adopted at its 1931 convention, and in 1933, after the pending treaty was submitted, reaffirmed its previous declaration.

On May 17, 1933, a petition urging immediate ratification of the treaty was presented to President Roosevelt, signed by the Governors of 14 States. The signers of this petition are as follows:

William A. Comstock, Governor of Michigan; A. G. Schmedeman, Governor of Wisconsin; Floyd B. Olson, Governor of Minnesota; William Langer, Governor of North Dakota; Charles W. Bryan, Governor of Nebraska; Alfred Landon, Governor of Kansas; F. H. Cooney, Governor of Montana; Clyde L. Herring, Governor of Iowa; C. Ben Ross, Governor of Idaho; James Rolph, Jr., Governor of California; Paul V. McNutt, Governor of Indiana; George White, Governor of Ohio; H. G. Kump, Governor of West Virginia; I. C. Blackwood, Governor of South Carolina.

Most of the Governors who signed the petition were represented at a meeting of the Great Lakes-St. Lawrence Tidewater Association, held at Chicago on May 16. To this conference President Roosevelt sent the following message through his Secretary:

> The President requests acknowledge with thanks assurance your whole-hearted cooperation bring St. Lawrence Treaty to fulfillment by ratification. Only crushing pressure business prevents the President extending personal greetings your gathering and wishing your movement complete certain success.

PRESIDENT ACTS TO FULFILL PLEDGE

The St. Lawrence project and the pledges made for its completion were never closer to fulfillment than when the present session of Congress convened.

President Roosevelt took an early opportunity to carry out his pledge of the 1932 campaign. He caused to be introduced simultaneously in the House and the Senate on April 18 a joint resolution confirming an agreement between the Power Authority of the State of New York and the Federal authorities allocating the costs of the navigation and power works to be built in the international rapids section of the St. Lawrence River within the boundaries of the State of New York.

The agreement had been reached as the result of the hearings conducted by the Senate Committee on Foreign Relations on the treaty itself. These hearings, authorized by the Senate in July 1932, began in the following November and continued until late in February 1933.

Every phase of the project was carefully investigated. Representatives of public utilities, railroads, and all other interests opposed to the treaty were heard. The economic advantages to the Nation and the feasibility of the project were thoroughly established by the testimony of scores of disinterested witnesses. Sixty-nine witnesses were heard orally, and written statements and briefs were filed by numerous individuals and organizations, a great majority of the whole number being favorable to the immediate completion of the St. Lawrence project. No adverse witness was denied a hearing. No line of inquiry was proposed by any Member of the Senate or of the committee which was not thoroughly investigated.

PUBLIC POWER RIGHTS PROTECTED BY JOINT RESOLUTION

When the joint resolution confirming the agreement between the Federal Government and the State of New York was introduced at the request of President Roosevelt, the opponents of the treaty in this body sought to block its consideration.

The Committee on Foreign Relations, acting upon the initiative of the late Senator Walsh of Montana, had effected the agreement between the Federal and State authorities. The agreement provided that the State of New York should assume $89,726,000 of the cost of the works in the international rapids section, thus greatly reducing the Federal expenditure involved in the St. Lawrence project. It further provided that the water-power resources on the New York side of this section of the river, which have repeatedly been sought for private exploitation by public utility and power companies, should be developed as a public project by the power authority, a public agency of the State, created by the unanimous vote of both branches of the New York State Legislature in 1931.

The joint resolution passed the House of Representatives on April 26. As passed by the House and introduced in the Senate, at the request of the President, it contained a proviso declaring:

> That no part of the United States' share of the water in the international rapids section of the St. Lawrence River shall be diverted for the benefit of any person or private corporation, nor shall the use of any part of said water or the rights pertaining to said water be sold, leased, or otherwise alienated to any person or private corporation for the generation of hydroelectric power.

Senators who do me the honor to follow me will see the significance of the relation of the power involved in this project to the nature and character of the opposition which is being put forward against this treaty. Led by the senior Senator from New York [Mr. COPELAND], the opponents of the treaty in the Senate seized upon this joint resolution as a means of blocking the consideration of the treaty at this session. The Senator from New York contended that the joint resolution should be referred to the Committee on Commerce.

In the course of the filibustering against the reference of the resolution to the Committee on Foreign Relations the Senator from New York [Mr. COPELAND], on April 17, page 1815, said:

> My particular object in having this joint resolution referred to a committee competent by experience and authority to deal with the problems involved is that an economic study may be made. There is not any evidence of such a study in these hearings.

On the same day the Senator from New York said, page 1816:

> But where is there in the volume of the hearings the report of any study as to what is going to happen to our country by reason of the development of this proposed canal? That is what I want to know.

During the debate on April 21, when the Chairman of the Foreign Relations Committee [Mr. PITTMAN] urged the prompt consideration of the joint resolution and the treaty, the Senator from New York said, page 2067:

> What the Senator from Nevada is doing is delaying final action on this matter because, with all due deference to him, there are some of us here who are sufficiently interested in this question to wish to know what will be the economic effect upon the United States of building the St. Lawrence canal. * * * I wish to have the domestic side of it considered now—

With heavy emphasis on the word "domestic"—

> in order that we may determine in the State of New York whether we are throwing away $90,000,000 and harming our State tremendously. I want to say to the Senator from Nevada that if he thinks that he is going to have rapid and immediate action on this matter through the process he proposes, he is very much mistaken.

UNITED STATES-NEW YORK AGREEMENT APPROVED BY PRESIDENT ROOSEVELT AND GOVERNOR LEHMAN

In the course of his remarks on April 17, the Senator from New York referred to the text of the agreement between the power authority of his own State and the engineers of the War Department, embodied in a memorandum dated February 7, 1933, and given effect by the joint resolution. The Senator said on April 17, page 1813:

> There is not a Senator here, unless he be a member of the committee, who has ever read that memorandum. I live in the State of New York and in part represent that State in this body, but until I sent this morning to the Army engineers for a copy of that memorandum I never had seen it. I have it in my hand and have had it in my possession about an hour. Other Senators do not know what is in it.

I hold in my hand a dispatch from Albany, dated February 8, 1933, published on page 2 of the New York Times of February 9. This dispatch, a column and a half in length, is headed:

Lehman declares seaway cost fair. Praises agreement reached with Washington on $89,726,000 for St. Lawrence. Low power price is seen. Congress action sought.

The dispatch states that Chairman Frank P. Walsh and Vice Chairman Delos M. Cosgrove of the New York Power Authority, accompanied by John D. Moore, an engineer for the power authority, and Leland S. Olds, assistant to the chairman, delivered the full text of the agreement to Governor Lehman on February 8 and held a conference with the newspapermen at Albany. The full text of the agreement was published in this dispatch, 66 days before the senior Senator from New York states he took the trouble to read it.

On the same occasion Governor Lehman gave a statement to the press, widely quoted, in which he said:

In my opinion this appears to be a very fair allocation of costs between the Federal Government and the State of New York. I am advised that the engineers believe that there can be savings made from estimates given to me from 20 to 25 percent because of reduced unit costs, materials, and labor involved. It would appear from these figures that New York State can develop upward of 1,000,000 horsepower at a very low unit cost. * * * I feel that very great progress has been made through the understanding reached between representatives of the Federal and State Governments as to the division of costs, on which there has heretofore been a wide difference of opinion.

I also want to quote the headlines appearing in the New York Tribune of February 9:

Lehman elated at St. Lawrence power figures.

The New York American headline was as follows:

Lehman backs pact with United States on power costs. Approves State outlay of $89,000,000 as share of St. Lawrence development.

The senior Senator from New York impeached the intelligence of the Governor of his own State, a member of his own party, and the intelligence of the State's official body, the New York Power Authority, which negotiated this agreement and approved it and publicly announced its approval and gratification at its consummation on February 9, 1933.

It was announced in this dispatch that representatives of the power authority would appear before the Foreign Relations Committee on February 10 to discuss the agreement.

At this public hearing, Gen. George B. Pillsbury, Assistant to the Chief of Engineers, and Vice Chairman Cosgrove, of the power authority, presented the agreement and discussed it in detail. The junior Senator from New York [Mr. WAGNER] participated in the examination of the witnesses. When the treaty was reported to the Senate by a vote of 9 to 2, with a recommendation favorable to the allocation of costs embodied in this agrement, the junior Senator from New York publicly stated that he favored the power development provided by the treaty and by the supplementary agreement between his own State and the Federal authorities.

This is the agreement published in newspapers all over the country on February 9 and again reported in dispatches on the committee hearings of February 10, of which the senior Senator from New York, by his own statement on the Senate floor, was entirely ignorant as late as April 17.

It is this agreement which has been approved by President Roosevelt after 4 years of study and effort as governor to protect the power resources of the State from private exploitation, by Governor Lehman, the present Governor of New York, and by the Power Authority of the State of New York.

In his address on April 17, the senior Senator from New York showed additional evidence that he required further opportunity to familiarize himself with a project which is of such enormous consequence to the people of his own State. He referred to the works to be built under the treaty in the International Rapids section of the St. Lawrence River. He denounced article 3 of the treaty in this language, page 1816:

This has to do with the international section of the river, the part where the Lachine Rapids are, and where the powerful curcents of the river are capable of developing immense quantities of hydroelectric power.

If any Member of this body will refer to a map, he will find that the Lachine Rapids are 75 miles away from the International Rapids section of the St. Lawrence River. This is of a piece with the misstatements which have been made in the Senate and elsewhere by the opponents of this treaty.

They are confined entirely to Canadian territory. The senior Senator from New York, indeed, requires further time to familiarize himself with this project, for he has confused the Lachine Rapids with the International Rapids, which form the boundary of his own State for a distance of 43 miles along the St. Lawrence River.

"ECONOMY STUDY" SOUGHT IN ORDER TO BLOCK TREATY

The argument that an "economic study" should be made before proceeding with the actual construction of the waterway has been the chief device used by its opponents to block this development over the past 30 years.

No waterway project in the history of the world has received more study of its economic, engineering, and cost features than has been given to the St. Lawrence seaway.

Under an act of July 1, 1898, the Deep Waterways Commission of the United States rendered a report to the second session of the Fifty-sixth Congress, printed as Document No. 149. From 1812 down to 1900, the Commission reported to Congress, it had been generally conceded by all students of proposed water routes to the West—

that the St. Lawrence River is the natural outlet and the line of least resistance for a waterway from the Great Lakes to tidewater.

In 1919, Congress adopted an amendment to the rivers and harbors appropriation bill, introduced by Senator Lenroot, of Wisconsin, providing funds for a study of the St. Lawrence project by the International Joint Commission.

Public hearings were held by the International Joint Commission, extending from May 1920 until March 1921. The Commission held 44 hearings, 33 of them in 24 cities of 14 States of the Union, and the remainder in 12 cities of 5 Canadian Provinces. Testimony was heard from 300 individual witnesses. The hearings were published in January 1922, comprising a volume of 7,462 pages of testimony.

Concurrently with this study an international board of engineers, representing both the United States and Canada, studied the navigation and engineering phases of the project. Both the International Joint Commission and the International Board of Engineers rendered favorable reports on the projects to their Governments. As a result, Canada appointed a national advisory committee and President Coolidge appointed the St. Lawrence Commission of the United States, of which Secretary of Commerce Hoover was chairman. In 1926 the St. Lawrence Commission of the United States made a report declaring that—

The construction of the shipway from the Great Lakes to the Atlantic is imperative both for the relief and for the future development of a vast area in the interior of the continent.

An enlarged joint board of engineers, consisting of three representatives of each country, was appointed and, taking into account all previous engineering and economic studies, this board arrived at the plans which are embodied in the pending treaty.

INTERNATIONAL, NATIONAL, AND REGIONAL STUDIES COMPLETED

In addition to the national and international studies made at the direction of the Governments of the United States and the Dominion of Canada, numerous studies have been made by the Great Lakes-St. Lawrence Tidewater Association, an organization officially sanctioned by the officials of 23 States. This association has published 53 bulletins, covering every phase of the St. Lawrence project.

Economic studies of the effect of the completion of the St. Lawrence project upon various sections of this country have been made by many leading engineers, economists, and industrial authorities. In 1927, a report on the St. Lawrence project was made public by the joint New England committee. A separate committee was set up in each of the New England States to study New England's relationship to the Middle West and the value of the St. Lawrence waterway as a connecting route. Each State committee found unanimously for the St. Lawrence project. The six State committees met in conference and favored the project by a unanimous vote.

The most exhaustive studies of the economic effect of the power development on the St. Lawrence have been conducted by official bodies of the State of New York. For more than a score of years that State has been engaged in continuous struggle to prevent the water power on the St. Lawrence from falling into the hands of private power companies.

On March 29, 1930, the State legislature enacted a law authorizing Governor Roosevelt to appoint the St. Lawrence Power Development Commission to study the problem of public development of this natural resource. In addition to a distinguished advisory board of engineers, this commission established a marketing board which made an exhaustive analysis of the effect of the project upon the economic development of the State. The report of the commission was submitted on January 15, 1931.

On April 27, 1931, Governor Roosevelt signed a bill, passed by unanimous vote of both branches of the legislature, creating the Power Authority of the State of New York and directing it to proceed with the development of the St. Lawrence River in cooperation with the Federal authorities of the United States and Canada for both power and navigation purposes.

On March 8, 1932, and on March 8, 1933, the power authority submitted to the Governor and to the legislature reports based upon the most extensive investigation of the economic phases of the project.

From 1897 down to April 1929, shortly before the active negotiation of the pending treaty began, 13 separate reports had been made on the St. Lawrence waterway by authorized officials of the Federal Government of the United States and of Canada. In addition, 121 reports, pamphlets, and other publications were issued on this subject by private individuals and organizations on the basis of separate studies of the proposed project.

The pending treaty is thus based upon engineering and economic plans resulting from more than 30 years of the most exhaustive investigation and upon conclusions in which officials of the United States Government, the Dominion of Canada, the Province of Ontario, and the State of New York, charged with the duty of developing the St. Lawrence, are now in complete accord.

The senior Senator from New York [Mr. COPELAND] asks that this painstaking investigation be disregarded and that the conclusions reached be swept aside when he demands that a new economic study be made before the treaty is considered by the Senate.

ORIGIN OF DEMAND FOR NEW "ECONOMIC STUDY"

The claim that no adequate, impartial economic study has been made regarding this project is a mere subterfuge to delay and ultimately to defeat the ratification of the pending treaty.

The proposal that another economic study be made at this time did not, however, originate with the senior Senator from New York.

On November 18, 1932, a representative of the Chamber of Commerce of the State of New York appeared before the Foreign Relations Committee in opposition to the pending treaty. This organization presented a long report and copies of resolutions strongly opposing the development of the St. Lawrence River for navigation and power purposes.

At the regular monthly meeting of the Chamber of Commerce of the State of New York on April 6, 1933, a further report and resolution were unanimously adopted, advancing in almost identical terms the proposal for an economic study presented on the floor of the Senate on April 17 by the senior Senator from New York.

The resolutions adopted on April 6 are as follows:

Resolved, That the Chamber of Commerce of the State of New York urges upon the Senate of the United States that action on the Great Lakes-St. Lawrence Deep Waterway Treaty be held in abeyance until official and up-to-date data have been made available by a competent nonpartisan body upon the expenses of operation, the amount of traffic, the savings to the United States and other economic questions involved in the St. Lawrence project; and, be it further

Resolved, That copies of this report be sent to the President and Members of the Senate.

This, in my opinion, was the origin of the demand that, after more than 30 years of investigation, the United States Senate should not be permitted to pass upon the pending treaty until an entirely new economic study was authorized and the findings resulting therefrom reported to this body.

REPORT IN CONFLICT WITH PUBLIC RECORD OF 30 YEARS

The report adopted by the Chamber of Commerce of the State of New York at the time it passed this resolution represents a complete falsification of the public records of the last 30 years. This report states:

In the study of the United States engineers, which is the one being relied upon by the Senate in considering the ratification of the Great Lakes-St. Lawrence Deep Waterway Treaty, no economic survey was made. * * * Only the cost and engineering features were covered, no appropriation being made to provide for an analysis of the economic questions. The only economic consideration under Federal auspices which has been given to the Great Lakes-to-ocean waterway has been prepared by employees of the Bureau of Foreign and Domestic Commerce. * * *

Obviously, a new economic survey should be made by a nonpartisan official body, composed of recognized experts, upon the various economic questions involved.

The United States Government and other governments have frequently announced that it should be a general policy that expenditures for public works should, under existing financial and industrial conditions, be confined to self-liquidating projects. In accordance with this policy a study should be made of the St. Lawrence canal project to learn if the expenditure is justifiable upon economic grounds.

In the face of the public record this document and the resolutions accompanying it can only be characterized as deliberately misleading and in direct conflict with the facts.

CHAMBER OPPOSED TO MUSCLE SHOALS PROJECT, MISSISSIPPI WATERWAY

The Chamber of Commerce of the State of New York has been actively resisting the St. Lawrence project for more than a dozen years. It has resorted to every argument and device to delay and to thwart the completion of the waterway from the Great Lakes to the sea.

In October 1920 the chamber adopted a report in opposition to the project and renewed that declaration 12 years later, on October 6, 1932. In this report, the chamber frankly based its opposition on the desire to protect the railroads and the private power industry from competition. It not only condemned the St. Lawrence waterway but renewed its opposition to the utilization of the Mississippi waterway. I quote from this report:

This chamber has gone on record on several occasions against Government participation in business. It seems as if the huge expenditure contemplated on the St. Lawrence is closely akin to the enterprises this chamber has so often criticized. * * * No scientific principles exist which can be used as a guide in allocating the expenditures on the canal which are for navigation to be paid by the Government, and the expenditures which are for water power and accordingly should be self-sustaining. The result will be that the private electric power industry will not know for years what competition to expect from the St. Lawrence. Also, the railroad industry will be uncertain as to the effect the opening of the canal will have upon its business. It might even develop that the Government will go into the operation of barges or similar craft on the St. Lawrence waterway when completed, as it has on the Mississippi River, which this chamber condemned on December 3, 1931. It might even happen that Congress would decide to put the Federal Government still further into the water-power business.

In an earlier report, on similar grounds, the Chamber of Commerce of the State of New York strongly condemned the Muscle Shoals power project, embodied in the act recently passed by Congress and signed by President Roosevelt. I shall show in just a few moments, Mr. President, the underlying reason why the Chamber of Commerce of the State of New York has consistently opposed public power development of every kind and nature.

The Senator from Nebraska [Mr. NORRIS] a few days ago produced on the floor an analysis of the official roster of the Chamber of Commerce of the United States, showing how that organization had been prostituted by power and banking interests in lobbying and propaganda activities to block the development of Muscle Shoals and other water-power projects.

CHAMBER CONTROLLED BY BANKS, RAILROADS, POWER COMPANIES

I have before me an analysis of the membership of the Chamber of Commerce of the State of New York. The analysis shows that this organization is absolutely dominated and controlled by railroad and public-utility companies and the bankers allied with these interests.

The analysis demonstrates that the pending St. Lawrence Treaty is being blocked and resisted today with the support of the leading partners of J. P. Morgan & Co. and the powerful combination of railroads and public-utility companies operating in the eastern section of the country which are under Morgan control.

The analysis shows beyond question that the Chamber of Commerce of the State of New York, which has led the organized opposition to the pending treaty, and is now demanding that a new economic study be made, represents the financial district in Wall Street, and is utterly indifferent to the benefits this project will bring to the consumers of electricity in New York City and to the farms and homes in the State as a whole.

I summarize this analysis as follows:

First. The pretense that the New York State Chamber of Commerce is in any true sense representative of the State of New York as a whole is shown to be a fiction by the fact that out of 1,538 members only 142, or less than 10 percent of the total number, show an address outside of the city of New York. Most of the 142 either show addresses within the metropolitan area or indicate that they have retired and live outside the State. A careful check reveals not more than 10 who can in any sense be considered as representing any local business interests in the State outside of the New York City area.

Second. The interests represented by the membership of the Chamber of Commerce of the State of New York are even more limited than the above statement would indicate. More than 50 percent of the membership actually belongs to the area known as "lower Manhattan" and appears to be definitely associated with the financial capital of the country. There are 164 members out of a total of 1,538 giving a Wall Street address.

Third. A classification of the membership by occupation shows the following:

Banking, including investment bankers	510
Insurance	105
Real estate	62
Brokers	53
Shipping	41
Railroads	39
Utilities	32
	842
Other classifications	696
Total membership	1,538

Fourth. The above figures show clearly that the New York chamber is dominated by New York City financial and banking interests, frequently referred to as "Wall Street" interests, and the great corporations associated with them. It might almost be termed a superdirectorate of American business. A considerable proportion of the members have a clear-cut, selfish interest in blocking the St. Lawrence development, either as a navigation or a power enterprise, and this interest is far from being identified with the general interest, either of the people of New York or of the country as a whole.

Fifth. The 510 listed as bankers include in their number 64 who are also railroad directors and 36 who are directors of important utilities interested in electric power. Thus the railroad and power interests have a considerably larger representation in the chamber than the original list would indicate.

Sixth. J. P. Morgan & Co. alone accounts for 13 members of the chamber, including J. Pierpont Morgan himself, Henry S. Morgan, Junius S. Morgan, Jr., Thomas W. Lamont, Thomas S. Lamont, Henry P. Davison, E. T. Stotesbury, Charles Steele, Thomas Cochran, R. C. Leffingwell, Harold Stanley, George Whitney, and Francis D. Bartow.

Seventh. Kuhn, Loeb & Co. are represented by Otto Kahn, J. J. Hanauer, and William Wiseman.

Eighth. The big public-utility interests which have been committing American business to opposition to publicly owned utility projects are well represented.

Floyd L. Carlisle, chairman of the boards of the Niagara Hudson Power Corporation, the Consolidated Gas Co. of New York, and the New York Edison Co., is a member.

George B. Cortelyou, president of the Consolidated Gas Co., holding company for all the New York City electric properties, is a member.

Lewis Gawtry, who is a member of the chamber, is a trustee of Consolidated Gas Co. of New York and a director of its subsidiary electric companies, including New York Edison Co., United Electric Light & Power Co., Westchester Lighting Co., and Yonkers Electric Light & Power Co.

Donald G. Geddes, a member of the chamber, is trustee of Consolidated Gas Co. of New York, and director of New York Edison, United Electric Light & Power, New York & Queens Electric Light & Power, and so forth. Other trustees of Consolidated Gas in the list are Charles E. Mitchell and George Whitney of J. P. Morgan & Co.

Harold S. Sutton, assistant secretary both of Floyd L. Carlisle & Co. and Niagara Hudson Power Corporation, is a member.

Harold Stanley, already noted as a member of the firm of J. P. Morgan & Co., is also present as a director of Niagara Hudson, the United Corporation, the United Gas Improvement Co., and the Columbia Gas & Electric Co., representing Morgan's far-flung utility interests. Other Morgan partners appearing as utility directors are E. T. Stotesbury of United Gas Improvement, and George Whitney of Consolidated Gas.

John E. Aldred is a member of the chamber representing a considerable number of utility companies, including several Canadian companies directly interested in preventing the development of cheap power by public authorities in New York State. These are: Montreal Light, Heat & Power Co.; Cedar Rapids Manufacturing & Power Co.; Shawinigan Water Power Co.; and the Saguenay Transmission Co. Aldred is also a director of the Duke-Price Power Co. and the Pennsylvania Water & Power Co.

Ninth. The Henry L. Doherty interests, now actively pressing an application before the Federal Power Commission for the right of the American Super-Power Corporation to develop the International Rapids section of the St. Lawrence River for power, for private exploitation, have three representatives in the membership of the chamber of commerce, including W. Alton Jones, chairman of the executive committee of Henry L. Doherty & Co., as well as director of Cities Service and its subsidiaries; Arthur B. Leach, of A. B. Leach & Co., chairman of the executive committee of the American Super-Power Corporation, which is making the application; and J. M. McMillen, of the Henry L. Doherty and Cities Service Cos.

Tenth. Lewis E. Pierson, director of Electric Bond & Share Co. and the National Power & Light Co., discussed at considerable length by the Senator from Nebraska [Mr. NORRIS] on May 4 in his remarks on the attitude of the United States Chamber of Commerce toward Muscle Shoals, is a member.

Eleventh. Other important utility men in the list are: Frank L. Dame, president of the North American Co.; Philip G. Gossler, president of the Columbia Gas & Electric Corporation and its subsidiaries; E. T. Stotesbury, a J. P. Morgan director of the United Gas Improvement Co.; Albert A. Tilney, chairman of the board of Bankers Trust Co., who is also director of American Gas & Electric Co., Electric Power & Light Corporation, and National Power & Light Co.; and Louis H. Seagrave, director of Standard Gas & Electric Co., Standard Power & Light Corporation, and United States Electric Power Corporation; Charles A. Stone, chairman of the board of Stone & Webster, and many others.

Twelfth. Eastern railroads, whose opposition to the St. Lawrence navigation scheme is founded on the fear that it might affect their traffic, are represented by such executives

as W. W. Atterbury, president of the Pennsylvania; Albert J. County, vice president of the Pennsylvania; Patrick E. Crowley, former president of the New York Central; John M. Davis, president of the Delaware, Lackawanna & Western; Edward E. Loomis, president of the Lehigh Valley; Leonor F. Loree, president of the Delaware & Hudson; Roy Barton White, president of the Central Railroad of New Jersey; and Daniel Willard, president of the Baltimore & Ohio; as well as by Cornelius Vanderbilt, member of board of managers of the Delaware & Hudson Co. and director of Illinois Central.

Thirteenth. The roster of officers shows clearly the domination of the Chamber of Commerce of the State of New York by the financial interests of lower Manhattan. They include the president, who is James Brown of Brown Brothers, Harriman & Co.; director, among other corporations, of J. G. White Engineering Corporation and the Central Hanover Bank & Trust Co.

The vice presidents of the chamber are as follows: Charles M. Schwab, the Bethlehem Steel and the Chase National Bank; John D. Rockefeller, Jr.; Ernest Iselin, trustee of the Central Hanover Bank & Trust Co., and director of a large number of railroad and other corporations; P. A. S. Franklin, director of the National City Bank, the International Mercantile Marine, the Engineers Public Service Co., and numerous other corporations; Franklin Q. Brown, director of Harriman National Bank & Trust Co., J. G. White & Co., and numerous other corporations; Arthur Curtis James, probably the largest owner of railroads in the country, director of Phelps-Dodge Corporation, and trustee of the United States Trust Co.; Fred H. Ecker, president of the Metropolitan Life Insurance Co., and director of the Chase National Bank, and of numerous other corporations, including Consolidated Gas Co. of New York; James Speyer of Speyer & Co., director of the Bank of Manhattan, and numerous other corporations; William L. DeBost, director of the Metropolitan Life Insurance Co., and numerous other corporations; Patrick E. Crowley, referred to above; James S. McCulloh, president of the New York Telephone Co.; Jeremiah Milbank, director of the Chase National Bank, and of numerous other corporations.

Fourteenth. Altogether the officers of the chamber of commerce represent over 225 separate offices or directorships. Including the executive committee more than 350 corporate offices and directorships are accounted for.

Fifteenth. Junius S. Morgan, Jr., of J. P. Morgan & Co., quite fittingly holds the office of treasurer.

The hearings before the Committee on Banking and Currency show how extensively the influence of J. P. Morgan & Co. operates throughout the membership of the Chamber of Commerce of the State of New York.

Three of the vice presidents of the New York Chamber of Commerce were purchasers of the Alleghany stock distributed by J. P. Morgan & Co. at $20 a share when it was selling to the public at a price as high as $35 a share.

P. A. S. Franklin, Arthur Curtiss James, and Frederick H. Ecker were each allotted 1,000 shares at this "ground-floor price."

This meant a gratuity of $15,000 each to these three vice presidents of the Chamber of Commerce of the State of New York.

In addition, Junius S. Morgan, Jr., the treasurer of the organization, received 8,000 shares of the Alleghany stock, or a gratuity of $120,000.

Forty-seven members of the New York Chamber of Commerce received Alleghany and Standard Brands stock distributed by J. P. Morgan & Co. They were alloted 235,000 Alleghany shares and 211,620 Standard Brands shares. Thus, a gratuity of $5,130,760 was distributed by J. P. Morgan & Co. among the membership of the Chamber of Commerce of the State of New York.

This is the organization which is the head and front of the opposition to the St. Lawrence project. It is this little group of Wall Street bankers and public-utility officials which is resisting the policy of President Roosevelt's administration to develop the St. Lawrence for power and navigation, and which is appealing to Members of this body to betray party pledges by blocking and defeating the pending treaty.

J. P. Morgan & Co. has a direct interest in the defeat of the St. Lawrence treaty. This great banking house holds dominion over an empire composed of the chief trunk-line railroads and public-utility power corporations of the East. It has underwritten hundreds of millions of dollars in railroad and power securities.

The House of Morgan is pursuing the narrow, short-sighted, and selfish policy of bottling up the interior of the United States and preventing or retarding its development by seeking to continue the obstruction to navigation existing today in the undeveloped International Rapids section of the St. Lawrence River.

The development of this section of the river under the pending treaty is opposed by Morgan and allied interests (1) because it will break the transportation monopoly of the Morgan trunk-line roads running from Chicago to the seaboard; (2) because it will produce 1,100,000 horsepower, to be developed by a public agency, furnishing electricity at low rates, in competition with the Morgan-controlled power companies. This may explain why 13 of the partners of J. P. Morgan & Co. are participating as members of the Chamber of Commerce of the State of New York in its campaign to defeat the St. Lawrence treaty.

The people of the Middle West are in no mood today to tolerate this policy of obstruction. The House of Morgan with all its vast influence and wealth is not powerful enough to stand in the way of a public project that is vital to the development of this country. Forty-five million people cannot be cheated of their birthright and the forward movement in transportation and industry be sabotaged and then the people of the mid-continent be expected to submit to it forever.

There is another special interest which has a stake in the defeat of the St. Lawrence treaty—the Aluminum Co. of America, owned and controlled by the Mellon family.

During the hearings before the Foreign Relations Committee, the fact was developed that the Aluminum Co. is diverting 20,000 cubic second-feet of the waters of the St. Lawrence to its plant at Massena, N.Y., for the generation of hydroelectric power. The Aluminum Co. attempted to secure the right to divert one fourth of the entire American share of the flow of the St. Lawrence under the treaty, a right which was denied through the vigilance of the Power Authority of the State of New York.

The passage of the joint resolution which has already been voted by the House and the ratification of the pending treaty will extinguish the diversion which is today being exercised by the Aluminum Co. of America at Massena, N.Y. Every day that ratification is delayed the Aluminum Co. is enriched by the diversion of the waters of the St. Lawrence, for which it does not pay a dollar into the Federal Treasury.

It may be said in passing that the Aluminum Co., later in combination with the General Electric and the Du Pont interests, sought for more than a quarter of a century to obtain control of the water-power rights which are vested by the pending joint resolution, in perpetuity, in the people of the State of New York.

TREATY PROVIDES PROJECT OF INCOMPARABLE SERVICE TO LARGE POPULATION WITH ENORMOUS POTENTIAL TRAFFIC

Mr. President, no other inland waterway can compare with the Great Lakes-St. Lawrence project as regards either the population which will be served or the existing and potential traffic which will utilize this route. The area which will be directly benefited by the Great Lakes-St. Lawrence waterway has a population of 45,000,000, or more than one third of the total population of the United States. This area includes not only the richest agricultural sections of the entire country but some of the most highly developed industrial districts.

This great region is unique because it is the only section in all the world located a thousand miles from the sea which ever has been able to attain a high degree of civilization and industrial advancement.

It has reached this position partly because its exceptionally rich soil for many years provided a surplus of agricultural products so cheap that they could bear the burden of heavy transportation costs and still yield a profit to the producers. Today this entire section is languishing because its land-locked position makes it impossible for it to compete with the more newly developed agricultural districts in the Argentine and Australia which are able to transport their products in ocean-going ships.

The handicap of these Middle Western and Northwestern States would be even greater if it were not for the fact that they are able to utilize the natural waterways of the Great Lakes for at least a part of the distance over which their products must be transported to reach the primary markets. It is impossible to estimate the value of the Great Lakes system to the producers of this great inland empire. It has not only given them a direct water route by which they could reach some of the most populous sections of the United States at low transportation costs, but has exercised a constantly restraining influence upon railroad rates for domestic and export shipments.

TREATY PROVIDES FOR COMPLETION OF WORK IN PROGRESS FOR CENTURY

Among those who have not studied the waterways embraced within the Great Lakes system, there seems to be an idea that the Great Lakes-St. Lawrence deep waterway project contemplates a new and novel undertaking whose prospects and potentialities are entirely unknown.

The Great Lakes-St. Lawrence waterway has in fact been in process of development for more than a century. This is the hundredth anniversary of the opening of the first Welland Canal in 1833 which made it possible for boats and barges drawing less than 8 feet of water to surmount the theretofore unsurpassable barrier of Niagara Falls. For more than a century the Governments of the United States and Canada have been engaged in opening up this great natural waterway system to commerce and navigation. By slow degrees it has now been developed until it carries approximately 90 percent of all the commerce which moves over the inland waterways of the United States. Through the Soo Canals alone, which were opposed by the reactionaries of the last century, there now moves in normal years a commerce greater than that of the Panama and Suez Canals combined.

As a result of the cooperation of the United States and Canada, there has been available for more than a generation a channel with a minimum depth of 14 feet from the head of the Lakes to the Atlantic Ocean. But this has been accessible only to barges and small ships, and the commerce has consequently been greatly restricted. Nevertheless, the utilization even of this restricted waterway had steadily increased until in 1928 a total of 8,400,000 tons was recorded as passing through the 14-foot canals of the St. Lawrence, the shallowest and consequently the least used portion of the waterway as it stands today.

We have, therefore, an already developed waterway covering the 2,200 miles from Superior and Duluth to the Atlantic, upon which large sums have already been expended by the United States and Canada, and whose actual and potential traffic is well known. Today, as everyone who has studied the subject knows, there exists a 27-foot channel, capable of being navigated by all but the largest types of ocean freighters, which extends from Superior and Duluth on the west to Prescott and Ogdensburg, N.Y., on the east. All that remains to enable the 45,000,000 people in the area tributary to the Great Lakes to have effective access to the oceans of the world is the opening up of a similar 27-foot channel in the stretch of less than 100 miles extending from Ogdensburg, N.Y., to Montreal.

ONLY ONE BARRIER TO DEEP NAVIGATION BLOCKS MIDCONTINENT FROM SEA

The States of the Middle West have waited patiently for the removal of this last barrier which blocks their access to the Atlantic Ocean. They have seen the barriers which formerly existed in the rapids at Sault Ste. Marie removed by the development of a magnificent system of canals. They have seen the channels of the St. Clair and Detroit Rivers widened, and have witnessed the enormous development of traffic which has grown up as a result. They have watched with admiration while Canada surmounted the obstacle of Niagara Falls by building the new Welland Canal, with its system of locks by which vessels are raised from the level of Lake Ontario to that of Lake Erie, a height of 326 feet.

The last great barrier, consisting of the rapids that lie between Ogdensburg and Montreal, cannot be removed except by international cooperation. That is why the treaty which is now before the Senate has been negotiated. It provides a means by which the Governments of the United States and Canada can join in the completion of this great project, and by which they can also balance the accounts of the expenditures which each Nation has heretofore made separately in the furtherance of this common end.

COSTS OF PROJECT DIVIDED EVENLY BETWEEN UNITED STATES AND CANADA

The United States is a Nation of 120,000,000 people, while Canada has only about 10,000,000. The population in the area of the United States which will be directly benefited by the completion of the waterway comprises some 45,000,000 persons, while the corresponding Canadian area has a population of about 5,000,000. There are a dozen or more great industrial cities located on the Great Lakes within the United States, whereas Canada has only two. Finally, the expenditures already made by Canada in the furtherance of this joint undertaking are many times as great as those which have been made by the United States.

The treaty provides a division of the total costs of the entire waterway project between the United States and Canada on approximately a 50–50 basis, in which both countries are credited with the amounts already expended for works which will be utilized as a part of the completed waterway.

The joint board of engineers, representing the United States and Canada, estimates costs, past and future, of the entire waterway and power project at a total of $543,429,000. This covers the cost, past and future, of the entire waterway from Superior and Duluth to Montreal, and in addition the cost of developing 2,200,000 horsepower of electricity in the International Rapids section.

This is not a statement of the new funds that will be required. It is rather a balance sheet which was set up in order that both the United States and Canada may be credited with the expenditures which each has made on works which will become an integral part of the completed waterway. In this balance sheet Canada is credited with expenditures already made for the construction of the new Welland Canal, and the United States is credited with amounts expended in the improvement of the upper Lake channels.

NET COST TO FEDERAL TREASURY $168,000,000

To gain a clear understanding of the obligations which the United States will assume under the pending treaty, we begin by first setting down the United States' share of the cost of past and present works in the development of the waterway and power project, which is fixed at $272,453,000, or approximately one half of the total cost. From this must be deducted $14,461,000 for expenditures already made by the United States on works which will form a part of the waterways.

This leaves the sum of $257,992,000 as the aggregate of new funds to be provided from the United States. That is every dollar that it will cost the people of the United States to complete this project in new funds. But of this amount New York has already agreed to pay the cost of the power works to be constructed within her boundaries, of which she will receive the benefit. This is fixed in the joint resolution, which has passed the House and is now pending before the Senate, at $89,726,000; and if it had not been for the filibustering tactics of the senior Senator from New York [Mr. COPELAND], that joint resolution would now be on the statute books.

The net cost to the Federal Government to complete the entire waterway project will, therefore, be only $168,266,000 in new funds. This sum will be spread over a period of

years and cannot impose a large immediate drain upon the Federal Treasury.

In return for this expenditure there will be created a deep waterway, accessible to ocean-going vessels, without a parallel anywhere on the face of the globe. Although the entire length of the waterway from Duluth-Superior to Montreal will be 1,200 miles, ships will be able to steam at full speed over more than 99 percent of the entire distance of 2,200 miles from Duluth-Superior to the Atlantic. The total length of all the canals combined will be 55 miles. This may be compared with the 102 miles of the Suez Canal and the 50 miles of the Panama Canal. Through its 27-foot channels all but the largest types of ocean vessels will be able to reach every port on the Great Lakes and thus reduce transportation costs not only for the Lake States but all the States of the Middle West and Northwest.

ECONOMIC BENEFITS FROM ST. LAWRENCE PROJECT CONCEDED

I cannot at this late hour elaborate upon the economic gains that will result from completion of the St. Lawrence waterway.

The benefits that will accrue to the grain growers of the Mississippi Valley and the Northwest were conceded by every impartial witness who appeared before the committee. Every wheat farmer knows that the cost of transportation is a determining factor not only in the price which he receives for his product, but in his ability to dispose of his surplus.

The farm price is the Liverpool price less the cost of transportation. The ability to market surplus grains is absolutely determined by the price at which those grains can be laid down in primary markets in this country and abroad.

The American grain grower, with his more efficient and highly organized methods, can compete on fairly equal terms with the rest of the world so far as the bare costs of production are concerned. But he cannot pay the costs of transporting his grain a thousand miles or more all-rail or rail-and-water and compete with grain growers who have only a short haul to deep water.

The commission appointed by President Coolidge to study the entire St. Lawrence project reported, in 1926, that—

> With the completion of such a shipway as the St. Lawrence, the freight rates on grain to world markets would be substantially reduced, and as a consequence the price level of all grains in the Lakes transportation area would be increased accordingly. Much the same type of economic reaction would affect other commodities and industries. It has been estimated that the values in a single year to the farmers alone would equal the capital cost of the waterway.

DAIRY AND MANUFACTURING INDUSTRIES WILL SHARE BENEFITS WITH GRAIN FARMERS

The savings on grain would be only a small part of the total economic advantages to be derived from the waterway. Meat products of the United States are competing with the meat products of the Argentine and other countries for the European markets. They are now handicapped by the excessively high transportation cost which they must carry in reaching these markets. The same is true of the dairy products of my own State of Wisconsin, as well as those of northern New York and other States. They have the keenest possible competition from Denmark and other countries. If their products could be transported to the European markets by water without transshipment, they could compete effectively and relieve the American markets of the surpluses which have brought distress to all producers.

Advantages as great, if not greater, would accrue also to the manufacturers in the great cities in the basin of the Great Lakes. The hearings before the Senate Committee on Foreign Relations are filled with examples showing the savings that could be obtained from the shipment of automobiles, agricultural implements, and other machinery by this route. In the case of rubber and other raw materials not produced in the United States which must necessarily be imported the savings would be enormous.

BENEFITS TO NEW ENGLAND ESTABLISHED BY TRADE SURVEY

The advantages to the area directly tributary to the Great Lakes are so great that there is danger of overlooking the fact that benefits of almost equal importance would be secured by other sections of the country. The New England States, for example, created a special committee, including many of their leading business men, to study the effect of the St. Lawrence waterway upon that section. After an elaborate study they reported in 1928 that the waterway would be of unquestioned benefit to every New England State.

I have adverted to the results of that study. As I stated, the committees broke up into State units, and then, meeting in joint session, voted on every occasion unanimously that this project would prove of inestimable benefit to every one of the New England States.

To summarize their position:

They unanimously recommended that the project should be completed because it would mean:

First. Lower transportation costs on food supplies, hence a lower cost of living;

Second. Lower freight rates on many of the raw materials required by New England's industries; and

Third. Lower freight rates to many markets for New England's products.

PROJECT MEANS EXTENSION OF COASTWISE TRADE

Expert witnesses before the Committee on Foreign Relations testified that there was no reason why the ships which now carry such an enormous traffic between the Atlantic and the Pacific should not extend their routes to the Lake ports when the St. Lawrence waterway is opened. This would give them a greatly increased market for their own products and the trade which would develop would increase the prosperity of all.

But, it may be said, if such a traffic as is here forecast should develop, will it not add seriously to the difficulties of the railroads? It is true, of course, that during the present depression, the railroads have been suffering from a lack of freight tonnage. But it is equally true that, during years of normal traffic, our present railroad facilities are overburdened. Hardly a mile of new, main-line track has been built in the United States since the World War. It is probable that no new mileage will be added during the several years that must elapse before the St. Lawrence waterway is completed. By that time, with the normal growth of available tonnage the railroads will be swamped, unless alternative methods of transportation are developed.

RAILROADS OPPOSED TO PROJECT SEEK CANCELATION OF $350,000,000 DEBT TO TREASURY

The railroads are now bitterly protesting against every expenditure of public money for the development of waterways and highways. They have apparently forgotten the huge land grants and other subsidies which they received from the Federal Government, the States, the counties, and municipalties.

The railroads and allied banking interests are now before Congress, and have succeeded in passing, through this body, a bill which will result in the cancelation of the debt of $350,000,000 of excess earnings which the roads owe to the Federal Treasury under the terms of the Esch-Cummins law.

This gratuity to the railroads would be more than enough to pay the net cost to the Federal Treasury of two St. Lawrence waterways.

If the railroads are to continue their policy of attempted obstruction toward every waterway project, how can they expect those States which are interested in the development of this alternative method of transportation to assist them in the difficulties which they have encountered as a result of the depression and their own mismanagement?

MAJORITY OF NATION'S RAILROADS WILL BENEFIT FROM WATERWAY

The fact is that with the possible exception of three or four Morgan controlled trunk lines running between Chicago and New York City, the railroads of the country as a whole will suffer no competition from the waterway and most of them will increase their traffic and greatly improve their service as a direct result of its completion.

During the committee hearings letters were produced from the president of every railroad running west from the Lakes to the Pacific coast advocating the St. Lawrence waterway.

These letters were written prior to the fall of 1932, when the presidents of the western roads were induced by violent opposition of eastern railroad and banking interests to cease their active advocacy of the project.

There is no question about it, Mr. President; the facts are indisputable. Every president of every railroad operating west of the Great Lakes region had been actively in support of this treaty until it was negotiated, and it was generally known that both President Hoover and President Roosevelt were committed to its ratification. Then it was that the eastern railroads, in the executive association, put pressure upon the western railroads and forced them to withdraw their support of this project. I submit that their deliberate conclusion, arrived at after careful study of the project, is the one which should be given credence and not their position taken after they were put under pressure to recant.

On November 17, 1932, the president of the New York, New Haven & Hartford Railroad said in a speech at Boston (pp. 655 and 656, hearings):

While the St. Lawrence waterway will have no serious effect upon the revenues of New England's railroads, it is an unjustified expenditure of the taxpayers' money and another evidence of the tendency on the part of the Government to spend millions constructing artificial waterways which displace our existing transportation facilities.

Prior to the delivery of this speech and other attacks upon the waterway by eastern banking and railroad interests, the presidents of the western railroads advocated the project in letters on file with the Committee on Foreign Relations, from which I quote:

E. Pennington, president Minneapolis, St. Paul & Sault Ste. Marie Railway Co., October 28, 1920:

* * * as for the benefits to be derived if the St. Lawrence project were put through, I think it would be a great thing for the Northwest and Canada to shorten the rail haul. It would have the same beneficial effect on the Northwest as the Panama Canal has had on Pacific coast cities and Coast States. * * * Looking to the future of this great Northwest, which is not over half developed, the transportation lines that we have at the present time cannot handle the products of this country. * * *

C. T. Jaffrey, president Minneapolis, St. Paul & Sault Ste. Marie Railway Co., August 15, 1932:

* * * Personally, I feel the completion of this waterway will be of benefit to these Northwestern States, and anything that is of benefit to them must be of benefit to the railroads operating throughout the territory. * * *

H. E. Byram, president Chicago, Milwaukee & St. Paul Railway Co., July 12, 1932:

There is no doubt to the extent that vessels moving through the canal would carry grain and grain products from the Middle West, that there would be an advantage to the railroads serving lake ports in the release of their cars at such ports rather than on the Atlantic coast.

H. A. Scandrett, president Chicago, Milwaukee & St. Paul Railroad Co., July 2, 1929:

The movement in volume of export and import traffic from and to eastern termini of western railroads would unquestionably be of benefit to those railroads and the territory they serve.

Charles Donnelly, Northern Pacific Railway Co., May 15, 1925:

* * * The Northwestern railroads have always recognized the advantage of transportation via the Lakes in connection with the eastbound movement of grain, lumber, copper, and other products of their territory. The necessary breaking of bulk at the lake port permits prompt release and return of cars to loading points, and to the extent the lake route is utilized we have an independent railroad operation and thus escape the losses which often attend the delayed return of cars by connecting railroads.

F. W. Sargent, president Chicago & North Western Railroad, September 17, 1925:

* * * The Great Lakes-St. Lawrence waterway will help the Middle West. Anything that will help promote the prosperity of the inland empire lying between the Alleghenies and the Rockies will help the railroads and will be of inestimable value to the entire country.

October 27, 1926:

* * * A direct ocean route from this interior territory to trans-Atlantic markets would stimulate industrial and agricultural growth with resulting benefits to all classes of business, including that of railroad transportation in the region thus benefited.

Ralph Budd, president Great Northern Railway Co., December 7, 1920:

The benefits accruing to the middle and northwestern sections of the United States as a result of the Great Lakes-St. Lawrence tidewater project cannot help being apparent to anyone who has given the subject consideration.

The success with which lake-and-rail movement of ore and coal is carried on serves as a splendid illustration of what could be done in a larger way with the tidewater project carried out so that exporting could be carried on freely from this great middle and northwestern territory directly from the termini of the rail lines which serve the territory. * * *

W. G. Bierd, Chicago & Alton Railroad Co., August 2, 1923:

With our own American roads west of the Great Lakes, of what we generally term the "central western lines", there can be nothing to lose and everything to gain. We of the Central West would still have our eastern connections to handle all-rail commodities, but in times of congestion or times of shortage of equipment, we would also have the waterway, which of course can only mean a more profitable and prosperous condition.

But the completion of this deep waterway could only be advantageous to the central western roads, although I appreciate this is partly a selfish view, that we might prosper to the loss or detriment of certain eastern lines. However, if I believed this to be true, I would not advocate it; but, in the end, I do believe that the eastern roads will not suffer by such a water route; in other words, I view this largely as does Sir Henry Thornton.

PROJECT ESSENTIAL IF WE ARE TO COMPETE WITH OTHER NATIONS DEVELOPING THEIR WATERWAYS

The effect of the development of the St. Lawrence project upon the industries of the lake region and its necessity to enable us to compete with foreign nations was well stated by Governor Leslie, of Indiana, in an address at Chicago, January 13, 1932 (p. 756, hearings). He said:

The Calumet area is the industrial center of America. Indiana has some 40 miles of lake frontage on the southern end of Lake Michigan which reaches down into the heart of the richest area in the world. While the lake frontage is small, it is the most important harbor project on Lake Michigan. * * *

From the experience of others nations in the construction of ship canals there can be no reasonable doubt as to the advantages of the proposed canal nor as to the absolute necessity of it. England spent hundreds of millions of dollars to bring Manchester to the sea, and her greatness is largely due to her overseas commerce. Germany, through the Kiel Canal, and a network of waterways that connect her industrial centers with the sea, has conclusively demonstrated the vital importance of bringing the sea to her manufacturing centers in order to enable them to compete for the markets of the world.

This project brings seagoing ships to the center of industry, it reaches the richest agricultural region of the world, it brings the world markets a thousand miles closer to the sources of production, it cheapens the cost of transportation both domestic and foreign. Its immediate construction is of vital importance to the economic life of the greater part of our country and should be hastened with the greatest possible speed.

POWER PROJECT WILL BENEFIT CONSUMERS OF ENTIRE NATION

Under the pending treaty, direct advantages will accrue to the people of the Northeastern section of the United States from the development of the water power resources of the St. Lawrence through a public agency.

The St. Lawrence provides the greatest and most dependable source of cheap electricity within reach of a developed market anywhere in the world. Its development will not only prevent the continued migration of American industries to Canada in search of cheap power, but will have a profound influence upon the rates paid by private consumers for electricity throughout the United States. For more than a quarter of a century the private utilities, now dominated by the Morgan group, have sought to secure control of this incomparable natural resource. They can succeed only if the treaty and the joint resolution, which are now pending before the Senate, are defeated.

Mr. President, the development of this water power will be adjacent to one of the greatest industrial sections of the world. There is no question about the market for this stupendous block of power. The market is there. It does not have to be developed. It is waiting to take every kilowatt of electricity which will be produced by this project.

At Muscle Shoals, at Boulder Dam, and at many other places where public power is proposed to be generated, the markets have to be developed, but within transmission distance of the international rapids section of the Great Lakes-St. Lawrence waterway development the market for the elec-

tricity, both industrial and domestic, is waiting and anxious to take every kilowatt of electricity produced.

APPEAL TO SECTIONALISM INVOKED AGAINST THE TREATY

It is clear from statements which have already been made on the floor of the Senate that an appeal to sectionalism is relied upon to defeat the pending treaty.

The Senator from New York [Mr. COPELAND] has stated he is opposed to the treaty because he believes it would injure the ports of New York. The Senator from Louisiana [Mr. LONG] has denounced the Great Lakes-St. Lawrence waterway on the ground that it would be prejudicial to the interests of the port of New Orleans and to other Gulf ports. Others have contended that the development of this project would be inimical to the Lakes-to-the-Gulf waterway. An appeal has also been made to Senators from States bordering on the Atlantic coast, the Gulf of Mexico, and the Pacific coast on the ground that the opening up of the waterway from the Great Lakes to the Atlantic would in some way be injurious to the seaports in those States.

This note of sectionalism which has been injected into the debates by the opponents of the treaty appears to me most unfortunate.

Heretofore, when proposals were under consideration for the development of our inland waterways, we have had to contend against the powerful railroad interests inimical to the development of this form of transportation. But we have not been faced with attempts on the part of Senators to create opposition to the development of inland waterways on grounds of sectional prejudice. All those who have believed in the development of our waterways as an alternative means of transportation have stood together in securing the development of the Ohio River, the Mississippi River, the Missouri River, the Lakes-to-the-Gulf waterway, the intracoastal canals, the Panama Canal, the harbors on the Atlantic, Pacific, and Gulf coasts, and a score of other projects. We have not asked whether they would immediately hurt our own particular States and sections, but have given them our whole-hearted support in the conviction that whatever will benefit the trade of the country as a whole must inevitably redound to the prosperity of every section.

CONGRESS HAS SUPPORTED OTHER PROJECTS, REGARDLESS OF SECTIONALISM

I find by consulting the last Annual Report of the Chief of Engineers of the United States Army that up to June 30, 1932, the Federal Government has appropriated for seacoast harbors and channels $633,700,138, for the Mississippi River system $455,523,607, and for intracoastal canals and other waterways $115,591,825. In addition we have appropriated for flood control on the Mississippi River and its tributaries $309,348,351, making a total expenditure for the Mississippi system of three quarters of a billion dollars.

When the project for flood control on the Mississippi River was under consideration I was a member of the Committee on Commerce. The question came up as to whether or not the administration's proposal that the States must furnish the cost of the rights of way for those projects for flood control should prevail, it so happened that I cast the deciding vote in that committee to make the Federal Government bear the entire cost of furnishing the rights of way and the easements for those projects. I recite this history merely to acquit myself of ever having taken a narrow, a selfish, or a sectional attitude in relation to the question of the development of our common country.

The total appropriations up to June 30, 1932, for all harbors and channels in the entire Great Lakes system amounted to $204,466,629. This is roughly only 16 percent of our total appropriations for inland waterways, exclusive of seacoast harbors and channels, although 90 percent of our total domestic commerce moves on the Great Lakes.

I wish also to insert at this point a statement from the hearings before the subcommittee of the Committee on Foreign Relations on the St. Lawrence waterway (p. 529) showing the amount of Government expenditures up to June 30, 1931, in the development of certain ports which are now being used as centers of propaganda against the development of the Great Lakes-Atlantic Ocean waterway.

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). Without objection, the statement will be printed in the RECORD.

The statement referred to is as follows:

Statement showing Government expenditures in selected harbors and channels up to June 30, 1931

New York		$58,393,978
Ambrose Channel	$5,637,458	
New York and New Jersey Channel	12,804,800	
Hudson River in New York Harbor	4,250,940	
Bay Ridge and Red Hook Channels	5,790,042	
East River	27,179,624	
Harlem River	2,731,114	
Philadelphia, 101 miles inland		52,807,596
Baltimore, 158 miles inland		13,633,490
New Orleans, 110 miles inland		35,629,705
Houston, 50 miles inland		16,139,653
Portland, 113 miles inland		11,483,591
Total, six seacoast ports		188,088,013
Hudson River up to Waterford (includes Ten Eyck's estimate of $11,200,000 for bringing ocean ships 150 miles up to Albany)		18,265,494
Buffalo		8,688,671
Total		215,043,178

Mr. LA FOLLETTE. In all, the Federal Government has appropriated for river and harbor work and flood control a grand total of $1,939,777,076.

Mr. President, does anyone believe that these vast appropriations, which have been essential to the development of our foreign and domestic commerce, would have been made if every project had been confronted with the prejudice of all other sections which would not be helped and might remotely be injured by the development in question?

Does anyone believe that the Panama Canal, which is necessary for our commerce and vital to our national defense, would ever have been constructed if those States which could see no direct benefit to themselves in the project had banded together, formed a battalion of death, and resorted to a determined filibuster to thwart its consideration?

Does anyone believe that three quarters of a billion dollars would have been expended for the improvement of the Mississippi and its tributaries if it had been anticipated that Senators from States which received these benefits would now oppose the completion of another great inland waterway that promises a measure of equality to another section?

SECTIONALISM DOOMS ALL FUTURE WATERWAY DEVELOPMENT

On the contrary, it is clear that our rivers and harbors would still be in a primitive condition and our foreign and domestic commerce would be undeveloped if such a spirit of sectionalism had prevailed in this Chamber in the past.

It must be evident to everyone who is interested in the development of our waterways and the provision of adequate facilities for our foreign and domestic commerce, that the growth of such a spirit must inevitably doom all such undertakings. If one or more sections of the country are to assume a dog-in-the-manger attitude toward projects which they believe will not be directly beneficial to themselves, they should understand that retaliation is inevitable. They cannot band themselves together to deprive the States interested in the development of the St. Lawrence waterway of the advantages of this outlet to the oceans and ports of the world and expect the Senators from those States to continue to support the projects in which the opponents of the St. Lawrence Waterway Treaty are interested.

The spirit of sectionalism, once invoked effectively in this Chamber, will defeat every useful and necessary waterway project that may be proposed hereafter.

The banking interests and the railroads and utilities they control are quick to seize upon such opportunities to play off one section against another. They have already opposed the developments at Muscle Shoals and Boulder Dam and on the lower Mississippi, taking advantage of the spirit of sectionalism.

MID-CONTINENT SEEKS PARITY, NOT SPECIAL ADVANTAGE

The completion of the St. Lawrence project does not present a case of expending Federal funds to give exclusively to one section an advantage over other sections. This project gives to the Northeast the benefits of a power development larger than Muscle Shoals and Boulder Dam combined. It provides that the last remaining obstacle in a great natural waterway shall be removed to give the interior of the continent an approach to the advantages now enjoyed by cities on the coast. Thus, the mid-continent is seeking parity, not special advantages at the expense of other sections.

Denial of this equality cannot be defended except on the theory that hereafter New York should seek to hold back the development of ports like Boston, Baltimore, and Philadelphia, and the people of the Middle West, who have paid their share of the taxes for all these developments, should oppose every future expenditure for harbor improvements, deepening of channels, and flood control. Such a policy would mean the end of the economic development of the United States.

The true doctrine upon which we must proceed if we are to serve the national interest has been ably expressed by the governor of a southern State, commenting directly upon the St. Lawrence project.

I quote from Governor McLeod of South Carolina, at page 719 of the hearings, as follows:

> Anything that improves the condition of from forty to fifty million people of the United States will create markets for South Carolina's textiles, plywood, tobacco, and other products of the State. Also, the port of Charleston, with great Government-built wartime terminals and warehouses, uncongested, ice-free, with good ship connections to the world, and only about the same distance from Chicago as New York, can accommodate those few rush shipments during the period of closed navigation on the Lakes, over uncongested lines. * * * The opening of the Middle West to ocean ships may lose some tonnage for South Carolina ports, but the increased prosperity of the Great Lakes area will create new business for the State as a whole.

Mr. President, I appeal to my colleagues in the Senate to reject all arguments against the St. Lawrence waterway, which are based upon appeals to sectional advantage, and to view the question from a broad, national standpoint.

PROJECT IS VITAL PART OF PUBLIC-WORKS PROGRAM

It has taken more than 10 years for the two Governments to arrive at the terms of the pending treaty. If it should now be rejected, or if its ratification here or in Canada should be unduly delayed, another decade might elapse before another understanding could be effected.

One of the most pressing reasons for immediate action is that this great project is a vital part of the national public-works program. It should be built now when millions of men are out of work and when the materials required for its construction can be purchased advantageously. The basic engineering plans for its construction have been worked out after years of study and investigation.

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

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

Mr. LA FOLLETTE. I yield, but I am anxious to conclude.

Mr. LONG. I just do not want the Senator to be living in a fool's paradise. Practically all this work is to be done in Canada.

Mr. LA FOLLETTE. That is just another matter as to which the Senator is mistaken; there is nothing in the hearings to justify the statement.

Mr. LONG. I did not know but that the Senator may have been talking about the Canadian public-works program.

Mr. LA FOLLETTE. There is nothing in the hearings or in the treaty to justify the Senator's statement that a great portion of the money is going to be expended in Canada.

Mr. LONG. About 90 percent of it is going to be expended in Canada, according to the figures I have here.

Mr. LA FOLLETTE. The Senator's figures are wrong, like many of his other figures.

Mr. LONG. The figures show that from 80 to 90 percent of it is to be expended in Canada, and that from 80 to 90 percent of the money expended is to be American money.

Mr. LA FOLLETTE. Those figures are not in conformity with the record, they are not in conformity with the testimony of the Army engineers nor of any other reliable statements that I know about in the more than a thousand pages of testimony.

Thousands of men can be put to work within the near future and the materials required for the dams, locks, and other works will stimulate the chief of our basic industries.

If we do not ratify this treaty at the present session, the western farmers and manufacturers will have their hopes for cheap water rates once more deferred; the people of the Northeast will be deprived of a million horsepower of cheap electricity, and the unemployed, who might be given work by this great undertaking, will continue to walk the streets.

It is now almost a year since the treaty between the United States and Canada was signed. The Committee on Foreign Relations has conducted an investigation at which both the opponents and the supporters of the waterway were heard at great length. That committee, in both the last and the present session, has favorably reported the treaty to the Senate, on both occasions with only 2 dissenting votes. Representatives of the State of New York and the Federal Government have amicably agreed upon an equitable division of the cost of the works for navigation and power. A joint resolution, embodying that agreement and effectively safeguarding the public interest in the power development, has passed the House of Representatives and is now pending in the Senate.

Every official body of the United States Government and the Dominion of Canada that has ever investigated the question of creating the waterway and developing the power resources of the St. Lawrence, has reported in favor of the undertaking.

It has received the whole-hearted endorsement of every President of the United States who has been in office since the project reached the stage of official consideration.

President Harding, in his message transmitting to Congress the favorable report of the International Joint Commission, said:

> I have spoken of the advantage which Europe enjoys because of its access to the sea, the cheapest and surest transportation facility. In our own country is presented one of the world's most attractive opportunities for extension of the seaways many hundred miles inland. The heart of the continent, with its vast resources in both agriculture and industry, would be brought in communication with all the ocean routes by the execution of the St. Lawrence waterway project. To enable ocean-going vessels to have access to all the ports of the Great Lakes would have a most stimulating effect upon the industrial life of the continent's interior.
>
> The feasibility of the project is unquestioned and its cost, compared with some other great engineering works, would be small. Disorganized and prostrate, the nations of central Europe are even now setting their hands to the development of a great continental waterway which, connecting the Rhine and Danube, will bring water transportation from the Black to the North Sea, from the Mediterranean to the Baltic. If nationalistic prejudices and economic difficulties can be overcome by Europe, they certainly should not be formidable obstacles to an achievement less expensive and giving promise of greater advantages to the peoples of North America.

President Coolidge in his message to Congress at the opening of the session of December 1923, called attention to the needed improvement of the waterways from the Great Lakes to the Gulf of Mexico and to the development of the power and navigation possibilities of the St. Lawrence River for which "efforts are now being made to secure the necessary treaty with Canada."

Continuing his message, President Coolidge said:

> These projects cannot all be undertaken at once, but all should have the immediate consideration of Congress and be adopted as fast as plans can be matured and the necessary funds become available. This is not incompatible with economy, for their nature does not require so much a public expenditure as a capital investment which will be reproductive, as evinced by the marked increase in revenue from the Panama Canal. Upon these projects depend much future industrial and agricultural progress. They represent the protection of large areas from flood, and cheap freight by use of navigation, chief of which is the bringing of ocean-going ships to the Great Lakes.

President Hoover, in announcing the signing of the treaty, which is now before the Senate, said:

The signing of the Great Lakes-St. Lawrence Waterway Treaty marks another step forward in this, the greatest internal improvement yet undertaken on the North American Continent. The treaty must yet be ratified by the legislative bodies of the two Governments and is not effective unless this is done. * * *

Its completion will have a profoundly favorable effect upon the development of agriculture and industry throughout the Midwest. The large by-product of power will benefit the Northeast. These benefits are mutual with the great Dominion to the north.

The waterway will probably require 10 years for completion, during which time normal growth in traffic in the Nation will far more than compensate for any diversions from American railways and other American port facilities. The economic gains from improved transportation have always benefited the whole people. * * *

The project is of first importance to the whole continent. The many and extremely complex engineering, legal, commercial, and international problems have been worked out by the representatives of both countries in a spirit of cooperation of which all North America can be justly proud.

Recently, Mr. President, in company with the junior Senator from Michigan, the junior Senator from Wisconsin, the Senator from Minnesota, and Members of the House of Representatives, we called upon President Roosevelt and urged upon him the importance of the ratification of this treaty at the present session of Congress, and also the advisability of that action being taken in order that this project might be included in the public-works program. He stated to us that he had not changed his position upon the treaty one iota, and that he hoped and expected to see it ratified at this session of Congress.

TREATY SHOULD BE RATIFIED AT PRESENT SESSION

There is no reason why the completion of the Great Lakes-St. Lawrence waterway should be longer delayed. The treaty should be ratified at the present session of the Senate, so that the construction of the waterway and the power plants may be made a part of the administration's public-works program.

Mr. President, we have waited patiently during all these years for an opportunity for the consummation of this project. We feel that we are entitled to a fair consideration of this treaty upon its merits, and I may say, Mr. President, that we feel we are entitled to that consideration at this session of Congress.

On behalf of the 45,000,000 people who will be benefited by the completion of this waterway from the Great Lakes to the Atlantic Ocean and in the interest of the 15,000,000 people of the Northeast who live in the zone within which the St. Lawrence power may be economically distributed, I appeal to Senators to lay aside all sectional prejudices and to consider the inestimable value of this undertaking to the entire Nation. Let us take up this treaty at the first opportunity and debate it at such length as may be necessary to establish the facts and clear up any points of misunderstanding; but let us, before this session adjourns, dispose of this matter for all time. I wish to say, Mr. President, that in every possible way I am going to insist upon a fair consideration of this treaty and a vote upon it at this session of Congress.

Mr. LONG obtained the floor.

Mr. COPELAND. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield to the Senator from New York.

Mr. COPELAND. Mr. President, I ask that there may be inserted in the body of the RECORD at this point a letter received by me today from the Rochester (N.Y.) Chamber of Commerce, attached to which is the report of the Port of Rochester Committee. This is a very broad-minded and generous statement of the issue involved in the debate of this day relating to the proposed St. Lawrence deep waterway.

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

THE ROCHESTER CHAMBER OF COMMERCE,
Rochester, N.Y., May 26, 1933.

Hon. ROYAL S. COPELAND,
Senate Office Building, Washington, D.C.

DEAR SENATOR COPELAND: The board of trustees of the Rochester Chamber of Commerce at its meeting this week unanimously adopted the following resolution:

"That the Senate of the United States be requested to delay the adoption of the St. Lawrence Treaty until an impartial survey can be made by the Board of Rivers and Harbors engineers of the traffic which the United States may reasonably expect to move via the St. Lawrence route, to show the savings and benefits, as well as disadvantages, to the United States therefrom; that the Board determine definitely the annual costs of operation and maintenance and the possibility of making the project self-liquidating within a reasonable period of years; also study of such other factors as are essential to the determination of the wisdom of undertaking this development under the present economic conditions and trends."

This action is based upon a comprehensive study of and report on the St. Lawrence project by our port of Rochester committee. This intensive fact-finding study was made by a special group of men eminently qualified from their experience in the transportation, harbors, waterways, and engineering fields to deal with a subject of this character. The complete report, approximately 100 pages in length, deals with the economic phases of the St. Lawrence waterway and power-development project. (See statement and conclusions attached.)

The conclusions reached in this exhaustive study, as approved by our board of trustees, are as follows:

"Our study of the St. Lawrence waterway and power project leads to the conclusion that deepening of the St. Lawrence River for improvement of navigation and the development of its power resources will in all probability ultimately follow in the future when it can be economically justified. There are, however, no compelling circumstances under present conditions which demand haste in prosecuting this great undertaking.

"While the studies of the United States engineers confirm the feasibility and practicability of developing the St. Lawrence for navigation and power, the independently made economic surveys of the early post-war periods were insufficient and did not afford adequate grounds for economic justification of the project. This lack of data on which to base conclusions favoring the project is now greatly emphasized by subsequent world-wide economic changes and the present trends. Such surveys now afford little proof of additional utilization of the St. Lawrence waterway nor market for the water power sufficient to warrant the proposed improvement, from the standpoint of the interests of the United States.

"The project during the period of construction and for many years thereafter cannot be carried on except at public expense borne by the taxpayer. There is no assurance of the project's becoming self-liquidating. There is undisputed evidence that the power plants will require years to become self-supporting, unless a large-scale industrial development takes place within the region of profitable distribution of the power, of which there is now no assurance. It is a known fact that there is at present considerable idle and reserve power capacity in New York and New England.

"It is also a fact that for every ton of freight transported over the waterway the taxpayer will contribute in overhead costs, for the benefit of shippers, an amount equal to $1 to $4 per ton, depending upon the particular estimate of tonnage which may be realized.

"There are indications that Canada may receive greater benefit from the improved waterway than the United States. The bulk of the tonnage is shown to be Canadian preferred grain, including that portion of Canadian grain traffic which has heretofore moved via the Buffalo-port of New York route. Any agreement obligating the United States to develop the St. Lawrence should take into consideration not only the preferential and adverse tariff restrictions operating against commerce and shipping of the United States and Canada but the possibility of flooding the Great Lakes area with highly competitive imports brought in at low cost by foreign-operated steamships, to the great disadvantage of United States and Canada whose shipping, industrial and labor conditions are on a much higher plane than those of many foreign competitors.

"There is every reason to believe that the additional traffic that will result from the improved St. Lawrence will be made up largely from tonnage diverted from existing routes, and that United States rail, canal, and lake carriers and Atlantic ports will adopt every possible measure to preserve their share of the available traffic. This competition is a factor which will have a bearing on the ultimate traffic for the deepened St. Lawrence route.

"The marked disagreement among authorities as to the extent which ocean shipping can economically utilize the improved St. Lawrence serves to emphasize the fact that a 27-foot channel would make Montreal a tidewater port accessible to lake shipping to the disadvantage of the port of New York and other United States ports.

"There are ample grounds for requiring the expense of the project to be borne by the interests directly benefiting from the facilities which it provides. The international shipping characteristics of the new seaway would justify the application of reasonable tolls, the same as applies to all shipping through the Panama or Suez Canals. Obviously foreign shipping of countries other than Canada docking in the heart of the continent should contribute something toward the expense of providing and maintaining the waterway.

"It is our opinion that the economic merits and justification of the large expenditure involved in the St. Lawrence waterway and power development have not been fully determined by the International Joint Commission and the boards of engineers, and that the economic justification of the project rests wholly upon the studies made by proponents 6 to 13 years ago, under conditions

materially different from those which now confront the United States or are likely to prevail during the next decade. We adhere to the principle that under the existing stringency all expenditures for public works should be based upon reasonable assurance of their being self-liquidating. We believe that there should be a complete, up-to-date, impartial appraisal of the economic considerations involved in the project, from the standpoint of the United States, before the Great Lakes-St. Lawrence Deep Waterway Treaty is approved by the Senate."

It is strikingly apparent from a careful review of the reports and data on the St. Lawrence project that the economic factors which justify an undertaking of this magnitude have received wholly inadequate consideration, and particularly so in light of changed conditions.

Our officers and trustees therefore urge that you continue to exert every possible influence to secure a delay in the adoption of the St. Lawrence Treaty, and that you make an earnest attempt to bring about an impartial, up-to-date survey by the Board of Rivers and Harbors Engineers of the economic justification of the St. Lawrence project under the existing conditions.

Yours very truly,

RICHARD R. WOODWARD,
Executive Vice President.

MEMORANDUM TO THE OFFICERS AND TRUSTEES

MAY 4, 1933.

The Port of Rochester Committee submits the attached report on the St. Lawrence waterway and power project. The committee unanimously approves the conclusions and recommendations of its special committee which has given several months' study to the important reports and data on the subject, including the reports of the New York State Power Authority and the St. Lawrence Power Development Commission of the State of New York. This special committee is: Frank H. Macy, chairman; John Handy; Roland O. Roberts; Fred'k. W. Burton, secretary.

The committee's conclusions are presented on pages 13 and 14, inclusive, of the report. The committee recommends that the chamber be placed on record as follows:

"That the Senate of the United States be requested to delay the adoption of the St. Lawrence Treaty until an impartial survey can be made by the Board of Rivers and Harbors Engineers of the traffic which the United States may reasonably expect to move via the St. Lawrence route, to show the savings and benefits, as well as disadvantages, to the United States therefrom; that the board determine definitely the annual costs of operation and maintenance and the possibility of making the project self-liquidating within a reasonable period of years; also study of such other factors as are essential to the determination of the wisdom of undertaking this development under the present economic conditions and trends."

Accompanying the report and conclusions are appendices identified as follows:

A. History of the St. Lawrence project.

B. The Great Lakes-St. Lawrence Deep Waterway Treaty.

C. Description of the project and the principal provisions of the report of the joint board of engineers, April 9, 1932, upon which the St. Lawrence Treaty is based.

D. Political and public viewpoints in the United States.

E. What proponents say in support of the St. Lawrence waterway project.

F. What the opponents say against the St. Lawrence waterway project.

G. Distances—comparative distances lake ports to Liverpool.

H. Analysis of Great Lakes traffic.

I. The interest of New York State in the power development of the St. Lawrence.

Respectfully submitted.

PORT OF ROCHESTER COMMITTEE,
ARTHUR S. BLANCHARD, *Chairman.*
FRED'K. W. BURTON, *Secretary.*

THE ST. LAWRENCE WATERWAY

REPORT OF SPECIAL COMMITTEE OF THE PORT OF ROCHESTER COMMITTEE

After many years of discussion of the matter of providing a deep-draft ship channel from the Great Lakes to the Atlantic Ocean, the diplomatic representatives of the United States and the Dominion of Canada on July 18, 1932, signed a treaty, the purpose of which is to "ensure the completion of the St. Lawrence waterway project." The matter of the ratification of this treaty is now before the Senate of the United States. If ratified by the Senate, the treaty will then be considered by the Canadian Parliament.

The agitation for this development originated largely in the western States immediately following the World War. The three principal arguments then advanced in favor of the project were that it is necessary for the relief from railroad congestion; that it would reduce freight rates and afford much-needed relief for the interior States; and that it would make possible the development of great power resources in the interest of New York and New England States.

A brief history of the St. Lawrence project is given in appendix A. A summary of the "Great Lakes-St. Lawrence Waterway Treaty" is set forth in Appendix B. A description of the St. Lawrence project and the principal provisions of the reports of the Joint Board of Engineers, on which the treaty is based, are outlined in appendix C. The Board of Engineers declares that the construction of the navigation and power works would require 7 to 10 years.

No subject could be more controversial than the St. Lawrence project from the standpoint of its economic justification, and effect upon the various sections of the country. Among numerous outstanding authorities will be found those who favor and those who oppose the project. Unquestionably in the Western States much of the support of the project comes from the highly organized campaign of propaganda carried on by the Great Lakes-St. Lawrence Tidewater Association, sometimes called the Council of States, and from political sources. (See Appendix D.) The arguments and conclusions relied upon by the leading proponents and opponents in their case for and against the project are summarized in appendices E and F.

Your committee is satisfied that if the project is basically and economically sound the findings of the joint engineering board upon which the treaty is based represent the best practical solution of the physical problem of developing the St. Lawrence for navigation and water power. These findings represent many years of study on the part of various engineering bodies, both governmental and private.

It is, therefore, in its broader aspects that your committee undertakes to outline a basis for a course of action with respect to the treaty as drawn, in the interest of Rochester, the State of New York, and the Nation at large.

Many of the controversial points that have been raised by local and interested parties have been given consideration by the representatives of the two nations, and they are no longer considered pertinent to the discussion. Among the more important of such items is the question as to whether a Great Lakes-ocean waterway should follow an all-American route and the adaptability of the project to shipping which is designed for ocean service. The findings of the International Joint Commission and the St. Lawrence Commission indicate that no merit should be given to objections on these scores.

There are two essential aspects of this problem: The development of water power and the improvement of navigation. Were the demand for power sufficiently urgent and if developed, it would devolve upon the promoters of the power to provide navigation facilities past the dams or through the canals they might construct and the expense of providing an ample waterway would be but nominal. On the other hand, the most economical method of providing the navigation facilities alone would prevent the most advantageous use of the potential power of the river. It is, therefore, incumbent upon these two interests to work in harmony for the ends they seek.

As suggested above, we believe that the physical elements of the problem have been adequately studied and a plan prepared which will meet the demands of maximum efficiency and economy. It is now up to the sound and sober judgment of the people of the two countries to determine whether they should embark upon the enterprise. The question must be answered by determining the country's need of the improvement and if it is necessary, whether it will justify the expense. There is little doubt of the ability of the two countries to finance the project if it is determined to be essential and a good business proposition at this time.

The most optimistic estimate which has been presented to the governmental authorities has indicated that some 30,000,000 tons of traffic would be available annually for the waterway, a study made by A. H. Ritter in 1925 for the Great Lakes-St. Lawrence Tidewater Association. A second survey is that made by the Transportation Division of the United States Department of Commerce in 1927 which provides an estimate of 19,000,000 to 24,000,000 long tons. The present 14-foot draft St. Lawrence River canals handled the past 7 years an average of 6,725,237 tons per year. It would seem reasonable to assume, therefore, that the tonnage offered for the new canal would be somewhere between seven and thirty million tons per year.

When the project was first broached, over 13 years ago, it was estimated that the annual saving in handling grain alone would finance the cost. Since that time and in the immediate past few years factors have been working which have upset this argument. The United States is confronted with the closing of foreign markets to its products in general by high tariff walls and trade agreements such as Britain and her dominion and colonial provinces effected during the past year.

There is ample evidence that Canada will derive greater benefit from the improved waterway than the United States. In 1928 the St. Lawrence River canals moved 8,500,000 tons, 78 percent of which was eastbound traffic. Of this total, 72.5 percent originated in Canada and 27.5 percent in the United States. Of this movement, 5,350,000 tons consisted of grain, of which 75.5 percent—or 178,573,032 bushels—was Canadian grain. This grain constituted over 80 percent of the total eastbound tonnage. A considerable amount of Canadian grain has heretofore moved through Buffalo via the barge canal to New York or via rail to other United States ports for export. An interesting study of the origin of the grain which reaches the eastern Lake Erie ports is shown by official data from Transportation on the Great Lakes—1930, which appears in appendix H.

It is evident that the bulk of the tonnage to move over the improved St. Lawrence will be Canadian grain. With the continuance of the 6-cent per bushel preferential on Canadian grain the exportation of United States grain to Europe will be further diminished. On November 15, 1932, the British Parliament adopted a tariff law placing a duty of 2 shillings per quarter (6 cents per bushel at par) on wheat except of Canadian origin. The British customs authorities followed with a ruling that Cana-

dian wheat must move on through consignment from a point in Canada to a point in the United Kingdom in order to be admitted duty free. As a result the movement of Canadian grain through Canadian ports has been greatly augmented by the diversion of Canadian wheat from the Buffalo port of New York route, and other United States routes. Canada's new shipping bill would also prohibit grain from being carried in United States vessels from Canadian head of the Lakes ports to Buffalo and reshipped from there to world markets by way of a Canadian port. Consequently there has been a decided shrinkage in storage of Canadian grain at Buffalo.

A study of the commodity movements on the Great Lakes would indicate that the main hope for any large use of the St. Lawrence waterway would be in the transportation of grain. What the effect of the development of large blocks of comparatively cheap electric power on the St. Lawrence would have upon shifting of industrial centers so as to attract the movement of other basic commodities such as ore, coal, chemicals, as well as manufactured commodities is problematical. There is reason to believe, from the standpoint of United States, that any additional freight movement via the St. Lawrence, which may be made possible by its deepening, will be largely traffic which would be diverted from existing routes. In fact, United States ports from Portland, Maine, to Galveston, Tex., appear concerned over the threat of diversion of traffic of interior States from their respective ports.

THE COST OF THE PROJECT

The report of the Joint Engineering Board, upon the basis of which the treaty was drafted, gives the following data regarding construction costs:

Canadian section: Montreal to Cornwall	$82,954,000
International power section:	
Works for navigation alone	34,188,000
Works for power alone	132,452,000
Works for navigation and power	108,102,000
Thousand Islands section	1,233,000
	358,929,000
To which is added:	
Welland Canal	128,000,000
Channel and regulation works upper Lakes	56,500,000
	543,429,000
Of this amount Canada is to be charged with the following amounts:	
Canadian section	82,954,000
International Rapids section	59,250,000
Thousand Islands section	772,000
Welland Canal	128,000,000
	270,976,000
The United States is to be charged:	
International Rapids section	215,492,000
Thousand Islands section	461,000
Channels and regulation upper Lakes	56,500,000
	272,453,000

Considering the allowance for work already done, Canada having completed the Welland and the United States having done some deepening of channels the outlay of new funds for the United States will be $257,992,000 and Canada $142,976,000. From these costs, the engineers emphasize, should be deducted the realizations from water power.

The International Joint Commission in 1922 estimated the annual operating and maintenance costs at $2,562,000, of which $1,105,000 was chargeable to navigation and $1,457,000 to power. The entire works between Montreal and Lake Ontario was estimated to cost a total of $252,000,000.

Herbert Hoover, as chairman of the St. Lawrence Commission, in his report to President Calvin Coolidge December 27, 1926, stated:

"It is estimated that maintenance plus interest at 4½ percent on the all-American route would be $36,000,000 per annum, upon the Ontario-Hudson route $28,700,000, upon this plan of development of the St. Lawrence route, say, $10,000,000 after deduction of power returns from power actually developed as above." These charges applied to the estimated annual medial tonnages is as follows:

	Per ton
All-American	$2.06
Lake Ontario-Hudson	1.64
St. Lawrence	.43

It is clear that the annual total cost for maintenance, operation, and interest costs will greatly exceed those earlier estimates. The cost of the entire project has been placed at $543,429,000. To spread this cost over a 40-year period at 3½ percent would require an annual payment of approximately $19,000,000 for fixed charges. To this would be added a fair estimate of $3,000,000 for cost of maintenance and operation, a total of $22,000,000. If the deepened St. Lawrence doubled its present tonnage and reached a total of 15,000,000 tons annually, this annual cost would approximate $1.50 per ton. If it reached 30,000,000 tons, the maximum estimate of the cost would be about 75 cents per ton.

On the other hand, Dr. Harold G. Moulton, of the Brookings Institution, estimates the total cost of the proposed improvement as $999,000,000. The annual cost of the navigation project to the people of the United States and Canada is shown to be approximately $40,000,000 under his estimate. His study of traffic produces a total of 10,500,000 tons annually. Carrying this to a conclusion, Dr. Moulton places the amount to be paid out of the national treasuries of the two countries at about $3.50 a ton. This he maintains is what the taxpayers are to contribute for the benefit of the shippers who use the route.

He further shows that since grain will constitute 60 percent of the total traffic, the overhead charges are equivalent to 11 cents a bushel on wheat and rye, the principal items of grain traffic. Obviously no tolls could be assessed if the costs per ton approach Dr. Moulton's estimate and allow traffic to move via the waterway. As he states, the inclusive costs to the taxpayers and the shippers would be much greater than the present transportation charges.

Other noted engineers, such as Hugh L. Cooper and E. P. Goodrich, have estimated the ultimate total cost of the project at $1,350,000,000 and $1,054,000,000, respectively. There is evidence that the United States Engineers' estimate of $543,429,000 may be greatly exceeded. Opponents of the project point to the fact that the actual costs of the Welland, Chicago Drainage, New York State Barge, and Panama Canals were far in excess of the original estimates.

The St. Lawrence project from a navigation standpoint creates a problem similar to that of the New York State Barge Canal, for which the taxpayers of the State contribute each year a substantial sum of money for the cost of operation and maintenance and interest on bonds. For 1932, operation and maintenance cost $3,000,000 and debt service $5,000,000, a total of $8,000,000. The total traffic transported over the Barge Canal in 1932 amounted to 3,643,433 tons. For every ton of freight moved the New York State taxpayers contributed $2.24 per ton.

The Panama Canal toll rates averaged 78.3 cents per ton of cargo in 1931. Such a toll would amount to approximately 2.3 cents per bushel for grain or 3.75 cents per 100 pounds on general cargo. It would seem proper that the expense of such an enterprise should be borne directly by the beneficiaries. New York State will have to pay the expense of the development of the water power, as will the Province of Ontario.

There is no conclusive study of the traffic which will move over the improved waterway. While the Joint International Commission in 1921 heard many witnesses who indicated the possibility of certain movements, its report contains no general analysis or survey of potential traffic. Nor was such a study made by the United States Board of Engineers, which had it been made would have called forth the same painstaking effort as when it has sought the economic justification of any other waterway project. True it is that the Great Lakes-St. Lawrence Tidewater Association and the Transportation Division of the United States Department of Commerce made traffic surveys respectively in 1925 and 1927, but under conditions materially different from those of today or likely to prevail in the future. The criticism of these surveys is pointed out in appendix F. There is little showing that the improved waterway would add any appreciable new traffic. There are good grounds for the belief that most of the traffic to move over the St. Lawrence route would be at the expense of existing routes and competition between the proposed route and the United States routes would materially lessen the prospects of realizing the original estimates of the potential traffic, prepared by the Great Lakes-St. Lawrence Tidewater Association and the Transportation Division of the United States Department of Commerce.

The contention that the St. Lawrence is necessary because of railroad congestion has been answered by the remarkable improvement in railroad service and equipment that has taken place during the last 10 years. As to this there can be no argument today. Your committee has searched the various reports for information as to the total estimated savings in freight charges which might be expected from the deepened St. Lawrence and finds little supporting data to justify a prediction of a vast saving in transportation costs.

The International Joint Commission in its conclusions with respect to the economic aspects of the project stated that comparisons of this character must be more or less conjectural in the absence of definite information as to what actual rates would apply but that "it was inclined to the view that the St. Lawrence would afford a material saving in transportation costs over any of the existing routes between points in the territory economically tributary to the St. Lawrence and overseas points." This explains to a large degree the absence of such data.

The great emphasis placed upon the saving on grain alone of 8 to 12 cents a bushel from the head of the Lakes to European ports was perhaps due to the fact that in the early days of the agitation for the St. Lawrence, United States grain for export was moving in volume and at comparatively high rates which made some savings easily discernible. During the last 2 years, however, grain has moved from the head of the Lakes to Liverpool at rates ranging from 8 to 12 cents per bushel, as recent testimony before the Senate committee on the treaty discloses. It is obvious that the claimed saving of 8 to 12 cents a bushel is not possible today and that it is no longer a cogent argument justifying the construction of the St. Lawrence. A more extensive explanation of this situation appears in appendix E.

There is also testimony before the Senate committee that the farmer does not benefit from a reduction in transportation costs beyond the terminal markets. The farmer ships his grain to Minneapolis, Chicago, or Omaha, for example, where it is sold on the exchange. From the invoice is deducted the freight charges in settlement with the farmer. If transportation costs east of Chi-

cago, for example, are reduced, the consumer gets the benefit, as the grain costs the Chicago price plus transportation charge to destination. The conclusion therefore is inevitable that the purchaser or consumer of export grain abroad would benefit from the reduction in transportation cost.

Your committee has not been able to ignore the many economic changes which have come about since the inception of the St. Lawrence project. There is no up-to-date study of the effect of this new route upon our foreign trade nor of the effect upon domestic trade in the Great Lakes trade area. It is true that tariff considerations have resulted in a marked increase in location of branch plants abroad the last decade. Of these, the Ford plant in England and the General Motors plants in England and Germany are outstanding examples. It would seem that the recent economic changes and the present trends call for reexamination of the economic justification of the St. Lawrence project before the pending treaty is adopted.

THE POWER PROJECT

The St. Lawrence River has one of the most uniform flows of any natural river in the world, due to the regulation afforded by the vast surface area of the Great Lakes. As a consequence, one of the factors which is full of uncertainties in most water-power developments, namely, assurance of an adequate stream flow, is practically eliminated from the problem.

The river drops a vertical distance of about 226 feet from Lake Ontario to Montreal, of which about 91 feet (40 percent) occurs in the international section (Lake Ontario to Cornwall). Most of the latter occurs through two rapids, the Rapids Plat, opposite Waddington, N.Y., and the Long Sault, opposite Massena, N.Y. The flow available at all times is in excess of 150,000 cubic feet per second, and for 95 percent of the time exceeds 190,000 cubic feet per second. The maximum flow of the river is seldom greater than twice the minimum flow.

Under the plan submitted and approved by the engineers of the two Governments, two dams will be constructed which will concentrate the fall available in the international section at these dams. The engineers also estimate that the ultimate economic capacity of installation would be approximately 2,200,000 horsepower, which would be divided equally between the two countries or the State of New York and the Province of Ontario. With the regulatory works which are to be constructed under the terms of the treaty, the proposed installation would furnish firm power in the amount of about 1,500,000 horsepower (approximately 10,000,000,000 kilowatt-hours per year), with secondary power available to the amount of about 2,800,000,000 kilowatt-hours.

The allocation of costs which is chargeable to navigation and power must of necessity be arbitrary, as certain elements are essential to both purposes. It should be understood, however, that the development of this section of the river for navigation alone could be accomplished at a far less cost than by the plan adopted if it were feasible to disregard the economic value of the potential power.

It is assumed for the purpose of this report that the plan for navigation and power which has been submitted by the joint engineering boards representing Canada and the United States is the most feasible for the dual purposes.

The cost of items which may be assigned to power uses can be taken at $240,000,000, or about $109 per horsepower of installation. If it is to be assumed that the entire output of the plants could be marketed, the cost of the power at the plant would be about as follows:

Fixed charges: Interest, taxes, depreciation, and renewals at 11 percent equals	$26,400,000
Operating costs: 12,000,000,000 kilowatt-hours at 0.06 cent	7,200,000
	33,600,000

$$\frac{33,600,000}{12,000,000,000}=0.28 \text{ cent per kilowatt-hour}$$

The above costs place this power upon about a parity with Niagara Falls power. New York State purports to own the bed of the St. Lawrence River on this side of the international boundary as does the Province of Ontario on the opposite side. Subject to the jurisdiction of the Federal Government, in respect to navigation, the State has always assumed that this ownership permitted it either to grant the right to develop this power or to develop it under State auspices.

There has always been some question as to whether, in the event that the State did not assert these rights prior to a time when the National Government might construct works of the nature now contemplated for the purpose of improving navigation, the State would waive its interest. An almost parallel case occurred at Troy, N.Y., where the Federal Government constructed a dam and ultimately leased the power to a private company.

Power is a commodity—its value depends upon whether it can be marketed at a profit. Great strides were made in the development of water power from 1910 to 1925. Popular opinion came to the notion that water power meant cheap power. It is cheap power—at the plant. The development of the art of electrical transmission made feasible the development of water power during the above-mentioned period as it became possible to sell the water power located at some remote point where there was a demand for the power.

During this same period notable advances have been made which have increased the amount of power obtainable from a pound of fuel. For example, in 1920 the public utilities companies of the United States used 3 pounds of coal per kilowatt-hour, but in 1929 the fuel consumption per kilowatt-hour had been reduced to 1.69 pounds, a reduction of 44 percent. The price of coal has been reduced in about the same proportion.

The effect of this has been to shorten the distance which water power could be economically transmitted, as it must meet the price for which steam-generated power can be produced.

The attached diagram shows graphically the electric energy produced each year in New York State up to 1929, the last year for which complete figures are available to us. (There is evidence of a gradual drop for the past 2 or 3 years.) It will be noted that the up-State power nearly equals the amount for New York City, but whereas, all of the city power is steam, more than 75 percent of the up-State power is now provided by water. Therefore, if a market is to be found throughout the State for St. Lawrence River power it must supersede all of the steam-generated up-State power and 75 percent of it must be transmitted to New York City. For reasons of reliability of service and load factor demands it is doubtful if the up-State fuel-generated power could be supplanted. It is pertinent to quote from the conclusions of Governor Roosevelt's own commission upon this subject of "Market for St. Lawrence Power", as it was created in furtherance of his avowed commitments for the development of our "cheap water power" for the "benefit of all the people."

In the letter of transmittal dated January 15, 1931, the St. Lawrence Power Development Commission advises the governor and legislature among 20 definite findings:

"11. The marketing problems for St. Lawrence power are complicated in this respect; that most available customers for this power are those who can use constant power, whereas the domestic consumers of power, to whom the maximum benefits of this project should go use the current on the average only a few hours a day.

"12. If any substantial part of the actual power generated on the St. Lawrence were to be delivered to its domestic consumers, great waste would be involved unless provision were made to supplement it with power from other sources."

The commission did not quote as finding the report of their engineers on marketing, which says (p. 58): "There is danger of overdoing the long-distance transmission of electrical energy" * * * "There is no known way to so design and build these lines so that they will be free from interruption. * * * It is doubtful whether there is a market for such a large block of power at high load factor in New York City which would submit to such interruptions." Their engineers also made the following findings, on page 66:

"11. The St. Lawrence power could be utilized by continuous industries at the site. * * *"

"14. It is therefore our conclusion that the supply of St. Lawrence power exclusively to any one particular class of customers, except continuous industries at the site, would not only be accompanied by great economic waste but the resulting costs would be higher than those for steam electric production at or near the market."

These findings are set forth in full in appendix I.

The State of New York has long considered the development of power in the international section of the St. Lawrence River. This development has been a major issue of both political parties in the State for many years past. Both are committed to State development of St. Lawrence power in the interest of lower electric rates for homes and industries. See appendix D. The last three Governors have emphasized this development as a part of their economic programs.

By unanimous vote of both branches of the State legislature a bill was enacted and signed by Gov. Franklin D. Roosevelt, in April 1931, creating the Power Authority of the State of New York, a "corporate instrumentality" of the State and administered by 5 trustees, 1 appointed each year for a term of 5 years. As the law states, it is "a body corporate and politic, a political subdivision of the State, exercising governmental and public powers, perpetual in duration, capable of suing and being sued." This act declares the policy of New York State as to the St. Lawrence River as follows:

"That part of the St. Lawrence River within the boundaries of the State of New York is hereby declared to be a natural resource of the State for the use and development of commerce and navigation in the interest of the people of this State and of the United States, and for the creation and development of hydroelectric power in the interest of the people of this State, and such natural resources, including the bed and waters of the river as instrumentalities of commerce and navigation, and the bed, waters, power, and power sites in, upon, or adjacent to or within the watershed of the said river owned or controlled by the people of the State, or which may hereafter be recovered by or come within their ownership, possession, and control, shall always remain inalienable to, and ownership, possession, and control thereof shall always be vested in the people of the State."

The power authority through its chairman appeared before the Senate Committee on Foreign Relations at hearings in Washington on the St. Lawrence treaty in December 1932 advocating the immediate development of the St. Lawrence River and that the United States agree to make available to New York State for the development of power all of the United States share of the flow of water in the international section not required for navigation. The power authority in turn for the right to the flowage agreed to pay the costs attributable to the development of the power. The summary of the statement of Chairman Frank P. Walsh before the Senate committee appears in appendix I.

As a result of a series of conferences a joint agreement was reached February 7, 1933, between the Power Authority of New York State and the engineers of the War Department with respect to the allocation of the cost of the works in the International Rapids section. Following approval of this agreement by the State and War Departments a joint resolution (H.J.Res. 157) was introduced and passed in the House and is now before the Senate for approval. This resolution provides:

"*Resolved*, That in the event of the ratification of the Great Lakes-St. Lawrence Deep Waterway Treaty and the construction of the works provided therein the Power Authority of the State of New York, as the accredited agency of the State and in accordance with the policy set forth in the act creating said Power Authority, shall be entitled to use for the generation of hydroelectric power all of the United States share of the flow of the water in the international rapids section of the St. Lawrence River, subject to the prior use of such water under the treaty for the purposes of navigation and the operation of reservoirs, canals, and locks, and shall have title to the power houses and works appurtenant thereto upon the United States side, together with the lands upon which they are situated, in consideration of the payment of its share of the cost as determined in the joint memorandum above referred to: *Provided*, That no part of the United States share of the water in the international rapids section of the St. Lawrence River shall be diverted for the benefit of any person or private corporation, nor shall the use of any part of said water or the rights pertaining to said water be sold, leased, or otherwise alienated to any person or private corporation for the generation of hydroelectric power."

The joint memorandum referred to allocates these costs as between the United States and the State of New York, as follows:

"(1) The United States assumes responsibility for the cost of all works for navigation.

"(2) The State assumes $23,500,000 as its share of the cost of all works common to navigation and power, the State to receive its proportionate share of any saving if the actual cost of construction is less than the estimated cost.

"(3) The State assumes responsibility for $29,295,500 for power-house substructures, head and tail races, excavations, etc., this amount to be reduced by the amount of the saving.

"(4) The State assumes responsibility for the actual cost of its power-house superstructures and equipment, estimated at $36,930,500, and may construct these works through its own agencies or, by agreement, have them installed at actual cost by the United States.

"(5) In the event that the State of New York elects, the United States assumes responsibility for the construction of the works in their entirety at a cost to New York representing the sum of the costs above set forth, or a total of $89,726,000, provided that if the actual cost be less than this amount the State of New York will receive the benefit of the said savings."

The memorandum concludes:

"The above recommendations are based upon the assumption that the State of New York shall have the right to utilize for power all the flow of the St. Lawrence River in the International Rapids section allocated to the United States by the treaty, other than that required for navigation, together with title to the power works and the lands upon which they are situated and which may be necessary and convenient for their operation."

Thus it will be seen that New York State would contribute approximately 20 percent of the total cost of the St. Lawrence project to be borne by the United States, plus the $89,760,000 provided for in the joint resolution. In other words, out of the United States total estimated cost of $272,453,000, New York State will pay $126,318,600, almost 50 percent of the total cost allocated to the United States under the terms of the treaty. This leaves about 50 percent as the portion to be paid by all other States, a remarkably low proportionate cost for the Western States directly interested in the project.

Your committee has searched diligently for evidence of the utilization of the power which may be developed in the international section. At present there is considerable idle and reserve capacity in New York and New England. The present distribution is at least 25 percent off compared with recent peak years. This 25 percent would have to be absorbed before consideration would be given expanding the reserve capacity now available. The report of the St. Lawrence Power Development Commission to the New York State Legislature, to which reference has been made, is convincing in its conclusion that this power could be utilized by continuous industries at the site. It is apparent, therefore, that a market for the power must be developed which may require many years before its full utilization can be had, as long as a broad scale industrial growth must take place at or near the site.

Rochester is more than 200 miles from the proposed power sites. With its surplus of power capacity from its own facilities and Niagara Falls as a much nearer source of cheap power, there seems to be little likelihood of Rochester utilizing St. Lawrence power. It is said that there is considerable flow of water at Niagara which is not being used.

The State power authority act directs the commission to develop, maintain, manage, and operate the project in such manner as to benefit, aid, and improve commerce and navigation, and declares that the development of power shall be considered primarily for the benefit of the people of the State as a whole and particularly domestic and rural consumers to whom the power can economically be made available, and accordingly that sale to and use by industry shall be a secondary purpose to be utilized principally to secure a sufficiently high-load factor and revenue returns which will permit domestic and rural use at lowest possible rates. (Sec. 5.)

The commission is directed to negotiate contracts for sale, transmission, and distribution of the power generated, under terms to provide payment of operating and maintenance expenses of the project, interest on and amortization and reserve charges sufficient within 50 years of the date of issuance to retire the bonds of the power authority. Provisions are made for the commission to fix rates to consumers, in the contract, and make periodic revisions of service and rates. It is provided that upon completion of the necessary contract or contracts the commission shall proceed with the physical construction of the project authorized by the act and, among other things, to borrow money and secure same by bonds or liens upon revenue from property or contracts, subject to the provision that the power authority shall have no power at any time to pledge the credit of the State. (Sec. 5.)

The act requires that no bonds shall be issued until "firm contracts for the sale of power shall have been made by it sufficient to insure payment of all operating and maintenance expenses of the project, and interest on and amortization and reserve charges sufficient to retire the bonds of the power authority in not more than 50 years from date of issuance thereof." (Sec. 8.) Contracts shall be subject to public hearing. When the contracts are finally agreed upon the power authority shall report the proposed contracts with its recommendations and the record of hearings to the Governor of the State. If the contracts are approved by the Governor they shall be executed and carried into force. (Sec. 9.) Failure to agree upon terms and conditions of a contract or upon the Governor's disapproval of a proposed contract none of the powers to own, build, operate, and maintain dams, power houses, and other instrumentalities shall be exercised until the legislature and the Governor shall have approved plans reported by the power authority. (Sec. 10.)

The Province of Quebec is opposed to the St. Lawrence project. Its legislature on April 24, 1933, passed a measure permitting the exportation of power from Quebec to the United States. A press dispatch of April 8, 1933, explains this legislation as follows:

"Explaining the proposed legislation which would permit export of power from the Province of Quebec to the United States, Premier L. A. Taschereau revealed in the provincial legislature that one of the chief reasons for it is to 'deal a deathblow to the St. Lawrence waterways development project.'

"The development of the St. Lawrence waterways will be a very expensive matter, he explained. It is designed to give the United States about 1,000,000 horsepower. If we say to the United States: 'Here is 250,000 or 300,000 horsepower, why go ahead with the St. Lawrence project', will that not be a telling argument? I am sure that we will give a deathblow to that project. It is the State of New York and the New England States which are mainly interested as regards electricity and which will benefit. If we tell them they will not have to pay 1 cent for development costs, I am sure they will be no longer interested in that project."

This is an interesting sidelight on the power development, and also reflects the idea of the limited need for the St. Lawrence power development on the United States side, as it clearly does for Canada, in view of its ability to export power.

It will be observed from the foregoing description of the Power Authority Act that while the power commission may commit the State to the construction of the power project, certain safeguards rest with the State legislature and the Governor. The development of and marketing of the power is a subject which should be considered on its own merits. Unless there is assurance of a development of a market for the power generated in the international section within a reasonable period of years, there can be no justification of the vast expenditure of money by New York State involved in the present project. The development of the power should not be undertaken as a part of a navigation project merely for the purpose of saving something in transportation costs for Central and Western States.

Your committee subscribes to the principle that New York State's equity in the power development should be preserved.

CONCLUSIONS

Our study of the St. Lawrence Waterway and power project leads to the conclusion that deepening of the St. Lawrence River for improvement of navigation and the development of its power resources will in all probability ultimately follow in the future when it can be economically justified. There are, however, no compelling circumstances under present conditions which demand haste in prosecuting this great undertaking.

While the studies of the United States engineers confirm the feasibility and practicability of developing the St. Lawrence for navigation and power, the independently made economic surveys of the early post-war periods were insufficient and did not afford adequate grounds for economic justification of the project. This lack of data on which to base conclusions favoring the project is now greatly emphasized by subsequent world-wide economic changes and the present trends. Such surveys now afford little proof of additional utilization of the St. Lawrence waterway nor market for the water power sufficient to warrant the proposed improvement, from the standpoint of the interests of the United States.

The project during the period of construction and for many years thereafter cannot be carried on except at public expense borne by the taxpayer. There is no assurance of the project becoming self-liquidating. There is undisputed evidence that the power plants will require years to become self-supporting, unless a large-scale industrial development takes place within the region of profitable distribution of the power, of which there is now no assurance. It is a known fact that there is at present considerable idle and reserve power capacity in New York and New England.

It is also a fact that for every ton of freight transported over the waterway the taxpayer will contribute in overhead costs, for the benefit of shippers, an amount equal to $1 to $4 per ton, depending upon the particular estimate of tonnage which may be realized.

There are indications that Canada may receive greater benefit from the improved waterway than the United States. The bulk of the tonnage is shown to be Canadian preferred grain, including that portion of Canadian grain traffic which has heretofore moved via the Buffalo port of New York route. Any agreement obligating the United States to develop the St. Lawrence should take into consideration not only the preferential and adverse tariff restrictions operating against commerce and shipping of the United States and Canada but the possibility of flooding the Great Lakes area with highly competitive imports brought in at low cost by foreign-operated steamships, to the great disadvantage of United States and Canada, whose shipping, industrial, and labor conditions are on a much higher plane than those of many foreign competitors.

There is every reason to believe that the additional traffic that will result from the improved St. Lawrence will be made up largely from tonnage diverted from existing routes, and that United States rail, canal, and lake carriers and Atlantic ports will adopt every possible measure to preserve their share of the available traffic. This competition is a factor which will have a bearing on the ultimate traffic for the deepened St. Lawrence route.

The marked disagreement among authorities as to the extent which ocean shipping can economically utilize the improved St. Lawrence serves to emphasize the fact that a 27-foot channel would make Montreal a tidewater port accessible to lake shipping, to the disadvantage of the port of New York and other United States ports.

There are ample grounds for requiring the expense of the project to be borne by the interests directly benefiting from the facilities which it provides. The international shipping characteristics of the new seaway would justify the application of reasonable tolls, the same as applies to all shipping through the Panama or Suez Canals. Obviously foreign shipping of countries other than Canada docking in the heart of the continent should contribute something toward the expense of providing and maintaining the waterway.

It is our opinion that the economic merits and justification of the large expenditure involved in the St. Lawrence waterway and power development have not been fully determined by the International Joint Commission and the boards of engineers and that the economic justification of the project rests wholly upon the studies made by proponents 6 to 13 years ago, under conditions materially different from those which now confront the United States or are likely to prevail during the next decade. We adhere to the principle that under the existing stringency all expenditures for public works should be based upon reasonable assurance of their being self-liquidating. We believe that there should be a complete, up-to-date, impartial appraisal of the economic considerations involved in the project, from the standpoint of the United States, before the Great Lakes-St. Lawrence Deep Waterway Treaty is approved by the Senate.

Your committee, therefore, recommends that the Rochester Chamber of Commerce be placed on record as follows:

That the Senate of the United States be requested to delay the adoption of the St. Lawrence Treaty until an impartial survey can be made by the Board of Rivers and Harbors Engineers of the traffic which the United States may reasonably expect to move via the St. Lawrence route, to show the savings and benefits, as well as disadvantages, to the United States therefrom; that the Board determine definitely the annual costs of operation and maintenance and the possibility of making the project self-liquidating within a reasonable period of years; also study of such other factors as are essential to the determination of the wisdom of undertaking this development under the present economic conditions and trends.

Respectfully submitted.

SPECIAL COMMITTEE—PORT OF ROCHESTER COMMITTEE,
FRANK H. MACY, *Chairman*,
JOHN HANDY,
ROLAND O. ROBERTS,
FRED'K W. BURTON.

MAY 3, 1933.

Mr. LONG. Mr. President, I am not going to undertake to answer the Senator from Michigan [Mr. VANDENBERG] and the Senator from Wisconsin [Mr. LA FOLLETTE] this afternoon, but I expect to do so tomorrow.

However, I wish to say in just a moment or two that the Senator from Michigan and the Senator from Wisconsin have apparently overlooked so many facts as to feel that they have been done an injustice. Whether I can convince these gentlemen or not, I think I can well see that their efforts will do more of an injustice to their own sections of the country than to the section from which I come, or to New York.

Somehow we cannot get the facts into the minds of those favoring the treaty. They have been laboring under a misapprehension as the result of false propaganda that they are going to be able to save 10 cents a bushel on wheat from their part of the country to Liverpool. The fact is that the only saving they could make, if they could make any at all, would be in the rate from the Great Lakes to Montreal. It costs only 4½ cents a bushel to ship wheat from their part of the country to Montreal; and if they saved it all, they could save but 4½ cents. The chances are they could not save anything, and yet they are influenced by such false propaganda and we cannot get them to see that the true statistics do not justify that propaganda whatsoever.

I will show further that this is not an American public-works program. It is an American expense program, but a Canadian public-works program to be carried on with American money. I will show further that conservative estimates are that from 80 to 90 percent of this money would be spent in Canada for Canadian labor and Canadian material and to build a port for Montreal, and not for the United States. The engineering would be Canadian as well.

A further matter that I will show will be—and there will be no difficulty whatever to show it—that this is not an American proposition. The Senator from Wisconsin [Mr. LA FOLLETTE] might just as well have tried to show that some member of a chamber of commerce had embraced the Hindoo religion or was a member of the Baptist Church, and tried to show that he follows Hindooism or Buddhism because the Morgan people have some connections in India, as to try to justify the charge that because one or several of the members of a chamber of commerce that have approved it had a power company somewhere or somebody in it that was in some way mixed up with Morgan. If we were to go out to Wisconsin, we would find these very same power interests are members of the chambers of commerce which are endorsing this iniquitous treaty. We would not find any difference in them. We would find that chambers of commerce have power-company directors in North Dakota, South Dakota, and Wisconsin, where they are at fault enough to endorse the treaty.

That is not all. Some mention has been made of the labor unions of the country. I have in my hand a letter from the Brotherhood of Railroad Trainmen of the United States, who are opposed to the treaty. I have here a letter from the Order of Railway Conductors of America, who are opposed to the treaty. All up and down the Mississippi Valley the laboring men and others are opposed to the treaty.

Wherever there is a coastline the people are opposed to the treaty. Wherever men have studied the matter long enough to understand it, they know that it is proposed to take American money in order to lengthen the water route to England. It will not be a shortening of that route. It is 1,100 miles shorter by the all-water route by way of New York than by way of Montreal.

There is only one more point I am going to show tomorrow. I am going to show that the Senators from Michigan and Wisconsin have made their estimated allocation of costs by allowing Canada all that it has already spent on this project and by allowing the United States some little insignificant amount that it might have spent. But in allowing Canada what it is supposed to have spent they have practically allowed Canada everything that they could find, high or low or in the middle, that had been spent on the internal waterway system of Canada. In other words, we might as well allow the United States Government to have had credit for the money it spent on the Red River, on the Ouachita River, the Tennessee River, the Mississippi River, or parts of its coasts, as to have made some of the allowances they have made for Canada as a part of its expenditure on the cost of this waterway in order to show that there is a 50–50 division of the cost. We will show

that they have lumped the costs that Canada has paid for an inland waterway system in order to make it appear that it is a 50–50 proposition, whereas the true facts are that America will probably spend from 65 to 70 percent of the money that is spent, and that the cost will run into the neighborhood of $500,000,000 or $600,000,000, and possibly more than that, in order to have a route from Canada, 1,110 miles longer than the water route through the port of New York. That, among other things, is what I will show when I have time to debate the matter as it should be discussed.

THE GOLD-STANDARD REPEAL

Mr. GOLDSBOROUGH. Mr. President, I ask unanimous consent to have inserted in the RECORD an editorial appearing in the Baltimore Sun of May 28, 1933, dealing with the question of the gold-standard repeal.

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

[From the Baltimore Sun, Sunday, May 28, 1933]

WHY?

It is perfectly true, as Senator GLASS and Senator REED have said, that the administration's gold repealer is repudiation—of obligations entered into by the Government with the holders of its bonds and of obligations entered into by individuals in contracts between themselves. Certain specific payments are promised; these payments are not to be required. It is repudiation which has a peculiarly glaring quality in the Government's case, since as late as April 23 Secretary Woodin offered some $500,000,000 of Government notes to the public and stated to prospective purchasers that "the principal and interest of the notes will be payable in United States gold coin of the present standard of value."

But it is also true that the measure now offered by the administration is an inevitable corollary of the Thomas inflation amendment, if the administration is determined to proceed with inflation on any major scale. If all the extravagant powers in that amendment are exercised, the Government cannot meet its obligations to pay in gold and private debtors cannot meet their obligations in gold, nor in the equivalent of gold of the value set forth in the contracts. To attempt to do so would wreck the resources of the Government and, so far as private debtors are concerned, it would ruin the very class who are supposed to be helped by inflation. For both would be receiving money of constantly decreasing value, while paying debts in money of high value.

Repudiation is an ugly word, but it is a word that must be accepted and used if there is to be a major operation in inflation, for then debts must be paid in cheap money—how cheap nobody under the heavens can predict. But obvious as it is that this gold repealer is a logical corollary of the Thomas inflation amendment, it still is not clear why the administration rushed into Congress with this formal measure of repudiation. Up to this time the attitude of the administration has been that the powers contained in the Thomas amendment would be used sparingly. Spokesmen of the administration have been at great pains to explain that protests against the Thomas amendment were labor lost because only controlled credit expansion was contemplated.

Of course, it is true that if only controlled credit inflation was contemplated, there was no reason at all for enacting the Thomas amendment. If all that was to be done, in the way of inflation, was to send the Federal Reserve System into the open market to buy Government securities and thus to put out funds which would be an additional volume of credit for the use of commerce, no law was needed. The Federal Reserve System, as has frequently been pointed out, carried on such an operation under the Hoover administration to the tune of over a billion dollars. Nevertheless, it has been the asserted position of the administration lately that such innocent and controlled credit inflation was to be the rule, and that nothing drastic was in mind.

Under those circumstances, there was no need to bother for the present about logical corollaries of the Thomas inflation amendment. Our money had depreciated in the foreign exchanges and there had been some reflection of that in the internal value. But not many people had begun to worry, so far as we have heard, about the gold clauses in the Government's bonds or in private contracts. It would have done nobody any good to have demanded gold, for no gold was available. But there seemed to be no disposition on the part of holders of obligations due in gold to try to put the screws on. Money was still close enough to the previous values to prevent disturbance and the slightest intimation that Mr. Roosevelt was going to be careful allayed most people's fears.

For what reason, then, does Mr. Roosevelt's administration rush this measure into Congress? The question becomes even more pertinent when it is recalled that Mr. Roosevelt's statements, when Messrs. MacDonald, Herriot, Jung, Schacht, and others were here a little while ago, set forth that one of the objectives of the international negotiations would be a return to gold. If a nation is off gold in fact, but wishes to restore the use of gold in all the important trading nations; and if, pending negotiations, there is a general feeling among the people that the reins will be held firmly in hand and consequently there is prevailing quiet—if those conditions obtain, why rush in with a measure that amounts to formal repudiation?

Mr. Roosevelt says that people are not allowed to hold gold and, therefore, there would be no sense in paying them gold which they would have to turn in at once. But people were not demanding gold. They were not claiming what most of our best lawyers believe to be their constitutional rights to insist upon keeping gold in their possession and to insist upon payments in gold when payments in gold had been pledged by the Government. Why, under those circumstances, rush in with a measure to restrain a clamor for gold when no practical need has been demonstrated for such restraint; and, by rushing in with that measure, repudiate pledges made by the Government as late as April 23? That question needs clearer answer than Washington has given.

It needs clearer answer, one suspects, than ever will be given officially. For it is altogether probable that one of the reasons for this step is of a nature that never is officially avowed. It is altogether probable that this move is by way of being another "shot in the arm." We hopped off gold, depreciated the dollar in foreign exchange, started a wave of feeling that some kind of inflation was under way, and immediately let loose a horde of speculators in common stocks and commodities who do not know much more about inflation than how to spell the word. In due course, when a lull appeared, there was an elaborately staged announcement that open-market operations to the extent of $25,000,000 (a tidbit) had been started. And now the latest—and a boiling stock market.

What comes next nobody except the inner group in Washington can know, and they may not have decided. We shall be assured, doubtless, that nothing of an extreme character is contemplated. On the contrary, we probably shall be assured that the only inflation will still be controlled credit inflation; and that, in due course, Mr. Roosevelt will complete negotiations with other nations looking to stabilization of currencies and to agreement upon new gold bases for all the important trading nations. After which values in public bonds and private contracts will be stabilized. But in the meantime, what we can see with our eyes is one act after another in Washington which sends the speculators in the stock markets into old-time orgies, but seems to have very little relation to any of the basic factors of trade movements.

RECESS

Mr. ROBINSON of Arkansas. Mr. President, it appears that it will not be practicable to dispose of the unfinished business today. I am advised that there are some controversial matters in the bill which will require a measure of time for disposition. Therefore 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 22 minutes p.m.) the Senate took a recess until tomorrow, Tuesday, May 30, 1933, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

MONDAY, MAY 29, 1933

The House met at 12 o'clock noon.

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

Again, O Lord Most High, the eternal God, who hast been with us through all our days and hast vouchsafed to go with us all the way, mercifully incline to hear our prayer. Cleanse our hearts that no evil desire may rule us, and renew them by Thy heavenly grace. Gracious Father, by whose wisdom we were created and by whose providence we shall be saved, enlighten our minds that by the knowledge of the truth, fears of danger may be changed into the joys of recovery. In Thy holy name. Amen.

The Journal of the proceedings of Saturday, May 27, 1933, 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 a bill of the following title, in which the concurrence of the House is requested:

S. 1580. An act to relieve the existing national emergency in relation to interstate railroad transportation, and to amend sections 5, 15a, and 19a of the Interstate Commerce Act, as amended.

AGRICULTURAL CREDITS

Mr. JONES. Mr. Speaker, I ask unanimous consent that upon the disposition of House Joint Resolution 192 it shall be in order to consider House bill 5790, the agricultural

credits bill, that there be not to exceed 2 hours' general debate, to be equally divided and controlled between the gentleman from New York [Mr. CLARKE] and myself, and that all points of order may be considered as waived.

Mr. BYRNS. What bill is this?

Mr. JONES. This is the Farm Credit Act of 1933.

Mr. McSWAIN. Mr. Speaker, reserving the right to object, I had sort of an arrangement and understanding with the gentlemen interested that two small matters from the Committee on Military Affairs would be in order this morning under suspension of the rules. I am very sure they will not take very long. They are short bills and probably will not take over 10 minutes.

Mr. MARTIN of Massachusetts. I thought the floor leader indicated this bill would not be brought up until tomorrow, or immediately following the disposition of House Joint Resolution 192.

Mr. BYRNS. Mr. Speaker, may I say this to the House, there is great pressure to bring about the passage of the bill the gentleman from Texas has referred to, also a bill in which the gentleman from Alabama [Mr. STEAGALL] is interested.

We are going to have a suspension day next Monday, and I hope that too much of the time today will not be consumed with suspensions, so we can get rid of these bills. I told the gentleman who was interested in this farm bill that we certainly ought to pass it by Wednesday. If we consume all of today with suspensions, we will just have to put it over.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. JONES. I yield.

Mr. RANKIN. We had a bill from the Territories Committee that we were going to ask be taken up under suspension of the rules today, but we agreed to carry it over until next Monday, in the hope that we might get through this House joint resolution to which the majority leader has referred.

Mr. BYRNS. And carrying out the idea that we postpone these suspensions until next Monday, which is regular suspension day and when we will have a clear calendar.

Mr. RANKIN. We were under the impression that there would be no suspensions today but that the suspensions would be carried over until next Monday.

Mr. MARTIN of Massachusetts. Do I understand the majority leader to say that he does not intend to call up the bills which were expected to be considered under suspension today?

Mr. BYRNS. That is a matter under the control of the Speaker.

Mr. MARTIN of Massachusetts. May I inquire, Mr. Speaker, if these bills are going to be called up under suspension of the rules today?

The SPEAKER. They will be called up.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, as I understand, the farm credit bill is necessary because of the action of the President in consolidating certain bureaus, is it not?

Mr. JONES. It is for the purpose of implementing the Executive order which consolidates various agencies engaged in the lending of money for agricultural purposes. It provides for the necessary regional and local banks and corporations to enable the administration to function properly. There are some other changes.

Mr. MARTIN of Massachusetts. The gentleman, of course, could bring this up under a rule, and this is simply to save time. We are going to take it up under the general rules of the House?

Mr. JONES. That is the purpose, to take the measure up under the general rules of the House with all points of order waived.

Mr. MAPES. Mr. Speaker, reserving the right to object, it is rather unusual to waive all points of order when granting unanimous consent to consider a bill.

Mr. JONES. I may state to the gentleman that the bill was reported unanimously or, at least, I believe no one present voted against reporting it. The reason I asked for the waiving of all points of order is that this bill transfers unexpended balances in 2 or 3 funds to the new fund, and it might be considered an appropriation in that sense. The only reference to a direct appropriation is in the form of an authorization, but it does utilize some unexpended balances of crop production and other funds in 2 or 3 different forms and it was thought not necessary to bother with the reappropriation of them. There is some question whether that would be in order.

Mr. MAPES. Has the gentleman consulted with the minority members of the committee as to the waiving of points of order?

Mr. JONES. Yes; I have consulted with some of the minority members and with the gentleman from Massachusetts about the matter.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

NORMAN H. DAVIS

Mr. TREADWAY. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. TREADWAY. Mr. Speaker, I regret to take issue with my friend and colleague, Congressman TINKHAM, regarding his proposed resolution to investigate Ambassador at Large Norman H. Davis. Such an inquiry is entirely unnecessary. Mr. Davis' life and career are an open book. He was born in Tennessee, became a successful business man, representing financial interests in connection with sugar in Cuba. Eventually he moved to New York and became associated with large banking interests. For nearly 20 years he has devoted the greater part of his knowledge and experience to the service of the Government, beginning with the most important positions under President Wilson and continuing at various intervals under the administrations of Presidents Coolidge and Hoover.

The country has been fortunate that Mr. Davis has been willing unselfishly to give his great ability to the public service. His private investments and his private connections are not the affair of Congress. Mr. Davis' honesty and integrity have never been questioned, and if questioned they could not be successfully impeached. Where is the Government to look for proper advisers other than among those who associate with the greatest minds of the world? An unwarranted and sensational attack detracts from the willingness of leaders to assist in solving the problems that confront this Nation today.

Mr. Davis has always been known as a Democrat, but he has been good enough for Republican Presidents to use. It happens that I have personally known Mr. Davis for at least 20 years. While not a voter in my district, he maintains a residence in the town where I live. So, as a neighbor and friend, I feel I have as much right to defend the good name of Mr. Davis as my colleague has to attack it. [Applause.]

TENTH ILLINOIS STATE SUNDAY AT VALLEY FORGE

Mr. PARSONS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting an address delivered by me at Valley Forge yesterday.

The SPEAKER. Is there objection?

There was no objection.

Mr. PARSONS. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address delivered by me yesterday at the Tenth Illinois State Sunday at Valley Forge:

I am happy of an opportunity to come to Valley Forge on this occasion, to represent the Governor and our great State, on the Tenth Illinois State Sunday, commemorating the faith and patriotism of our heroes at this national shrine.

We in Illinois feel the importance and appreciate the services of that great jurist and executive, the present Governor of Illinois, Henry Horner. It is with much regret that the Governor was unable to attend these ceremonies. Were he present he would contribute an eloquent and expressive ability, befitting the occasion far beyond my poor power to deliver today. It is hoped that during his tenure of office he will have an opportunity to address you on a future occasion.

It is appropriate that here are gathered the sons and daughters, posterity of that patriotic band whose valor and sacrifices we commemorate today. It is appropriate that here are assembled from the surrounding territory those who often have the opportunity to drink in and absorb the spirit of a freedom that is still new in its natural splendor and beauty year in and year out. I want to praise Dr. W. Herbert Burk, the founder and builder of this chapel, for his contribution in establishing here a nation's altar for worship. I have been very agreeably surprised and impressed at the interest and the material contribution that Illinois has made to carry on the splendid work here, and I warmly commend the Illinois State Society, Daughters of the American Revolution, under whose auspices this service is conducted. Since we have been a government, yea, ever since George Washington stood on a balcony in New York and subscribed to the oath as President of these United States, Revolutionary heroes and their posterity have paused to give thanks for, and to celebrate the history made on and near this spot. There has been so much said about Valley Forge, not only here, where people are wont to worship weekly, but throughout the length and breadth of the land men and women have talked of Valley Forge on every national and patriotic holiday, that it is impossible for me to add anything new to the subject that has not already been said or written. If, however, I am able on this occasion to resay something that has already been said, but perchance in a different way, or if by repeating some of the ideas of the past, it may create nobler thoughts and higher ideals in the hearts of those assembled here, I shall have achieved my purpose.

When I began to think about the purpose of this service and reflect upon the history of this period, I was surprised at the many bits of Illinois history which fit into the picture. When the Revolution began we were a population of 4,000,000 souls in 13 colonies scattered along the Atlantic seaboard and stretching westward over what is now little more than the confines of a State. A few of the more adventuresome of our forefathers had pushed westward across the Alleghenies and settled in what was then known as the great Northwest. Little was known of its existence, and few attached much importance to it becoming a part of our country. That expanse of territory northwest of the Ohio River, east of the Mississippi, and bounded on the north by the Lakes represented an area almost equal to the size of the Thirteen Original Colonies then engaged in the Revolution. It is true this great expanse of western land contained few white souls, but the glowing accounts they gave of the land and its potential possibilities for the future excited an interest in the hearts of a few of our leaders as the war progressed and compelled serious consideration to the proposition of annexing it to the Colonies. As the Euphrates River was to Mesopotamia, as the Nile was to Egypt, so was the Mississippi and its tributaries to the United States. There is no other spot in all the world so rich in its surface soil, so bountiful in its natural resources, and so healthy and inviting to the settlement of mankind as the territory of the Northwest.

The early history of Illinois and the Northwest Territory is contemporary with that of Valley Forge and a part of the Revolution. While Washington was planning to withdraw the remnants of his all but defeated Army to winter on the heights of this sacred spot, another Virginian, Col. George Rogers Clark, was soliciting aid and planning with the members of the legislature of his State to furnish funds for an excursion into the Illinois country.

Since I come to think of it, the first spot on which Clark set foot in conquering this land was in my own congressional district at old Fort Massac in Illinois. Washington came to Valley Forge about December 19, 1777. On December 10, 1777, Clark was in conference with Patrick Henry, Governor of Virginia. While Washington was planning his summer campaigns at Valley Forge, Clark was planning a campaign for the Northwest. Washington left Valley Forge with his army about June 19, 1778. Clark left the falls of the Ohio on June 24 on his westward voyage. I do not seek to make an analogy of the two men in the sense of placing Clark in the category with Washington; but after all their experiences in the War of the Revolution, the fashion with which they organized and fought, the intense and consecrated effort both exerted in favor of independence, indicates a striking similarity of purpose and determination. Both were Virginians. One opened his eyes to the light of day at Wakefield, the other came from the heights of Charlottesville; so if Illinois is to present its leader in the American Revolution she must go to Virginia for her champion, the same as the Colonies did.

I hope we in Illinois may be pardoned if in pride for our beloved State I make such further comparisons as seem appropriate for the occasion. While Clark must be recognized as the military leader, there is one other analogy to mention if we must understand the early history of Illinois. Another Virginian shaped the destiny of our territory. Thomas Jefferson wrote with discerning hand the Declaration of Independence, but he also was the author of the Ordinance of 1787, which was the charter of liberty for the five States to be carved out of the Northwest Territory. In addition he planned our system of land survey, which has since been used for all the territory acquired by the United States. If Jefferson had never done anything else but write the Declaration of Independence and the Ordinance of 1787, his place in history would be secure. The Declaration of Independence is the charter of man's liberty in his relation to government and taxation. The ordinance not only reaffirmed this relation but fixed to a very large extent the social relationship of men in a complex civilization. No man since the dawn of the Christian era has so influenced the destinies of mankind as has Jefferson. While liberty is born in the hearts of men, Jefferson gave expression to that principle which fired their hearts and imaginations for decisive action.

Three notable clauses were written into the Ordinance of 1787 that will make it live forever as one of the world's great state papers:

1. No slavery or involuntary servitude shall be permitted to exist. Although a slave owner, Jefferson realized that slavery was incompatible with his declaration on a former occasion. Either the principle "that all men are created equal", must become a living reality, or the Declaration must become a scrap of paper. To the expression of this sentiment, Illinois owes much for its independence of thought and action.

2. No religious qualification shall be required to hold office. The history of Europe is filled with pages of religious intolerance. No one knew better the effect of religious intolerance than Jefferson. Although many settlements in America were the result of Europe's blind religious policy, nevertheless there had grown up within some of the Colonies a spirit of religious intolerance. Man must be free to worship his God according to the dictates of his own conscience, and it was so prescribed by Jefferson in his ordinance.

3. Free public education must be forever fostered. Ignorance is the blight of all nations, and Jefferson realized that if man was to govern himself, he must be educated. He sought to combine the conscience to worship, and the liberty for independent action into a force to support a system of public education in order to make representative government a working reality. Whatever may be said about the success and achievements of the American system of government, the cause of our success has rested largely on our public-school system.

May I indulge your attention for a brief moment to the sacrifices made by Clark and his men in the wild and natural wilderness of the Illinois country? While we do not minimize the sacrifices made by the Continental Army at Valley Forge, it is worthy to note that hardships born of fortitude, endured by those pioneers in subduing the enemy were almost, if not wholly comparable, to those made on any other spot of the American continent. With less than 200 men he sailed down 500 miles of river on the Ohio, and marched 200 miles through the heart of a region infested with roving tribes of Indians, hostile to the Big Knives, as the Americans were called, to accomplish the first feat in the capture of Kaskaskia. Such political and psychological strategy as Clark used to subdue the enemy posts is not written elsewhere in the annals of history. Whatever was lacking in number of men to present a formidable command, Clark made up in strategy in overcoming the prejudice of the people and efforts of superior numbers. Scarcely a shot was fired on that eventful evening of July 4, when he led his straggling band into the primitive city of Kaskaskia and received the surrender and capitulation of Rochblave. Instead of marching overland at that time to Vincennes, the strongest and best fortified outpost in that territory, he conceived the idea like warriors of old, of sending offerings and presents by way of Father Gibault to the parish at Vincennes, who received the surrender of the garrison and sworn allegiance of the people to the American cause, without even the presence of General Clark. But the great test came the following winter after the Vincennes post had again fallen into the hands of the enemy, new fortifications constructed, and with a new garrison to protect the claims of the British. Starting out from Kaskaskia with 170 men, Clark marched through the swamps and bottoms of the Okaw and Wabash Rivers. Floods covered the whole region. Miles and miles of this dreaded march was through water from 1 to 5 feet deep. The stoutest heart grew weak with fear. Even Clark himself felt the tinge of hunger and weakness. Because of his instinctive and sympathetic understanding of men he invoked strategy which marked him as a man of destiny and obtained hope, faith, and confidence of his men to eagerly accomplish their goal—the capture of Vincennes.

If Washington, on the heights of Valley Forge, breathed a prayer for succor and support, that kept up the hopes and aspirations of the naked men who surrounded him, let it be said of George Rogers Clark, that he also in that trying hour of need, radiated the same type of inspiration and encouragement to his men that Washington gave to the revolution and his copatriots. If one is remembered with undying fame and increasing reverence by all our people, the other is significant and must at least remain a secondary idol of those people who now comprise five States and more than one-fifth of our population. It was that spirit, not alone of adventure, but the spirit of men baptised with a new freedom that propelled the settlement of the Middle West.

Often in my study of the two famous settlements on this continent, that of Jamestown and Plymouth, I have reflected at length upon what could have been the attitude of those men and women, who were brave enough to leave the comforting shores of a civilized land, and embark on an unknown ocean 3,000 miles to the shores of an unfriendly continent. The perils of a new region were no doubt made known to them before they sailed. They could hardly be unmindful of the hardships they must face. The only answer that I have been able to fathom from my years of reflection is threefold in its character: First, there was a conscious knowledge they could worship the God of their choice, without being subjected to any restrictions or limitations and without being answerable to any power or authority, save their own decisive minds. Second, they knew that in a new land there would be no limitations of the law, which would or could restrict or modify their thought or conception of individual liberty. To

be subdued, with the heavy weight of tyranny forever hanging over their heads, left a rebellious and resentful thought to fan the flame of freedom. Third, they did not live unto themselves. While perhaps they did not comprehend at the time the masses of posterity that would follow, nevertheless they must have thought what their children and their children's children would have to endure under the tyranny of England, so the home instinct was born in their desire to establish a civilization in a newly discovered Western Hemisphere.

That same spirit which fired the Pilgrim Fathers and Capt. John Smith's band of Virginians developed alike in each generation of the Colonies. There were new lands to subdue and conquer, new elements of nature to bring under the hand of progress. It was the vision of bigger and larger spheres of action that led Clark to undertake an almost inconceivable achievement—the winning of the West.

But to get back to the Revolution. This was the first real unified and organized effort to achieve self-government and self-control. The wide expanse of territory, under the blue canopy of heaven, and the natural environment of a far-flung horizon was conducive to independence of thought and independence of action, out of which grew the germ, revolution. For almost a hundred years men in the Colonies had realized and comprehended their power and strength for action. Washington, Jefferson, and Henry in the South, the Adamses and Hamilton in the North, with Franklin and his publication to link them together, constituted a force in the colonial affairs of the mother country. Military experiences during Queen Anne's and the French and Indian wars had developed confidence and self-reliance in their arms. The overt acts of a mother parliament were only incidents in adding fuel to the flame. It was the pretense and the excuse to begin to do what the leading men of the Colonies had wanted to do for years—establish their own government and maintain their own self-control. Passive resistance was no longer a virtue. The sword became the arbiter of disputes.

Four places stand out in bold relief on the surface of the history of this period. Not far from the site of where the Pilgrim Fathers first set foot on a bleak New England coast, liberty was fondled in the cradle at Lexington. In the northern climate they were less restive and more impatient to tackle the problems of self-government, and so with the moral support and sympathy of all the Colonies, Paul Revere sounded the death knell of tyranny and sent forth the signal of liberty in his fateful ride on the 19th of April in 1775.

A little more than a year afterward, another important scene was enacted within the confines of this State, when the Continental Congress adopted that masterpiece of all state papers—Jefferson's discourse on independence and individual liberty. Those peals sounding from the Liberty Bell, that gave news immediately to the inhabitants of the City of Brotherly Love, literally echoed around the world. Liberty was firmly established from that day forward. The third place linked with the Revolution and well known to every school child in America, is Yorktown. Without the glare of sounding trumpets, without the color of rich dress uniforms, and without the pomp and ceremony of conquering armies known to continental Europe, the remnants of an army of 6 years received the surrender of Cornwallis and his well-trained but unskilled army of redcoats. These places, along with many others, show the marks of warfare. Not so with Valley Forge. This sacred spot stands in peculiar relation to the Revolution. No long lines of uniformed men fell on this field. The visible signs which are found at Bunker Hill, or Brandywine, or Trenton, or Saratoga, are absent here. No embankments witnessed the storming of enemy lines. Valley Forge is not a battlefield in the sense we understand combat action, but in many respects it was the scene of the mightiest struggle of the war. Conflicting opinions fought here. Discipline was taught here. Fear was overcome. Faith was triumphant. Faith in God, faith in man, faith in the principle that right makes might. On this hallowed ground, to the east and west of this chapel, tyranny fell and liberty triumphed. We have, here and there, spots which mark the site of battles, whose victory or defeat influenced the thought and progress of the world. Attempts have been made to chronicle the decisive battles of history, but no land or any clime can boast of any battle whose victory was so decisive as the spiritual victory won at Valley Forge.

Time will not permit me to enumerate the fall of thrones and dynasties since representative government was proclaimed through the sacrifices made at Valley Forge. The entire map of the world has been made and remade since then. Nations have been established and restablished according to the nationalities of its population. Rivers have run red with blood and millions have fallen on either side in subsequent conflicts. The echo from Valley Forge reechoed among the crowned heads of Europe. One by one, slowly but surely, the rights of kings and princes gave way to the rights of men. Again I say it was the spiritual victory at Valley Forge that encircled the globe and set men's faces toward the rising sun of tolerance and self-government.

Tolerance, discipline, sacrifice, self-reliance, perseverance, and humility are virtues in any race. These virtues have been exemplified in every righteous way. For the past 3 years we have been in the throes of a great war. It is not the kind of war I have been describing. It is the struggle of depression. It is the aftermath of warfare which inevitably follows in the wake of hostilities and in the remaking and reshaping of world destiny. We have seen as much misery, suffered as much financial losses, and witnessed as much destruction to our moral fabric, perhaps, as in any clash of arms in which we have ever been engaged. For a time we tried with the arm of might, within our own right, to fight this battle, but the world lost sight of the virtues that exalted nations. We must get back to fundamentals. We must get back to first things first. It is only after a surrender of our avarice and greed that we are beginning to see the silvery rays of a new day dawning in the east. We appear to be slowly but definitely emerging from this depression. We fervently hope for a return of prosperity.

The firm and decisive leadership of our Executive spreads hope and confidence throughout the land. New ambitions are springing up in the hearts of men and women. The world is looking to America for counsel and guidance. With the same type of sacrifice, with the same measure of devotion and with the same degree of submission, we are placing our all upon the altar in obedience to the example exemplified by Washington in his trials here.

Lexington, Concord, and Bunker Hill will always be known as the "cradle of liberty." Philadelphia is proclaimed throughout the Nation as the home of independence. Yorktown will be noted to generations yet unborn as the arc of triumph of democracy. But Valley Forge will remain throughout the countless ages as the altar of freedom. Without shot or shell, without the beat of fife and drum, the greatest victory of them all was achieved here. In this hour of our country's darkest period let us lift up our eyes and hearts unto the heights of Valley Forge and drink again from that fountain of inspiration and place on its altar sacrificial offerings of a new and better service to mankind. "Inasmuch as ye do it unto the least of one of these, my children, ye do it also unto me." In this spirit the State of Lincoln joins with you today in dedicating anew our lives and fortunes to the perpetuity of this Republic, whose birth was conceived on this spot by Washington and dedicated by the blood of the fathers.

ALLOWANCES TO VETERANS

Mr. LOZIER. Mr. Speaker, I ask unanimous consent that my colleague, the gentleman from Ohio, Mr. CROSSER, may be permitted to extend his remarks in the RECORD by printing a table showing the allowances to veterans under the old law and their present allowances or compensations under the new regulations, with further explanatory matter.

The SPEAKER. Is there objection.

There was no objection.

Mr. CROSSER. Mr. Speaker, the Veterans' Bureau has estimated the savings for the fiscal year 1934 under title I of "An act to maintain the credit of the United States Government" as follows:

WORLD WAR

Service-connected cases

Service-connected cases will lose $156,826,010 annually.

At present 380,648 cases would draw, under the old law, $221,728,010.

Under the new act 225,800 cases will receive $64,902,000.

Emergency officers' retirement

These officers will lose $6,729,827.

Under the old law, 6,314 retired officers would receive $10,029,827.

Under the new act the number is reduced to 2,000 retired officers and the amount reduced to $3,300,000.

Death compensation

(World War, including widows, orphans, and dependent parents, all service connected)

These beneficiaries will lose $13,689,837 annually.

Under the old law 107,325 would receive $39,389,637.

The number of beneficiaries under the new act will be reduced to 77,000 and the cost to $25,700,000.

Disability allowance

(Presumed to be for disabilities not connected with the service)

These veterans will lose $91,768,326 annually.

Under the present law, 501,724 would receive $101,652,326.

The number has been reduced to 48,500 under the new act and the amount to $9,884,000.

SPANISH-AMERICAN WAR, INCLUDING BOXER REBELLION, PHILIPPINE INSURRECTION

Service-connected

The number of cases has been increased from 600, under the old law, to 19,400, under the new act.

The amount has been increased from $291,600 to $11,508,400.

The widows have been increased from 1,175 at a cost of $330,175 to 2,300 at a cost of $700,000.

Non-service-connected

These veterans will lose $85,566,633.

Under the old law 197,260 would receive $107,026,277.

Under the present law, 98,600 of these veterans will receive $21,459,644.

The number of service-connected widows, under the old law, was 42,161, who would have received $17,124,658.

Under the new act, 41,036 will receive $7,700,000, or a loss of $9,424,658.

CIVIL WAR

Service-connected and non-service-connected

Under the old law 22,525 veterans would have drawn $24,000,000.

Under the new act, 22,525 veterans will receive $21,460,700, or a loss of 10 percent.

Widows

Widows will lose 10 percent for 1 year only, the same as the veterans will lose 10 percent for 1 year only.

Under the old law 122,492 would have received $58,534,100 the coming year.

Under the new act they will receive $52,680,690, or a loss of $5,853,410.

OTHER WARS

Indian, Mexican, 1812

The veterans will lose $559,747.

Under the old law 4,676 would receive $2,808,188; they will receive $2,248,441, under the new act instead.

The widows, 5,135, would have received $2,025,028. They also take a 10 percent reduction and will receive $1,822,525.

PEACE TIME

Service-connected

The number under the old law would have been 21,082 and the amount $6,400,000.

Under the new act the number of veterans will be 30,389 and the amount $5,672,000, or a loss to the veterans of $728,000.

The widows will be increased from 5,736 under the old law to 10,736 under the new act, and the amount increased from $1,389,974 to $2,400,000.

Under the new act there will also be an estimated saving of $34,000,000 in administration, medical, hospital, and domiciliary services from $110,538,514 under the old law, to $76,538,514 under the new act.

MILITARY AND NAVAL INSURANCE

There will be a reduction of from $134,000,000 under the old law to $123,000,000 under the new act.

HOSPITAL AND DOMICILIARY FACILITIES AND SERVICES

There will be a reduction from $5,000,000 under the old law to $1,000,000 under the new act.

ADJUSTED-SERVICE CERTIFICATE FUND

There will be a reduction of from $100,000,000 under the 1934 estimate to $50,000,000.

A total saving estimated at $460,000,000.

(A) THE NEW SECOND MISSOURI CONGRESSIONAL DISTRICT—(B) CONGRESS GIVES LOYAL SUPPORT TO HE PRESIDENT

Mr. LOZIER. And, Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by printing a radio address delivered by me on the 25th of the month.

The SPEAKER. Is there objection?

There was no objection.

Mr. LOZIER. Mr. Speaker, on the evening of May 25, 1933, while in Washington, by a system of electrical transcription I delivered a short radio address from KRFU broadcasting station located at Columbia, Mo. I ask unanimous consent that the address be printed in the RECORD.

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

By a recent act of the State legislature Missouri has been divided into 13 congressional districts, 1 of which, the second, embraces the counties of Carroll, Chariton, Randolph, Lafayette, Saline, Howard, Cooper, Boone, Cole, Moniteau, Miller, Morgan, Benton, Camden, and Hickory.

While I profoundly regret the loss of any of the counties I previously represented, I consider myself exceedingly fortunate and highly honored by being placed in the new Second District, which was carved out of the heart of our great Commonwealth, with a population of nearly 300,000 intelligent, progressive, and cultured people.

As I am the only 1 of our 13 Congressmen living in the new Second District, it is my duty, privilege, and pleasure to represent and serve the people of these 15 counties. They are entitled to faithful and efficient service, and I shall endeavor to bring to my new task the same industry, zeal, and unremitting attention to my duties that I tried to exercise during the 10 years I represented the old Second District.

While striving to promote the well-being of my State and Nation, my primary purpose will be to represent the people of the new Second District; to be their agent and attorney in the Nation's Capitol; to speak their language, safeguard their interests, reflect their wishes, and lighten their burdens.

I am loyally supporting the wise and constructive program of President Roosevelt and the present Congress, which has already halted the march of the American people toward economic chaos. The benevolent effects of the President's policies will be increasingly noticeable from month to month. The people are vitally interested in the prompt enactment and sympathetic administration of sound, progressive, and forward-looking legislation that will restore popular government, eliminate waste and extravagance from the administration of public affairs, lift the present unbearable tax burdens, promote social justice, place agriculture on an economic equality with industry, purge our financial system of crooked practices that impair its usefulness and threaten our national well-being; in short, legislation that will establish and maintain a just and proper balance between all vocational groups, thereby enabling all classes to equitably share in the new wealth annually created by the American people.

As the representative of a great district, I pledge my wholehearted support of all legislative and economic programs that will aid in establishing these much-desired policies, and bring our Government back to the old paths and landmarks of our constitutional fathers. Grave abuses have grown up in our financial, industrial, political, and economic systems. As a result of class legislation certain favored groups have wrongfully been permitted to use the agencies and instrumentalities of the Government to accomplish their selfish, sordid, and unethical purposes and to exploit and plunder the people.

To accomplish much-needed reforms and heal the festering ulcers on our body politic there must be genuine cooperation between the President, the Congress, and the people. In my efforts to secure the enactment of helpful and wholesome legislation, I crave the patient forebearance, support, and earnest cooperation of the good people I have the honor to represent. I welcome any suggestions from my constituents that will help solve present-day problems, lift the pall of depression, restore normal conditions, and bring into the lives of the average man and woman that full measure of happiness and prosperity intended by a benign providence and to which they are justly entitled under our beneficent form of Government. I hold myself in readiness to render my new constituents every possible service.

When Mr. Roosevelt was inaugurated conditions, which were never more serious or tragic were rapidly approaching the final stage of an economic debacle which if not quickly arrested would spell the bankruptcy and ultimate and inevitable destruction of agriculture, industry, banking, transportation, commerce, and the other agencies and activities of our highly diversified and exceedingly complex civilization. Under these calamitous conditions Congress felt justified in granting the President certain plenary powers, and in harmony with the President's recommendations, Congress enacted such new and far-reaching legislation as, in the opinion of the President and Congress, was necessary to avert the impending chaos and restore normal conditions.

Inasmuch as there was a radical and seemingly irreconcilable difference in opinion as to what measures would afford the quickest, surest, and greatest degree of relief, and as the responsibility for initiating and administering emergency measures rests primarily on the Executive, it was and is my deliberate opinion that Congress should loyally support the President's policies and give him a free hand to try out his remedies and ample opportunity to demonstrate the soundness and workability of his program.

With our National Treasury bankrupt for 3 years, with an appalling and ever-mounting cost of Government, with a crushing load of taxation, with agriculture prostrate and drifting rapidly to peasantry and penury, with 12,000,000 unemployed men and women, with every vocational group broken on the rock of insolvency, with millions of underfed and undernourished men, women, and children at a time food commodities were never so cheap and abundant, the President, Congress, and the people reached the conclusion that only by heroic treatment and resort to unusual and extraordinary remedies could we escape Nation-wide insolvency and economic chaos.

And so with a swiftness of decision and celerity of action unexampled in the history of self-governing nations, the President formulated and Congress enacted constructive and comprehensive legislation to meet the emergency, lift the depression, and turn our people back into the paths of prosperity and normal life. Other measures will be enacted, and when the President's program is completed its wise and sympathetic administration will materially aid every vocational group and bring substantial relief to people in every walk of life. That I had a little part in putting over the President's program will ever be to me a source of pride and genuine satisfaction.

While disapproving some features of the administration's program, and doubting the wisdom and workability of some of the proposals, I am nevertheless going along with the President and loyally supporting his policies. In this Nation-wide, appalling, and unprecedented emergency, the American people, regardless of politics, have unlimited confidence in President Roosevelt, and are with supreme assurance looking to him and to Congress for relief from long-existing, and may I say, unbearable burdens.

When our labors are half completed, when we are confronted with new, perplexing, and seemingly insurmountable difficulties, when we realize that new sacrifices must be made and new formulas must be adopted before we can lift the pall of depression, and before the people can be insured a happy, contented, and prosperous future, we may well pause to inquire what we, as individuals, have contributed and will contribute to the success of the President's rehabilitation program. Who among us have withheld from our democratic President the aid, encouragement, and cooperation he might reasonably expect from an intelligent and patriotic citizenry? Who, if any, have stood on the side lines and capriciously assumed the role of faultfinders and sneering, cynical, carping critics? Who, if any, among us have intrigued against the administration and sought to defeat its wise and wholesome policies? Only a few have failed their President and their country.

Without regard to their political affiliations, the American people have rallied to the President's standard. Forgetting for the time their traditional animosities, actuated by lofty ideals and exalted patriotism, Democrats and Republicans have given unstinted support to the President as he struggled to rescue a great but bewildered Nation from an economic abyss. In this unprecedented crisis party lines crumbled, and there was no North, no South, no East, no West, no Democrats, no Republicans, only Americans, fighting shoulder to shoulder to overcome the forces of fear and disaster and to preserve inviolate our free and benevolent institutions.

But the battle is not over. A complete and decisive victory has not yet been achieved. When we seemingly stand helpless before the onrushing forces of destruction, it is no time to weigh measures and remedies on an apothecary's scales; no time to wait until everybody has agreed on relief measures; no time to deliver hairsplitting, ponderous, and profound dissertations on political economy; no time to argue and quibble, grumble, and complain, or indulge in gloomy forebodings; no time for sharpshooting, bushwhacking, or sniping the President for partisan purposes, or for the gratification of an inordinate vanity or abnormal egoism; no time to assail the President's plans unless we are able and ready to offer constructive substitutes or a workable alternative system; no time for secret machinations or intriguing against the man in the White House, who with unflagging zeal and commendable courage resolutely set himself to the herculean task of saving a Nation from the baleful consequences of its own long-indulged folly.

Who, if any, among us has so little chivalry, is so void of sportsmanship, so cynical and insensible to generous impulses, so self-centered and sordid, so infatuated and intoxicated by his own little shriveled personality, that he cannot, or will not recognize in Franklin D. Roosevelt an exalted character with a great mind dominated by a great soul, each operating by benevolent, orderly, and logical processes, and each irrevocably dedicated to the cause of his country and mankind?

In beating a pathway out of this economic wilderness, the President and Congress may make mistakes, in fact have made mistakes, but this was to be expected when we consider the gravity of the situation and the prodigious tasks to be performed and performed quickly. When President Roosevelt assumed power the ship of state was on the rocks. Every vocational group was helpless and plunging to disaster. Our national Treasury was bankrupt, our banking system a wreck, our factories idle, our commerce dead, and from ocean to ocean fear halted initiative and paralyzed every industry. Something had to be done and done promptly. Heroic treatment was necessary, and in hastily formulating legislation it was inevitable that some mistakes would be made, but these will be corrected. Now that the President and Congress have averted disaster and set the Nation's face toward prosperity and normal conditions the few mistakes that were made will, I repeat, be corrected. The President will keep faith with the people and Congress will keep faith with the President, to the end that our free institutions be preserved and social justice established among all classes.

THE CONSTITUTION

Mr. MAY. Mr. Speaker, I ask unanimous consent that I may address the House for 1 minute.

The SPEAKER. Is there objection.

There was no objection.

Mr. MAY. Mr. Speaker, notwithstanding the new order of things and the new social and economic conditions, I am still a great believer in the fundamentals of the Federal Constitution and I think it shall survive notwithstanding all we may have done during this session of the Congress. It is still the charter of liberty in this Republic and when I find a friend to the Constitution I am glad to recognize him and therefore, I desire at this time to extend my remarks by including an address delivered by Mr. Sterling E. Edmonds on the radio on May 27, 1933, on the subject, "The Federal Octopus."

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. MAY. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following radio address delivered May 27, 1933, by Mr. Sterling E. Edmunds in the tax series sponsored by the American Taxpayers' League, Inc.:

THE FEDERAL OCTOPUS

In the spring of last year, prompted by a sense of alarm over the growth of despotic governmental power emanating from Washington, I wrote and published a small volume designed to reveal to my fellow citizens in simple language how far usurpation of power by Congress had carried us away from our historic constitutional moorings.

I made it clear, I believe, that through the constant assumption of new powers by Congress, upon illegal precedents, and its delegation to scores of Federal boards, bureaus, and departments, the once-free American citizen is not only being plundered of his private property but is being stealthily robbed of all right of independent choice and action under a Government that has become utterly alien to that ordained by our ancestors.

I described this perverted transformation of our once mild and respected Government at Washington as the Federal octopus; and such it is, with its now numberless tentacles reaching out into every city and every county, into every hamlet and every home in the land, crushing out civil liberty and self-government, debauching the manliness and self-reliance of our people by pandering to the venality of large groups and classes; and through the taxing suckers of its ugly prototype, draining the lifeblood from all property, from all trade, and from all industry.

Since my volume appeared 1 year ago the Federal octopus in Washington has grown some new and more powerful tentacles, which are about to close around us.

The founders of our peculiar system of dual government never intended that Congress should possess unlimited power to do what it pleases. They saw vividly the universal oppression of peoples everywhere else on the globe by all-powerful kings or by all-powerful legislatures who had displaced those kings. Fresh from experience with tyranny, they had learned that the problem of escaping that oppression and of preserving liberty under government was the problem of placing and maintaining limits upon governmental power.

And so, for the first time in history, they sought to solve that problem in a written constitution of government, containing a body of limited, definite, and enumerated delegations of power, solemnly reserving to themselves all other powers not enumerated in that instrument. It was hoped thus forever to protect the person of the American citizen against the innate tendency of government to despoil him.

It has all been rendered futile by usurpation.

The corruption of our free government has been in progress with accelerating pace for about 30 years, since the Spanish-American War, when Congress refused to be bound by the Constitution in ruling a conquered alien people. Inevitably the exercise of autocratic power abroad was reflected in the rule at home, and so, act by act, Congress has repudiated its solemn oath to be bound by the limitations of the Constitution in its domestic legislation over the citizens of the United States.

One of the essential pillars upon which the Constitution rests is a clear division and separation of the powers of government into legislative, executive, and judicial, confided to respective coordinate and coequal branches. It is fundamental that no branch shall exercise any of the powers of the others. That is to say, to combine the executive and legislative powers or the executive and judicial powers, or all three, in a single agency was declared by both Alexander Hamilton and James Madison to be the essential definition of despotism.

Yet for 30 years Congress has been progressively delegating to Federal boards, bureaus, commissions, and departments not only its own law-making power but even the judicial power, so that these bureaus and departments may now make, execute, and sit in judgment upon their own laws.

Our general law of universal application and our right of appeal to our ordinary courts are gone, and in their place we find more than 400 Federal administrative agencies, that have issued and are issuing hundreds of thousands of laws, which they may change overnight, and which no citizen can find in any published compilation outside of the bureau that issued them.

The culmination of this process may be seen in the presumptuous delegation of law-making power in the most recent legislation—the so-called "Emergency Agricultural Relief Act" of May 12, 1933. In subsection C, section 10, of title II of that act it is boldly declared:

"The Secretary of Agriculture is authorized, with the approval of the President, to make such regulations, with the force and effect of law, as may be necessary to carry out the powers vested in him by this act."

And in subsection D the Secretary of the Treasury is given identical powers to issue decrees, with the force of law, to carry out his powers.

These Secretaries are not only given the power to make laws but also the power to impose fines and penalties for violations of them, and the offending citizen is actually deprived of his common-law right of appeal to his ordinary courts to defeat this arbitrary action. Here is a denial of the most cherished principle of Anglo-American liberty, the principle of due process of law.

As one experiment after another, in regimenting the lives of our people fails, these bureaucrats hasten back to Congress with new bills for the grant of more power to cure the failure, with the result that practically all trade and industry have been driven out of natural channels, and with transportation lies strangled in governmental shackles.

This growth of bureaucratic tyranny may be best seen in the rise of the Department of Agriculture. On August 20, 1787, Gouverneur Morris offered a resolution in the Constitutional Convention in Philadelphia to incorporate in the Constitution, then being framed, a provision for a Federal Department of Agriculture. It died in committee and was disallowed. Fifty-two years later Congress created an agricultural section in the Patent Office to gather statistics, with $1,000 appropriated for two employees. Last year—in 1932—this modest section, become the Department of Agriculture, consumed $333,500,000 of our taxes and supported an army of 30,000 Federal job holders.

Under the new so-called "Emergency Agricultural Relief Act" this number may be raised to 50,000 or 100,000, since the Secretary of Agriculture is empowered in that act to create jobs without limit, with salaries not to exceed $10,000 a year, however.

The framers of our peculiar limited system well knew that the most formidable power of government is that of taxation, and they said to Congress in section 8, of article I, of the Constitution:

"You may lay indirect taxes, such as duties and excises, but they shall be uniform throughout the United States."

And they said further in section 9:

"You shall have no power to levy any direct taxes unless you apportion them to the States on the basis of their population."

This historic rule of apportionment of direct taxes to the States according to population—which Hamilton declared had shut the door to oppression in taxation—protected the wealth of this country from being plundered by Congress for 124 years.

It was designed purposely to prevent a majority of the less-enterprising States from combining in Congress to pillage the industrious minority through unequal and discriminatory taxation.

But that is precisely what has happened since 1913, when a proposal of Congress to overthrow the rule of apportionment and give itself unlimited power to take all private income was ratified by the State legislatures in the sixteenth amendment.

Congress immediately thereafter embarked upon a career of such contempt for constitutional limitations and of such profligacy and waste of our private wealth as must inevitably have brought on economic collapse.

There are two fundamental principles that inhere in the very nature of taxation, and they are that it shall be uniform and that it shall be equal.

It was taken for granted that Congress would respect these principles in any exercise of its new direct-taxing power. But in its very first act of legislation in 1913 these principles were callously violated.

In 1915, when this grossly discriminatory, graduated income-tax law, based upon graduations of wealth alone and intentionally made unequal, was challenged in the Supreme Court, that tribunal, turning its back upon its own earlier decisions, held the law constitutional.

From the day of that decision Congress has taken from about 4 percent of our people the vast capital sum of $32,000,000,000 and wasted it as political spoils, when otherwise it would have gone back into the reproductive channels of trade and industry to multiply its blessings of employment and opportunity throughout a land now bled white.

With the repudiation by Congress of the just principles of taxation came logically enough a repudiation of the limitations as to the objects upon which Congress might constitutionally spend the huge sums that could now be extorted.

There are now in practice no limits, either to the amount Congress may take from such citizens as it pleases, or to the objects, individuals, or private classes, upon whom it may bestow what it has taken from others. Yet every citizen with the least knowledge of our American institutions knows that no tax may be constitutionally levied but for a governmental or strictly public purpose.

This is not a constitutional power of taxation; it is a simple power of confiscation, which no just government ought or would wish to possess. For, as Mr. Justice Story has said:

"Indeed, in a free government, almost all other rights would be utterly worthless if the Government possessed an uncontrollable power over the private fortune of every citizen."

I exhort you as fellow citizens, now passing under a socialized bureaucratic despotism, to get out your copies of our Federal Constitution and learn the extent of your betrayal. I urge you to compare that plain list of 18 powers delegated to Congress in section 8 of article I with the vast new powers which Congress has arrogantly assumed.

You will find there no authority whatever for its creation, under the Department of Agriculture, of a national monopoly in our food supplies, with power to fix prices, authorized in the so-called "Agricultural Marketing Act of 1929." You will find no warrant for its creation, in the same act, of the Federal Farm Board and the gift to it of $500,000,000 of our taxes, with which to gamble in wheat and cotton, $400,000,000 of which it has lost. You will find no authority in Congress to enact the recent so-called "Emergency Agricultural Relief Act", conferring upon the Secretary of Agriculture the power, not only to make laws and impose penalties, freed from judicial review, but the power actually to levy taxes upon us all in behalf of a private class.

You will find no power delegated to Congress to authorize the loan of hundreds of millions of our taxes to favored farm groups to promote their private fortunes or to make good their losses in farm-land speculation; nor will you find any authority for like loans and gifts of other hundreds of millions to favored States, municipalities, and private corporations.

You will find no power confided to Congress for the recent waste of $400,000,000 and the proposed waste of $450,000,000 more in western irrigation schemes, designed primarily to enrich certain favored private landowners at your expense.

In the tenth amendment you will discover an explicit denial to Congress of any power to meddle with the reserved rights of the States over agriculture, education, and public health, and scores of other objects upon which it has authorized the annual squandering of additional hundreds of millions.

You will find a like denial to Congress of any power to license, regulate, and control the great grain and livestock exchanges or other trade and manufactures in the States, save as to such of their products as have actually entered into and become interstate commerce.

And, finally, you will look in vain for any mention of "emergency" as justifying an enlargement of the limited list of powers delegated to Congress. But if you will read the Civil War case of *Ex parte Milligan* (4 Wallace, 2) you will find the stirring words of Mr. Justice Davis declaring for the Supreme Court:

"The Constitution of the United States is a law for rulers and for people, equally in war and in peace, and covers with the shield of its protection all classes of men at all times and under all circumstances. No doctrine involving more pernicious consequences was ever invented by the wit of man than that any of its provisions can be suspended during any of the great exigencies of government."

Within the limited range of the constitutional powers of Congress there is no room for socialistic experiments in government. Yet much of its recent legislation is based squarely upon the doctrines of Engle and Karl Marx. The calamitous result has been that every latitudinarian construction of the Constitution, adopted to permit a desired experiment, has destroyed the constitutional safeguard involved.

If the experiment fails, as in the case of the Farm Board, the precedent remains, and your constitutional safeguard that was construed away is gone, and you cannot put it back.

Thus we witness, rising upon the Farm Board precedent, a more gigantic and ominous experiment in crop and crop-price control, in the so-called "Emergency Agricultural Act of 1933."

American citizens once possessed a constitutional safeguard against executive taxation, which came down to us with the glorious fame of John Hampden. But that has been construed away, first in executive customs taxation, and now it fails to protect us against the proposed executive processing tax authorized in the new agricultural act.

The safeguard against taxation without representation by executive fiat is as fully gone also as to income and inheritance taxation and all other forms of raising Federal revenue.

No charter designed to limit the powers of government so as to preserve ordered human liberty can long survive such a process. It is a piecemeal tearing down of the Constitution, a breaking of its continuity and symmetry, that leaves no political philosophy in its place. There results a hodge-podge of conflicting tendencies and theories, impossible of logical reconciliation, leading to a capricious absolutism.

The Supreme Court was instituted as the special guardian of the Constitution and it was a valiant defender of that great charter in other days. Thus in 1874 it solemnly declared:

"To lay with one hand the power of government on the property of the citizen and with the other to bestow it upon favored individuals, to aid private enterprises and build up private fortunes, is none the less robbery, because it is done under the forms of law, and is called taxation. We have established, we think, beyond cavil, that there can be no lawful tax which is not laid for a public purpose."

Yet today, when the citizen has been dispossessed of his free right of appeal, that Court usually refuses to take jurisdiction in suits challenging the validity of such experimental legislation or the validity of appropriations to enforce it on the ground that the questions involved are of a political nature and are therefore not justifiable.

If the Supreme Court should take jurisdiction of a suit to test the constitutionality of the recent so-called "Emergency Agricultural Relief Act" and sustain its provisions conferring upon the Secretary of Agriculture, who will act through inferior clerks, the power to levy and collect taxes on commodities and the processing of them, and then to expend these moneys as rewards for restraints of trade and the violations of every known rule and principle protecting an open field and free opportunity for all, then it may well be said that we are on our way to communism, and the Supreme Court will have ceased to be the protector of the people in their republican form of government.

What is happening to us today is what has happened to all other republics of history. In the words of Mr. Justice Story again:

"They have perished and perished by their own hands; prosperity has enervated them, corruption has debased them, and a venal populace has consummated their destruction."

Can we turn back?

The answer to that solemn question lies in the extent of virtue and capacity for self-sacrifice which remains in the people themselves.

When we consider the displacement of the three branches of our Government by the Executive and the centralization of their powers in his single person the chances of self-rescue appear remote indeed. For that is an historical stage in the progress toward the overthrow of freedom following the tyranny of the legislature, which was foreseen and predicted by none other than Thomas Jefferson himself in warning us to vigilance.

Within the next 2 years, however, the people of the 48 States will have the first—and maybe the last—opportunity since the Constitution was ratified to meet in conventions in their sovereign capacity to expunge a monstrous policy of legislative tyranny over their private conduct.

In the preambles of those ratifying resolutions they have the chance, if they will take it, to make known to Congress and to the Executive and to the courts as well their disapproval of the aggrandizement of Federal power and to demand the calling of subsequent conventions through which free and limited government may be restored.

If this chance for the peaceable withdrawal of autocratic powers from the Federal Government be lost, it will sooner or later make itself heard through force, and we shall be caught in that endless circle of which Jefferson warned, "of rebellion, oppression, reformation; and oppression, rebellion, and reformation again; and so on forever."

For more than a hundred years ours was the noblest attempt ever made by man to govern himself without master. Today we may exclaim with Byron on beholding the Acropolis at Athens:

"Shrine of the mighty! Can it be
That this is all remains of thee?"

POSHENG YEN

Mr. McSWAIN. Mr. Speaker, after hearing the statement by the leadership of the House, I shall not make the motion which the Speaker had promised to recognize me to make, but I am going to submit a unanimous-consent request and ask 5 minutes to explain each one. If, after 5 minutes of explanation, anyone shall object to the passage of either of these bills, of course, it will have to go over until next Monday.

I now ask unanimous consent for the present consideration of Senate Joint Resolution 48, which was referred to the Committee on Military Affairs, and is for the purpose of admitting a Chinese citizen by the name of Posheng Yen to the United States Military Academy.

This citizen of China is substituted in the place of his brother who, by act of the last Congress, was authorized to be admitted, but has since found it inconvenient to be admitted himself.

I ask unanimous consent that this Senate bill may be passed with two amendments which the Committee on Military Affairs has recommended.

Mr. BLANTON. Mr. Speaker, I reserve the right to object to ask the gentleman a question. It has been the practice, unwise in my judgment, to admit citizens, say, of China and of other countries, to attend the Military Academy at West Point and the Naval Academy at Annapolis. Why continue it?

Mr. McSWAIN. Let me say to the gentleman that I feel exactly like he does about it, and I had hoped that the last measure we passed in the Seventy-second Congress of this kind would be the last one. I so notified the War Department, but the State Department did not know our attitude, and now urges this legislation on diplomatic grounds.

Mr. BLANTON. In that connection I want to ask the gentleman this question: These establishments are for our own American citizens, to prepare them for military activities. We hope to so train them at West Point that they will be outstanding generals that will "out general" any other general anywhere on the face of the earth, and we expect to train future admirals at Annapolis so they can "out admiral" any other admiral in any other navy of the world. Why should we bring these other countries in here and give them the benefit of our inside secrets on the kind of training that we hope to use to "best" them if we ever have to go to battle against them?

Mr. McSWAIN. Let me say that the instruction of the Academy is not in technical, military matters, but largely a matter of general education and discipline and character formation, and any alien citizen acquiring this training will not have any "edge" on any Army officer trained in our advanced-service schools.

Mr. BLANTON. What is the purpose of it?

Mr. McSWAIN. It is just a diplomatic courtesy. They extend many courtesies to us.

Mr. BLANTON. To what other countries now are we extending this privilege in addition to China?

Mr. McSWAIN. Costa Rica and Siam only.

Mr. BLANTON. We are not extending it to any of the big powers?

Mr. McSWAIN. Nor the strong ones, either.

Mr. BLANTON. I shall not object this time, as this Chinese boy is already here, but I think it is an unwise practice we ought to stop and I have helped to stop some of it, and I am going to give notice to the Military Affairs Committee and the Naval Affairs Committee that I am going to oppose vigorously such propositions in the future.

Mr. McSWAIN. I may say that I have notified the State Department that they should not make commitments of this sort before consulting us.

Mr. BLANTON. If we have room for some future general and some future admiral in these academies it ought to be an American and not a national of some other country.

Mr. BYRNS. Mr. Speaker, I ask for the regular order.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

Senate Joint Resolution 48

Resolved, etc., That the Secretary of War be, and he is hereby, authorized to permit Posheng Yen to receive instructions at the United States Military Academy at West Point: *Provided*, That no expense shall be caused to the United States thereby, and that Posheng Yen shall agree to comply with all regulations for the police and discipline of the Academy, to be studious, and to give his utmost efforts to accomplish the courses in the various departments of instruction, and that said Posheng Yen shall not be admitted to the Academy until he shall have passed the mental and physical examinations prescribed for candidates from the United States, and that he shall be immediately withdrawn if deficient in studies or in conduct and so recommended by the Academic Board: *Provided further*, That in the case of said Posheng Yen the provisions of sections 1320 and 1321 of the Revised Statutes shall be suspended.

With the following committee amendments:

Page 1, after the words "West Point", insert "for the course beginning not later than July 1, 1934."

Page 2, line 10, after the word "suspended", insert the following proviso: "*Provided further*, That Senate Joint Resolution 179, approved March 3, 1933, be, and the same is hereby, repealed."

Mr. BLANTON. I wish to offer an amendment, that after the name where it first appears insert "in lieu of and as a substitute for his brother."

Mr. McSWAIN. That is all taken care of by the amendment in the proviso just reported.

Mr. BLANTON. I withdraw my amendment.

The committee amendments were agreed to.

The resolution as amended was agreed to.

A motion by Mr. McSWAIN to reconsider the vote whereby the resolution was agreed to was laid on the table.

Mr. McSWAIN. Mr. Speaker, in deference to the majority leader, I will not make the motion to suspend the rules on the National Guard bill, but will defer it until next Monday.

MANUFACTURE AND SALE OR POSSESSION OF BEER IN THE STATE OF OKLAHOMA

Mr. HASTINGS. Mr. Speaker, I ask unanimous consent for the present consideration of the bill H.R. 5690 to legalize the manufacture, sale, or possession of 3.2-percent beer in the State of Oklahoma, when and if the same is legalized by a majority vote of the people of Oklahoma or by an act of the Legislature of the State of Oklahoma.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. Reserving the right to object, will the gentleman explain just what this bill does?

Mr. HASTINGS. Mr. Speaker, let me say in the first place that this bill only applies to Oklahoma. The legislature of that State has submitted a referendum vote upon which the people will vote on the question of legalizing beer on the 11th of July. We have already passed an act in Con-

gress authorizing the manufacture, sale, and possession of 3.2-percent beer, but there are a few old statutes passed years ago before statehood, when Oklahoma was an Indian country, that it is feared might interfere with the sale of beer in the event that there is a favorable vote on the referendum. That is, all this does is to legalize the manufacture, sale, and possession, provided only that the people themselves vote favorably on the referendum, or it is legalized by the State legislature.

The SPEAKER. Is there objection?

Mr. McFADDEN. Reserving the right to object, I do it only to ask unanimous consent to address the House for 5 minutes when the gentleman has finished.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma for the consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the manufacture, sale, and/or possession of 3.2-percent beer is legalized in the State of Oklahoma when and if the same is legalized by a majority of the legal voters thereof, or by an act of the Legislature of the State of Oklahoma, and all acts or part of acts in conflict therewith are hereby repealed.

Mr. HASTINGS. Mr. Speaker, I offer the following amendment.

The Clerk read as follows:

Page 1, lines 5 and 6, strike out the words "voters thereof" and insert "vote cast at an election held in such State."

Mr. CUMMINGS. Mr. Speaker, I should like to ask the gentleman from Oklahoma what that amendment does?

Mr. HASTINGS. It is merely a clarifying amendment so as to legalize beer if the majority of the legal voters or of those who vote at the election—in other words, ratified by a majority of those voting.

Mr. CUMMINGS. I have no objection.

The amendment was agreed to.

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

On motion of Mr. HASTINGS, a motion to reconsider the vote whereby the bill was passed was laid on the table.

Mr. HASTINGS. Mr. Speaker, let me say in further explanation, this bill, H.R. 5690, is to legalize the manufacture, sale, or possession of 3.2-percent beer in the State of Oklahoma, when and if the same is legalized by a majority vote of the people of Oklahoma or by act of the Legislature of the State of Oklahoma.

The Legislature of the State of Oklahoma has submitted an act to legalize the manufacture, sale, and possession of beverages, including beer, containing not more than 3.2 percent of alcohol by weight, to a vote of the people of the State of Oklahoma, at a special election ordered to be held throughout the State on the 11th day of July 1933.

Prior to statehood in Oklahoma, when the area comprising what is now the State of Oklahoma, was occupied by many Indian tribes, and the eastern part by the Five Civilized Tribes and was known as the "Indian Territory", Congress enacted special legislation prohibiting the introduction, possession, and sale of vinous, malt, or intoxicating liquors into the Indian Territory, including the act of March 1, 1895 (28 Stat.L. 697), and by subsequent legislation the act of June 30, 1919 (41 Stat.L. 4).

The courts hold that the act of March 1, 1895, section 8, prohibiting the introduction of intoxicating liquors into the Indian country, and the act of June 30, 1919 (41 Stat.L. 4), remained in force and effect after the admission of Oklahoma into the Union as a State, and that these acts are special legislation and were not repealed by the provisions of the National Prohibition Act. (*Sharp* v. *United States*, 16 Federal, 2d series, 876.)

The present bill is intended to modify and repeal the provisions of the acts of March 1, 1895, and of June 30, 1919, supra, so as to exclude from its prohibition of said statute 3.2-percent beer, when and if 3.2-percent beer is legalized by a vote of the people of the State of Oklahoma or by an act of the Legislature of the State of Oklahoma, placing the State of Oklahoma in the same position, so far as the manufacture, sale, or possession of 3.2-percent beer is concerned, as other States of the Union.

The act of June 30, 1919, was added as an amendment to the Indian appropriation bill and consisted of adding the word "or" and this amendment did not change the penalty, and added no new penalty, and if the act of June 30, 1919, were repealed it would not repeal the act of March 1, 1895, to which I have referred.

Congress has passed a beer bill legalizing the sale of 3.2-percent beer throughout the country. I believe in the referendum and favor permitting the legal voters of Oklahoma to settle the question of legalizing beer for themselves. This question is to be decided by direct vote of the people of Oklahoma on July 11, 1933. This bill clears away Congressional inhibitions so that the will of the people of the State of Oklahoma, as expressed at the polls, will prevail.

Mr. McFADDEN. Mr. Speaker, I send to the Clerk's desk a short legal notice which I ask the Clerk to read in my time. The reason for that is this: Last week I called the attention of the House to tax evasion on the part of the Mellons, of Pittsburgh. This is a legal notice which shows an attempt to cover up evidence of the Ricsar Co. Certainly, if the books and records of this company are destroyed by this proposed dissolution, the Attorney General would be handicapped in his investigation of this private holding company organized for the purpose of evading taxes, owned privately by R. B. Mellon. This case being already in the hands of the Attorney General for investigation, he should know this. It is another reason why this House should pay some attention to the question of tax evasion, and my resolution purposing an audit of the United States Treasury. I ask that the Clerk read the notice in my time.

The SPEAKER. Without objection the Clerk will read.

There was no objection, and the Clerk read as follows:

MOORHEAD & KNOX, ATTORNEYS AT LAW,
1732 OLIVER BUILDING,
Pittsburgh, Pa.

In the Court of Common Pleas of Allegheny County, Pa., No. 1802 July term, 1933. In the matter of the petition of the Ricsar Co., for decree of dissolution. Notice is hereby given that the Ricsar Co., a Pennsylvania corporation, has filed, in the above court and at the above number and term, its petition praying for a decree of dissolution, and that the court has fixed the 12th day of June 1933, at 9:30 o'clock a.m., eastern standard time, as the time and the said court as the place for hearing said petition in application for dissolution, when and where all persons interested may attend and show cause, if any they have, why the prayer of said petition should not be granted.

MOORHEAD & KNOX,
Attorneys for Petitioner.

Mr. McFADDEN. Mr. Speaker, I now desire to call your attention to another tax case in the form of a large tax refund that should have the attention of this House.

Mr. Speaker, for more than a year I have sought action by the Rules Committee and by the House on my resolution to conduct an investigation of the Treasury Department. My requests have always been refused, although not so long since I was tendered the explanation that I had not produced sufficient evidence to make such an investigation seem necessary. I have cited many instances of strange conduct by Treasury officials, including an apparent evasion of personal income taxes by Andrew W. Mellon while he was Secretary of the Treasury—an evasion, in the single instance cited, of well over a million dollars.

For reasons that are beyond my knowledge, but none beyond my surmise, the Treasury does not seem to desire that it be investigated. This unwillingness for a Treasury investigation seems to extend to other branches of the Government.

During the past week there has been much unfavorable discussion of individuals connected with the Treasury. Testimony before a Senate committee has disclosed what seem to be grave inconsistencies in the application of the income tax laws passed by the Congress. The able publicists whose services are at the disposal of the House of Morgan have poured out a stream of propaganda to the effect that Mr. Morgan is blameless for not paying his taxes, that the blame

rests upon Congress. That charge is correct, though not in the sense that it is made. We are to blame because we let the racketeers entrenched in the Treasury get away with their racket.

The power to stop abuses lies in our hands and in our hands alone. If we refuse to exercise that power in the public interest, if we sit by and permit crime to go unpunished, larceny to go unretrieved, then the fault is ours. We are considering new taxes. For what purpose? So that the Morgans and the Mellons and the Mitchells will have new laws to evade? If we do not enforce the laws we have, how can we expect to collect revenue from any other laws?

Law enforcement—more than law enforcement, is the foundation of successful government. At this point in our history the Government of the United States is not a successful government.

I have been told that I should offer additional evidence of the need of an investigation of the Treasury. I will do so.

I will quote a story from an American newspaper published in the city of Raleigh, N.C. Lest it be said that this newspaper is not a credible source of information or that it is an organ of agitation or sedition, I will preface that quotation by reading to you the statement of ownership and responsibility which appears at the top of the editorial page of the newspaper. It reads—

The News and Observer—"The Old Reliable"—Published every day in the year by the News and Observer Publishing Co., Josephus Daniels, president.

Surely I do not have to offer to the majority side of this House a certificate of character for the man who served as Secretary of the Navy in the war Cabinet of President Wilson.

Now for the quotation. I will include the large and impressive headlines in the quotation. The date of the newspaper is December 20, 1928:

Cannon estate gets $1,081,026 refunded taxes. Judge I. M. Meekins, sitting in chambers, signs compromise judgment. James W. Cannon was textile king. Executors sue for alleged tax overpayment made on 1918 and 1919 income; compromise claim for 50 percent plus interest since payment.

Just another refund, you say? There is more to it than that. Let us proceed with the text of this newspaper story. I will read from it:

On agreement of attorneys for both sides, Federal Judge I. M. Meekins, sitting in chambers here, yesterday signed a compromise judgment, compromised at 50 percent, by which executors and trustees of the estate of the late James W. Cannon, textile magnate, recovers $1,081,026, alleged to have been overpaid in 1918 and 1919 income, from the United States Government.

The amount to be returned by the Government represents half of the $882,615 on 1918 income and the $628,108 on 1919 income sued for, plus interest for the time it was paid under protest.

The suit was brought by Charles A. Cannon and David H. Blair, executors of the Cannon estate, and Charles A. Cannon, David H. Blair, and the Wachovia Banking & Trust Co., trustees of the same estate, against J. W. Bailey, former collector of internal revenue, and Gilliam Grissom, the present collector.

Let me interrupt the quotation for a moment to call your most particular attention to the next sentence of this newspaper story, which I will now read to you.

An interesting feature of the case was that Mr. Blair, one of the executors, is United States Commissioner of Internal Revenue at Washington and consequently in charge of the defense of the case, although he delegated the matter to subordinates.

Yes, he delegated the matter of defending the interest of the people of the United States to subordinates—subordinates who were working under his orders and wished to hold their jobs. It is to be noticed that Mr. Blair did not delegate his interests as trustee of the Cannon estate to any subordinate. That he took care of himself.

His interest in the prosperity of the Cannon estate was not solely the interest of a trustee in his trust. If that had been the sole consideration Mr. Blair would have been torn between love and duty, because in his capacity as Commissioner of Internal Revenue he was also a trustee—a trustee of the funds of the United States Government.

Mr. Blair did not hang suspended between the claims of two competing trusteeships. There was another weight in that scale of decision, a weight which tipped the balance so far that there was no doubt in his mind as to which side of this case should receive the benefit of his personal attention and which side should be "delegated to subordinates."

Through matrimonial relationship Mr. Blair is himself a principal beneficiary of the Cannon estate. He made his choice between public duty and private profit, and having made that choice he followed it in no half-hearted fashion. He turned his duty over to his subordinates and devoted his own attention to his profits.

Let me return to the quotation:

The estate was represented by Judge Schurman, partner of Charles Evans Hughes, of New York; Pou & Pou, of Raleigh; and Cansler & Cansler, of Charlotte. The case for the Government was handled by White B. Miller, of Chattanooga, special assistant to the United States Attorney General, and District Attorney Irving B. Tucker.

Turning once more from the direct quotation of this newspaper story, I will read a few lines from Hill's Raleigh (N.C.) City Directory, volume XIX, 1929. It is just the composition of the firm of Pou & Pou, as it is shown to the directory readers of Raleigh, N.C.

Pou & Pou (J. H. and J. H., Jr., J. L. Emanuel), lawyers, Lawyers' Building, 320 South Salisbury Street, room 804–808.

Judge Schurman has a legal identity and reputation of his own, I understand, and is not dependent upon his fame upon the fact that he was formerly the law partner of the present Chief Justice of the Supreme Court of the United States. The Charlotte firm I do not know.

Let me return once more to the newspaper quotation.

In its answers to the executors' complaints the Government alleged that the late Mr. Cannon had resorted to and practiced certain schemes and artifices to reduce and escape his Federal income taxes. Immediately the attorneys for the plaintiff demanded a bill of particulars which was denied on September 6, after hearings held here and in Durham. During these hearings the Government attorneys denied any intention of insinuating that Mr. Cannon had tried to evade his just taxes, meaning instead, they said, that he was trying to avoid payment of more than necessary taxes and had unintentionally gone over the legal line.

The "subordinates" to whose hands Internal Revenue Commissioner Blair committed the case of the Government seem to have been quite subordinate. Stating that they had evidence that Mr. Cannon was almost criminally involved and being supported in their contention by the refusal of the court to grant a bill of particulars, yet these Government attorneys hastened to put into the record their ostensible belief that Mr. Cannon was not at fault. As an extenuating circumstance, they set forth Mr. Cannon's desire to "avoid payment of more than necessary taxes." "More than necessary taxes!" Necessary from what point of view? Necessary to comply with the law as enacted by Congress or "necessary" only to establish a pretense of complying with that law?

Let us return to the newspaper story and have its final paragraphs.

On the taxes on his 1918 income, paid to Mr. Bailey in 1919, Mr. Cannon's executors demanded the return of $882,615. The half of this was agreed upon plus the interest since payment amounted to $647,161, the amount Judge Meekins ordered should be paid.

In the second case, that against Collector Grissom and concerning an alleged overpayment of taxes on Mr. Cannon's income, paid in 1920, the executors sued for $628,108 and compromised on half that amount, which, with interest, amounted to $433,865.

Mr. Speaker, under the law no compromise in a matter of income tax payment or refund can be entered into without the consent of the Commissioner of Internal Revenue. This case did not go to a trial and a verdict; it was compromised in the judge's chambers. Mr. David H. Blair was present in that chamber at that compromise. In his Jekyll and Hyde dual personality as plaintiff and defendant, he agreed with himself to pay himself Government money and then blessed the bargain by donning for the moment the robes of his authority as Commissioner of Internal Revenue.

In his office at Washington, the Commissioner of Internal Revenue issued a ruling which made this compromise and payment assume the appearance of a legal transaction. Once the deal had been consummated, he hastily withdrew that ruling. The terms of that ruling have never been ap-

plied to the case of any other taxpayer in similar circumstances. It was written solely to secure from the United States Treasury the sum of $1,081,026. When that purpose had been served, the ruling was stricken from the record.

Mr. Speaker, David H. Blair was Commissioner of Internal Revenue during that period in our financial history which will be known to the future as the "refund era." Sitting in the seat of authority he rubber-stamped the billions of dollars of tax refunds which were paid out under the auspices of Andrew W. Mellon, Secretary of the Treasury. Almost daily, he saw pass over his desk a stream of political subsidies and financial loot totaling a greater amount than our widely discussed gold reserve.

Never was there a protest from David H. Blair. Always the refunds passed with his signed approval. He knew that approving those refunds was his job, that is what he sat in his official chair to do. He did it.

In December of 1928, Mr. Blair was near the end of his long term of office. He had seen many refunds made. Is it any wonder that he wanted a refund of his very own to take back to private life as a souvenir of his career in public office?

The trough was full in 1928. The word "deficit" was unknown in our language and there was plenty to go around. So Mr. Blair got his.

Mr. Speaker, we have reached the bottom of our financial barrel. Revenue has dwindled to a trickle which can no longer keep up with the river of outgo which has drained our Treasury for so many years.

The Treasury is our most vital concern. Upon it and by it we will either stand or fall as a Nation. No longer can we treat it as an inner holy of holies, not to be profaned by the touch of common feet. We must roll back the curtain and see with our own eyes if the Ark of the Covenant still be within the temple or if it has been given to some political henchman as a refund or a souvenir.

The Treasury is the largest business in the world. Never, since its vaults first closed on the modest funds of the new-born United States, has the Treasury of the United States been audited. If all is well in the Treasury, to demonstrate that by an investigation will send a wave of confidence sweeping over the land. If an investigation of the Treasury is again refused, the Nation will know that someone in power fears the facts that will be disclosed.

To conceal wrongdoing may be practical politics, but it is not honest government.

Mr. Speaker, I ask that resolution calling for the appointment of a committee of this House to investigate the Treasury, particularly for the period of the past 10 years, be reported by the Rules Committee and put upon its passage.

VALUE OF COINS AND CURRENCIES OF THE UNITED STATES

Mr. BANKHEAD. Mr. Speaker, I call up a privileged resolution from the Committee on Rules, which I send to the desk and ask to have read.

The Clerk read as follows:

House Resolution 161

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 House Joint Resolution 192, a joint resolution to assure uniform value to the coins and currencies of the United States, and all points of order against said joint resolution are hereby waived. That after general debate, which shall be confined to the joint resolution and shall continue not to exceed 3 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the joint resolution shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the joint resolution for amendment the committee shall rise and report the joint resolution to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the joint resolution and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. BANKHEAD. Mr. Speaker, I yield 30 minutes to the gentleman from Pennsylvania [Mr. RANSLEY] on the rule. I shall not consume any of the time of the House in making any explanation of the terms of the rule. It has been read from the desk and provides for 3 hours' general debate upon the resolution, from the Committee on Banking and Currency. It is an open rule. I presume there will be no objection to the adoption of the rule. I yield 5 minutes to the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Speaker, Victor Hugo once said that "Nothing dies harder or more thoroughly than an old regime." Tennyson put it more mildly when he said that "The old order changeth, yielding place to new, and God fulfills himself in many ways."

We are in the midst of the most far-reaching revolution that has ever occurred in all the history of the human race, one more far-reaching than the French Revolution of 140 years ago. We are breaking away from the old order, which is yielding place to the new. An old regime is dying, and a new age is being born. This Government is now leading the way, in response to the appeals and the needs of mankind, in this revolution—this far-reaching change in the financial and economic systems of the world.

For nearly 4 years we have been in the greatest panic this world has ever seen. During that time I, for one, have pleaded for an expansion of the currency as the only means of meeting this situation and redeeming the American people from the clutches of this terrible depression that has carried us almost to the brink of revolution and our country to the brink of ruin. We are about to put the finishing touches on that change.

Already we see evidences of improvement. As soon as the first move for currency expansion was taken by the President to lay the foundation for this change, there was an immediate relaxation throughout the country, like waking a man from a hideous nightmare. Immediately prices began to rise, business men began to take on new hope, enterprises began to take on new life. I have said for 3½ years that, if properly carried out, this policy would raise commodity values back to where they were when our debts were made and our other obligations were incurred. Today, with this policy only a few weeks old, and with this entire program not fully consummated, we have witnessed a marvelous improvement. The people of the West are getting more than twice as much for their wheat as they did when this Congress convened on March 9. The people of the Corn Belt are receiving more than three times as much for their corn as they were receiving when this Congress convened, and the people in the Cotton Belt are receiving almost twice as much for their cotton as they did when Congress convened.

It was the only step that this Government could take that would relieve this depression and bring about this gradual and phenomenal recovery.

A great Englishman, one of the great industrialists of Great Britain, less than 2 weeks ago said that while he did not want to appear as too optimistic, yet in his opinion these changes that are being brought about by such legislation as this would bring, not only to the British people but to the people throughout the world, the greatest era of prosperity in all the history of the human race.

I say today, as I said in this House some days ago, that this is the greatest step that has ever been taken by a government on an economic or a financial issue in all the history of governments. If fully carried out, this program will not only restore prosperity to the American people, but will give the world a working basis for expansion of currency, to bring values back to what they were when our debts were made, and enable the people of the world to pay the debts incurred by the war and as a result of the war and the aftermath of the war. It will bring in a new day, a new prosperity. Indeed, it will usher in a new era in the civilization of mankind. [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield 10 minutes to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Speaker, the joint resolution which the adoption of this rule will make in order cannot be defended either in law or morals. It is shocking to one's moral sense, to one's sense of right and wrong. It proposes that the law of the jungle, the law that might makes

right, shall be made to govern the conduct of the Government of the United States.

What it seeks to accomplish could not be done except by sovereign power, and then only upon the assumption that the State can do no wrong.

The resolution looks not only to the future, but expressly applies to every obligation heretofore and hereafter incurred. The enactment of it into law will be an open declaration to the world that the Government of the United States does not intend to keep its word; that it repudiates its obligations and contracts, solemnly made by it. In the spirit of the bully it proposes that the United States say to the purchasers of its bonds, "I know that I have agreed to pay them in gold or its equivalent, and that you were induced to buy them partly upon that promise. I made that promise and held out that inducement to you as late as April 23 of this year, but now I have your money, I do not intend to do as I have agreed. What do you propose to do about it?"

Who wants to be a party to any such transaction? The resolution itself is also evasive. It declares that every provision in any contract or bond "which purports to give the obligee the right to be paid in gold * * * is declared to be against public policy." Such provisions have been inserted in bonds and other agreements to add to their attractiveness for a great many years, how long I have not had an opportunity to ascertain in the limited time since this resolution was introduced. Who suddenly discovered that they are against public policy, and when did he find it out? Is it against public policy for the United States or an individual to carry out a lawful contract according to its terms? What becomes of the sacredness of Government obligations or of contracts in general if such a doctrine becomes prevalent in the United States? Can virtue be made a sin or good public policy be made bad public policy or honor dishonor by mere ipse dixit or by a mere declaration of Congress?

The passage of the resolution cannot be defended upon the ground of necessity or inability to pay in gold. The Government of the United States is not bankrupt. There is more money in this country today than there ever was before in the history of government. It is said that 40 percent of the gold supply of the world is in the United States.

Mr. PARSONS. Will the gentleman yield?

Mr. MAPES. I yield.

Mr. PARSONS. We have about a hundred billion dollars' worth of contracts payable in gold. How are we going to meet those contracts with three and one-half billion in gold?

Mr. MAPES. Oh, we do not have a hundred billion dollars in obligations payable in gold or in any other money all at once.

Mr. PARSONS. There are no contracts——

Mr. MAPES. I do not yield further.

The resolution is not advanced as a temporary measure. There might be some excuse for it as an emergency measure or if it applied only to future commitments, but such is not the case. It does not propose that payments in gold be suspended temporarily but permanently. It applies not only to future but to past agreements. It goes still farther than that and asks the Congress to declare by law that any provision agreeing to pay in gold any contract—past, present, or future—is against public policy.

The Constitution of the United States prevents a State from taking the property of its citizens without due process of law, and yet that is exactly what this joint resolution proposes to have the Federal Government do. The stronger a person or an institution is, the more scrupulous he should be in the performance of his obligations. What an example to set before the world? What position will the United States be in to demand payment of the debts owed to it by foreign governments after the passage of this resolution? It not only proposes to repudiate its own obligations but to allow individuals who have entered into agreements between themselves to do the same.

How can business recover with such uncertainty hanging over it as is caused by the constant passage of legislation setting aside the obligations of contract, legislation which nobody dreams will be presented to Congress 24 hours before it comes here and which is passed without being given any adequate consideration? This Congress has authorized the President to engage in open-market operations, or to instruct the Federal Reserve banks to do so. It has authorized him to instruct the Secretary of the Treasury to issue paper money.

It has authorized him to revalue the gold dollar all in his discretion, and now, without any notice, this resolution comes here, repudiating all obligations of the Federal Government in which it has promised to pay in gold or its equivalent, and making it possible for individuals to do the same. What can business or anyone depend upon from one day to the next?

I saw an editorial in last week's copy of the Saturday Evening Post, which, it seems to me, states the situation very accurately. It reads:

> It is difficult to see how men are going to plan, contract, and employ, looking to future returns, if they are to be, from day to day, puzzled and confused by volley ofter volley of suddenly launched proposals and measures affecting employment, management, and the value of money. If business men are to recover their courage, they must not be kept in constant turmoil. The measures taken, even for emergency purposes, should be related to what the community understands, and proceed with reference to those elements of faith and trust without which everyday transactions cannot take place. There is no real healing in any other course.

This Congress has undoubtedly passed some good legislation, but I submit to the earnest consideration of the House if it has not, by the uncertainty of much legislation which has been passed and by the discretionary power which has been lodged in the President to be exercised by him at will or nobody knows when, done more harm than the good legislation could possibly do good.

Mr. KELLER. Will the gentleman yield?

Mr. MAPES. I yield.

Mr. KELLER. Will the gentleman tell us what amount there is at the present time payable in gold in the country?

Mr. MAPES. I do not know and I do not think the amount is very material. There has been no time to look up such questions as the gentleman has asked since this resolution was introduced. It was only introduced last Friday afternoon, sent to the Printer, and reported by the Banking and Currency Committee Saturday morning without any consideration worthy of the name, and it is called up for passage in the House today, the next legislative day after it was reported, and only 2 legislative days after it was introduced. It is a travesty to attempt to consider legislation of this importance in this way. Everyone knows it cannot be considered seriously or adequately debated under such circumstances. This is no ordinary piece of legislation. It would be hard to overestimate its importance. No one can tell how far-reaching it may prove to be.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield the gentleman from Michigan 5 additional minutes.

Mr. MAPES. It is ridiculous to bring up in this way legislation which the gentleman from Mississippi says is the most far-reaching resolution that ever faced the human race. This procedure is something that the Congress of the United States—the House of Representatives—cannot be proud of. The Committee on Banking and Currency gave the resolution such scant consideration that apparently it did not even read the first paragraph of it. If it had, I assume that it would have corrected a grammatical error appearing in that paragraph and which is perfectly apparent to anyone who reads it.

In order to prevent railroading legislation through the State legislature the people of my State a few years ago wrote into their State constitution a provision prohibiting the passage of any bill at any regular session of the legislature "until it has been printed and in the possession of each house for at least 5 days." It might be well to have some such limitation upon the action of the House of Representatives if it persists in passing important legislation without taking time to consider it.

Mr. LUNDEEN. Mr. Speaker, will the gentleman yield?

Mr. MAPES. I yield.

Mr. LUNDEEN. I agree with the gentleman when he says the Government is not bankrupt. But there is always a great shout in this House that we are bankrupt whenever the soldiers of America are concerned.

Mr. MAPES. Well, that may be. I voted against the economy bill [applause], as the gentleman from Minnesota did, but I do not see how that enters into this question.

Here is a question of honor. Here is a question of good faith on the part of the United States. Where is the spirit of Grover Cleveland in this emergency? Can it be that the people of America want the Congress of the United States to endorse a resolution of this kind, repudiating a solemn pledge?

I cannot believe that my constituents want me to vote for it.

I cannot believe the American people have lost their courage or their determination to meet their obligations. I cannot believe they will approve of any action of the House of Representatives looking toward the repudiation of its obligations by their Government.

I wonder how many have read the editorial in this morning's New York Times, which quotes at length from the speech of the President 3 days before the last election, delivered at Brooklyn, in which he stated and reiterated his belief in a sound currency and that his supporters and the American people had nothing to fear in that respect if they elected him to the Presidency. Here is what that editorial says:

THE NEW LIBEL

During his Presidential campaign the charge was frequently thrown in Mr. Roosevelt's face that he and his party could not be trusted to maintain a sound currency. It was alleged that the taint of depreciated money was in Democratic blood. Mr. Roosevelt more than once resented and denied this accusation. He did it most fully and explicitly in the speech ending his campaign which he made in Brooklyn on November 4, 1932, just before the Presidential election. He repeated and emphasized the money plank in the Democratic platform: "We advocate a sound currency, to be preserved at all hazards." Then he turned the attack upon Mr. Hoover, asserting that the President was guilty not only of misrepresenting the Democratic position but of preaching a "gospel of fear." There followed this passage, quoted from the verbatim report of Mr. Roosevelt's speech, only 3 days before the election:

"The business men of the country, battling hard to maintain their financial solvency and integrity, were told in blunt language in Des Moines, Iowa, how close an escape this country had some months ago from going off the gold standard. But that, my friends, as has been clearly shown since, was a libel on the credit of the United States."

This seems to show that Mr. Roosevelt knows a libel when he sees one—perhaps even when he utters one. But the most interesting part of his Brooklyn speech remains to be cited:

"It is worthy of note that no adequate answer has been made to the magnificent philippic of Senator GLASS the other night, in which he showed how unsound this position was. And I might add, Senator GLASS made a devastating challenge that no responsible government would have sold to the country securities payable in gold if it knew that the promise—yes, the covenant—embodied in these securities was as dubious as the President of the United States claims it was."

There is really nothing to be done when words thus conflict with deeds, except to let the words speak for themselves.

Before this debate is over reference will probably be made to the fact that England and some of the other countries of the world are off the gold standard. In that connection I desire to call attention to the fact that England, at least, did not repudiate its existing obligations when it went off the gold standard in September 1931. Furthermore the legislation passed by the House of Commons at that time was of a temporary nature and not permanent, as is proposed here.

The Chancellor of the Exchequer, Mr. Snowden, in presenting that legislation in the House of Commons, expressly stated, and I quote from the Record of Debates in the House of Commons:

Where we are under obligations to make payments in dollars or other foreign currencies, as, for example, some of the war bonds that were issued in New York, we shall, of course, continue to meet our obligations punctually in those currencies.

Mr. LEHLBACH. Mr. Speaker, will the gentleman yield?

Mr. MAPES. I yield to the gentleman from New Jersey.

Mr. LEHLBACH. The argument is made that there is not enough gold in the world to meet the gold obligations in our bonds. Is it not true that that promise to pay in gold or its equivalent is merely a pledge on the part of the Government that it will not depreciate its currency for the purpose of cheating its creditors; and is not the deliberate intent of this resolution one of cheating the creditors of the Government?

Mr. MAPES. Certainly; that is true. It has never taken very much gold to maintain the gold standard and to meet the Government's promise to pay in gold or its equivalent as long as everyone knew that the gold was available and that the Government intended to fulfill its promise. [Applause.]

The SPEAKER pro tempore (Mr. AYRES of Kansas). The time of the gentleman has expired.

Mr. BANKHEAD. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Speaker, I disagree with the gentleman from Michigan [Mr. MAPES] that this legislation will bring about a depreciation of our currency. I assure him that he will be able to buy just as much for the dollar that will be legal tender as he was able to buy in 1924, 1925, 1926, or at any time before that, with the dollar that was then legal tender.

It was only after a conference of the conniving manipulators in London in August 1929, under the leadership of Morgan and Lord Rothmere, the very men who caused the criminal inflation, that wholesale unloading of stocks took place and criminal short selling began, which short selling they and their associates, the directors and officers of the large concerns, have continued uninterrupted for the last 3 years, forcing thousands of our banks to close and enabling these men to repurchase billions of dollars of these securities at a small fraction of their value.

It is these men who are opposed to this proposed legislation, legislation that will to some extent aid creditors to repay their obligations, make possible the recapture of our export trade, and dispose of our surplus stocks and farm commodities. It is the representatives of the bond and mortgage holders who acquired millions of dollars of bonds at ridiculously low prices, which today they desire the Government and the issuers to pay in gold, who charge that this proposed legislation will repudiate obligations. But there will be no repudiation, no dishonesty; only a fair adjustment.

To my mind this legislation is a step in the right direction, and I agree with the gentleman from Mississippi [Mr. RANKIN] that this will do more for the Nation than anything that heretofore has been done.

I believe this legislation will do more than anything to save our banks and our insurance companies, and to save the millions of people who, due to the criminal inflation and the subsequent deflation brought about by such men as Morgan, suffered wreck and ruin.

If Wall Street had not brought about the criminal inflation and later the deflation that ruined the Nation and bankrupted 90 percent of the American people, this legislation would not be necessary. But in view of present conditions this is the only way that we can bring about, not repudiation but adjustment—I repeat, not repudiation but adjustment—throughout the Nation.

Of course, I realize that this very group of which I speak may take advantage of this legislation and use it to start another orgy of speculation similar to the one from 1927 to 1929. However, I take this opportunity to serve notice that I shall not desist in my efforts to curb their unjustifiable inflation or destruction deflation.

By adopting the securities bill we have made a step forward, but that alone will not suffice. We must go farther. We must prevent the recurrence of the happenings in the years 1927 to 1929 and 1931 to 1933. To bring home to the American people the dishonest methods that are practiced by the investment bankers, and not only tolerated but sanctioned and even approved by the New York Stock Exchange,

and as a warning, I am inserting a speech made by me on the floor of this House on December 9, 1929, in this connection:

WALL STREET "SHORTS" ARE THE ENEMIES OF PROGRESS, TRANQUILLITY, HAPPINESS, AND MORALITY

Mr. SABATH. Mr. Chairman, ladies, and gentlemen, in my effort to secure consideration for legislation that would in the future make impossible a disaster such as the country has lately witnessed and which is described by President Hoover in his message to Congress as a "crash", I wish to call attention to certain facts, not with any desire to aggravate present conditions but only in the hope that the damnable, conniving, ruinous practices of the Wall Street "shorts" will not be tolerated any longer by an enlightened people.

I ask, of what possible good or aid are these men that are permitted every few years to destroy millions of men, ruin industry, destroy stability, and bring about destruction not only of billions of dollars of values but also of scores of lives?

Who are they? They are the enemies of progress, tranquillity, happiness, and morality. Not only in peace time but even during the war they pursued their destructive manipulations.

The press continually speaks about racketeers and their evils. Why, they are nothing compared to these rapacious parasites. Racketeers take the chance of being apprehended and punished, but these "Wallingford" financiers operate smugly and complacently, live in regal luxury and splendor in the most exclusive and expensive apartments with jewel-bedecked wives and mistresses, a menace to society by their mode of living, causing envy and discontent among families who cannot compete with them on their honestly earned incomes.

What justification is there for tolerating their beastly and dastardly activities? Most of you and I have witnessed the panics of 1893, 1907, and 1921, each of which was brought about by similar tactics of the destructive "shorts." As now conducted, many of the stock exchanges are open to the charge that gambling, pure and simple, constitutes a large proportion of their business. The governors of these organizations had it in their power to stop in time the activities of the short-selling forces but failed to do so.

Therefore, it is high time that we put an end to these parasites by legislation. Is it possible that their influence and power is so great that they have been permitted to manipulate without any restraint whatsoever to the grave detriment of the country and the party in power which since time immemorial has claimed "with pride" sole credit for all prosperity?

In keeping with this policy, ex-President Coolidge during his administration began an advertising campaign of prosperity, which Mr. Hoover followed, proclaiming that the resources of the United States were still untapped, that business conditions were showing improvement each year, and that savings were increasing. As stated in a New York World editorial:

"* * * After a sharp decline following a report of a huge increase in brokers' loans, Mr. Coolidge amazed even Wall Street itself by announcing that neither he nor Mr. Mellon saw any danger in the expansion of brokers' loans * * *."

This kind of propaganda continued even after it was pointed out that depressions had set in in many lines and that stocks were selling at levels ridiculously out of proportion with their earnings. But notwithstanding this warning, many other similar statements were issued from time to time to imbue the public with the confidence that stocks would never react but would keep on climbing to greater heights in this so-called "Hoover era of higher prices."

The beautiful, enticing picture painted by the administration forces, who would not listen to the warning voice of economists or the threat of rapidly rising brokers' loans, furnished a rife field for corporate promoters. New corporations were organized for exploiting purposes, old corporations split up their stocks, gave so-called "rights to purchase additional stock", and all the old tricks and many new ones were used. No trouble was encountered in listing these issues on the various old and hastily organized new exchanges. Interest rates increased. Country banks were lured into sending their cash to New York for use as "call loans." Corporations sent to the "call-loan market" not only their huge surpluses, which should have been distributed among stockholders, but also the moneys received by increases in capitalization, which had been obtained for development and expansion.

The people, impressed with the assurances of the administration, were easily taken in, and buying of all kinds of stocks reached new levels daily. Large corporate interests, with their capital stock increased by millions of shares, easily induced even their own employees, by means of alluring reports, to become "partners" in these great industries, and every conceivable scheme was resorted to in order to unload these stocks at artificially created prices on employees, their families, and the public. Then came the pyramid of pyramids—the investment trust—a new medium for obtaining millions upon millions of dollars from a misled and inflamed public.

Nearly everyone was in. Now for the first time the Federal Reserve Board served notice that brokers' loans were excessive and must be decreased. Rediscount rates were increased, interest rates soared, credits were curtailed, and moneys gradually withdrawn.

Conditions were ripe, and the Wall Street "shorts" pirates were ready. They were not going to mold or construct but to hammer and pound to destruction. The first drastic decline was not enough. The conspirators continued unmercifully to throw upon the market thousands upon thousands of shares of stocks which they never owned with the sole purpose of destroying the market value of securities in order that they could repurchase them at their own prices and reap the richest harvest in the history of the Nation.

The press of the country carried in headlines the report of the formation in Morgan's office of the Big Six, with the cheering news that their wealth and power would be used to stop further activities of the "shorts." Encouraged by this, a tremendous number of careful, conservative investors, including insurance companies, trust estates, and widows' funds, purchased stocks at prices proclaimed to be lower than value levels.

What a horrible awakening they had a few days later when the Big Six not only failed to support the market as announced, but some of them, according to common rumor, even unloaded a large portion of their holdings on the temporary bulge which these reports caused. In this way not only the reckless but the most prudent investors were mulcted and fleeced as the "shorts" again started their vicious drive.

Washington did nothing except raise the smoke screen that business was not affected by declines in the stock market. The Federal Reserve Board took no action, although deposits at the banks were being withdrawn in alarming amounts, and collateral loans and the banks holding them jeopardized. And the avalanche continued. Vicious rumors of all kinds became current and the people became panicky. Stocks were forced to be thrown overboard, and billions of dollars and the life's savings of millions of investors were swept away.

I felt strongly that some action was necessary to help restore confidence, and so on November 12 I wired the President as follows:

"Today's press dispatches state that the professionals are still selling short. I am satisfied that 99 percent of the American people feel that this outrageous destruction of the small investors has gone far enough and that immediate steps are needed to save the Nation from disastrous conditions that are bound to follow. It is the consensus of opinion of well-informed men that you, Mr. President, should call upon the financiers of this Nation to stop profiteering and formulate and carry out a plan to save the Nation from dire calamity.

"Congressman A. J. SABATH."

I also wired to Secretary Mellon and the Federal Reserve Board, demanding some statement that would allay the fears of a faltering public. Feeling that the professional "shorts" had precipitated the break, I also wired the various stock exchanges, demanding cessation of short selling, and they responded by asking their members for a report on all loanings and borrowings of stock, which action was helpful, because the most influential of the destructive short sellers did not wish their names to become known and to be held responsible for the ruination of millions of men and women who lost their all because of their manipulations and conspiracy to destroy the market value of stocks.

After the issuance of this questionnaire conditions and confidence were partially restored, but business on the exchanges was reduced. The avaricious appetites that the "shorts" had worked up during the two preceding weeks were not satisfied, as there were still some that had escaped the slaughter, and so on Monday, November 25, the questionnaire was withdrawn, and immediately on Tuesday the attacks were renewed.

I feel satisfied that the country is convinced by this last attack that short selling of commodities or stock which one does not own or possess are responsible for the destruction of actual values and for the crash and the havoc that usually follows such concentrated action. For the sake of argument, I concede that exchanges cannot be abolished as they do serve as a market place for the purchase and sale of securities and commodities and as a means of obtaining new or additional needed capital. But what possible reason there is or can be for permitting formations of pools for the purpose of selling stocks or commodities which they do not own or possess is beyond my comprehension, and I will be pleased to hear anyone give a sound reason why this pernicious and destructive practice should continue. I pause, but I hear no one.

In the interest of our country generally, I feel that short selling should cease immediately, until, at least, confidence is restored. The newspapers are doing splendid work in encouraging our people. The President has called in the leading business men of the Nation. This alone will not do, as Mr. Hoover in his last message to Congress points out the seriousness of existing conditions when he states:

"The long upward trend of fundamental progress, however, gave rise to overoptimism as to profits, which translated itself into a wave of uncontrolled speculation in securities, resulting in the diversion of capital from business to the stock market and the inevitable crash."

In times like these heroic steps must be taken. I realize that all ills cannot be cured by legislation, and we are often scoffed at for proposing legislative remedies. However, I have been urged by many bankers and representative business men to demand cessation of this destructive short-selling practice.

The great majority of those who believe that the short-selling evil should not be tolerated in the future suggest a heavy penalty on all such short sales, contending that a tax on this nonproductive business will deter "shorts" from pursuing their destructive tactics and be a further source of revenue to our Treasury. I have therefore introduced a bill to place a tax of 5 percent on all short sales.

However, if this legislation, for which I will endeavor to secure early consideration, is not stringent enough to cope with this vicious practice, I have also prepared another bill which will make any short selling a crime punishable by a heavy penalty and imprisonment.

In conclusion, Mr. Chairman and ladies and gentlemen of the House, I feel it necessary that serious consideration be given to the legislation which I have proposed, because I believe that such legislation will in the future prevent such a panic as we have seen during the past few weeks and which more or less is still with us, and panics that the country has suffered in years gone by.

Mr. KELLY. Mr. Chairman, will the gentleman yield?

Mr. SABATH. Yes.

Mr. KELLY. The gentleman states that he has introduced a bill levying a tax on these short-sale transactions.

Mr. SABATH. Yes.

Mr. KELLY. Is it not possible for Congress to act with respect to the transmission of orders by the United States mail, and by telegraph and telephone and in other methods, and prevent the issuance of contracts where such methods are used?

Mr. SABATH. I am satisfied that Congress can, and I have prepared such a bill which I think will make it possible to frame legislation of that kind under the commerce clause of the Constitution and to make it legal.

Mr. KELLY. Congress will have no power to prohibit the contract on the stock exchange.

Mr. SABATH. No; it will not, because Congress has no power to legislate for the State of New York alone or for the State of Illinois, or for the gentleman's State, but under the interstate commerce clause of the Constitution Congress has jurisdiction and the power to preclude this gambling through communications between the States over the telephone and the telegraph, the radio, or through the mail. Such communications for all short sales, which are nothing more nor less than destructive gambling, should be denied the stock exchange, and why it has not been done in the past I do not know. We should not permit it in the future in the interest of the legitimate commerce of the Nation and the safety of the people. [Applause.]

Mr. SABATH. The Senate hearings held last year and those being held at present have borne out my fears and justified my attacks on Wall Street.

I repeat again, I think this legislation will do more than anything else I can think of to restore prosperity, to put the 16,000,000 people who are now out of employment back to work, and to start the wheels of industry turning. I feel we will again have the prosperity that the Nation enjoyed under the last Democratic administration and the splendid leadership of Woodrow Wilson. [Applause.]

Mr. BANKHEAD. Mr. Speaker, I yield 10 minutes to the gentleman from Mississippi [Mr. BUSBY].

MAKING ILLEGAL THE GOLD CONTRACT CLAUSE

Mr. BUSBY. Mr. Speaker, we are now taking our first real step toward recovery. Two main things have been necessary to recovery. First, abandon gold as a yardstick of value. Second, the Government must place money and currency in the hands of trade and business to replace the bank credit which is frozen because of present conditions of the banking system. Money and bank credits, while they serve as parts of our media of exchange arrangement, are wholly different in their natures. Money is a direct debt and obligation of the Government, while bank credit represents, not money, but the values found in tangible property, farms, houses, stocks, chattels, and so forth, which may be sold by the bank when pledged to restore credit to the bank which has been loaned.

THE FIGHT HAS BEEN A LONG ONE

A very few Members of Congress have given special study to our financial situation during this unequaled of all panics. Some of us were laying the situation before Congress and the country when we had few sympathizers in the House, few in the business world, and none in the administration in power then. At repeated times we came before the Congress with our appeals asking that our responsibility be met and the things we are doing today be done to save the people and restore them to happiness and prosperity.

On December 19, 1931, I spoke in this House as follows:

The currency systems throughout the world are in deplorable confusion because of the methods of credit control exercised by American and international bankers whose only yardstick of value is gold. These international credit venders have arranged loans and placed contractual burdens to pay bonds and bank obligations in gold until a solution of the dilemma is impossible if these bonds and these promises to pay gold are to remain.

At another place in this same speech I said:

The vaunted utility and stability of the gold standard is contradicted by the physical facts. The contracts to pay in gold to the extent of $100,000,000,000 or more are impossible of performance.

And again in describing the gold standard:

The gold standard is the kind of a currency basis that is favored by the banking systems of the world. A close check is kept on the movements of gold. Every day information may be had as to the exact amount of gold held by each country in the world. The movements of gold can be, and is, controlled by the big world bankers. When we consider that 12 banks in the United States 2 years ago had resources of over $20,000,000,000, which is practically twice the amount of the world's supply of monetary gold, it is very apparent that the movements of gold will be directed in accordance with profitable business for the banking systems. Big bankers will always insist that gold is the only proper basis on which to found the currency of any country. They will always insist that a currency based on any other value than that of gold will be a failure.

Mr. Speaker, these same fundamentals have been often repeated on the House floor by myself and a few other Members. The depression has been the convincing proof that has alined the people back of the argument and has brought the result we are about to witness today.

Mr. Speaker, it would be useless for me to tell you that this is the day at which I have long hoped we might arrive. We have had, since the early sixties—in fact, it dates back prior to that, although it came to particular notice at about that time—a statute which has always been impossible of performance, a statutory obligation to bondholders that could not be fulfilled by the Government.

The gold standard simply means that the Government will buy gold at $20.67 an ounce or sell gold at $20.67 an ounce to all comers. The gold standard also requires that all money issued or coined by the Government be redeemable in gold under the parity act.

By contract we have agreed to redeem or pay off more than $20,000,000,000 of bond obligations issued directly by the National Government; that each dollar of that may be demanded in gold. The States and counties have issued gold contracts or bonds, railroads and private corporations have issued contracts or bonds payable in gold. When they advertise an issue of bonds for sale to the public, they advertise them as "gold bonds", to make them more enticing.

I direct your attention to the fact that as closely as I can estimate, from all available sources, $130,000,000,000 of obligations are required to be paid, if the contracts are carried out as written, every dollar of it in gold. The Government has never had more than $5,015,000,000 in gold at one time and this did not all belong to the Treasury. So I call your attention to the fact that the Gold Standard Act is now and always has been a farce, impossible of performance, and would not work when it was called upon to do its legal duty and pay off the currency. Such was the case in March when, after 3 days' run on the Treasury it ceased to pay gold and refused to comply with the "parity" statute.

We have come to this particular time, under the leadership of our President, when he asks us to do away with this travesty which has existed so long on our statute books.

The gentleman from Michigan [Mr. MAPES] suggested to you a while ago we ought not to abrogate contracts or that we ought not to abolish contracts to pay in gold. When he was asked the question if he thought these contracts were possible of performance, he did not reply directly to this question; he knew they were not.

I repeat they are impossible of performance, because the amount of gold that might be available to carry out these contracts is so insignificant. Not long ago I pointed out in a speech in this House that any fair-thinking individual would know that it cannot be done—

Theoretically, a country on gold standard must keep on hand a stock of monetary metal sufficient to supply at all times any demands which may appear for the redemption in gold of paper money, silver, bank deposits, foreign exchange, and balances. Every private contract in a gold-standard country is payable in gold. Every bank deposit is repayable in gold. The wide scope of responsibility that the gold standard assumes will be appreciated when we recall that the bank clearances of our State and national

banks reached the figure of $702,533,000,000 in 1929. Each dollar of these clearances in theory could have been demanded in gold.

Mr. TERRELL. Will the gentleman yield for one question?

Mr. BUSBY. I yield.

Mr. TERRELL. I would like the gentleman to emphasize one point right in this connection. Since we all know that the Government cannot pay its contracts in gold, if the Government pays them in currency, silver, and gold, the only kind of money it has, to the extent of its ability, has it not performed its duty?

Mr. BUSBY. I so regard the Government's obligation as being fully met.

The gold-content element was brought into this matter by the bankers who dominated legislation in the days when it was first enacted following the decisions in the famous *Legal Tender cases*. Up until 1860 we had no currency at all except coined currency. We had no currency except metal currency. There were no national banks after the United States Bank was abolished to issue paper currency until the National Bank Act of 1862. So all of the money we had was coined silver and coined gold and minor coins of other metals, except State bank notes, which were not in very good repute. So that the money which the Government sponsored until the National Bank Act was gold and silver currency and when that bank act became the law the bankers said, "You have got to agree to pay the currency in gold or in specie." When the Government began to issue new bonds and the bankers were asked to buy them they dictated the provisions that should go into these bonds. They said, "Regardless of the number of bonds you issue, you have got to agree to pay them all in gold." So the gold obligations piled up far beyond any possible power of the Government to get together enough gold to meet the obligations which it had undertaken. A contract to do an impossible thing is held by the courts to be unconscionable and of no effect. Its provisions are not given force. It is void.

Before I leave this subject I direct your attention to a serious thing that confronts us today.

WE FORCED OURSELVES OFF THE GOLD STANDARD

On March 3 last I stated on this floor:

> You cannot remain on the gold standard as much as you have worshiped the golden calf. People are lined up at the Treasury today—and have been for 4 days—taking gold out of the Treasury as fast as they can get to the window to do it, and the newspapers have not said anything about it. It will take you almost an hour, standing in line, to get to the gold window and convert your Federal Reserve notes into gold right now, and the only thing that will save gold is for a proclamation to come from the White House abandoning the gold standard. [Applause.]

Several gentlemen smiled with a sort of derisive smile in response to my statement. It seemed to me very plain that we could not remain on the gold standard because the demand was being made on gold to perform its legal requirement as provided in the law, and when it is called on it cannot meet the call. The people were demanding gold, and therefore we had to go off the gold standard. The gold standard has never been anything more than a theory. It is strange to me that any reasoning man would seriously try to defend our law setting up such an arrangement as we had.

THE TREASURY IS WRONG IN SAYING COLLECTED GOLD FORMS BASE FOR OUR CURRENCY

Now the Treasurer of the United States is saying that we want to get all the gold in the Treasury so we can base our money on it. This is not a fair representation of the situation.

UNLAWFUL FOR AMERICANS TO HAVE GOLD

We are not basing our money on gold, and they will not give you gold for your money; in fact, we passed an act which makes it unlawful for a man to own more than $100 worth of gold.

AMERICAN GOLD IS FOR FOREIGN PEOPLES AND FOREIGN BANKS ONLY

Here is what we are using gold for today, not as a base for United States currency, not to redeem our money, not to pay off obligations, but to collect it all into the Treasury so as to strengthen the foreign exchange issues against this country and owned by foreign bankers, traders, and peoples.

Nobody will deny that. Why do we do this? So the foreigner can see that all the gold in the United States is in the Treasury and there to pay his exchange obligation against this country. For the American people it is unlawful for them to have gold. They cannot use it, they cannot get it, except by license. To put it plainly, the American people are prohibited from owning, possessing or controlling gold, except in very small quantities. The reason for that is that the gold may be gathered together so that it can be used to keep our dollar high in the world money market and pay the foreigners the exchange they may have against this country for payment in gold.

All international exchange is payable in gold. A country may not have any gold in its treasury but exchange against it is payable in gold.

I would propose this: I would repeal the act of March 14, 1900, which provides that the gold dollar, as there set up, shall be the standard of value. The statute is this:

> The standard of value shall be the dollar consisting of 25.8 grains of gold nine tenths fine, and all money coined and issued shall be kept at a parity with that standard; and this shall be the duty of the Secretary of the Treasury.

Since that has been abandoned, except for the benefit of the foreigner who comes in to get our gold for their exchange, we ought to repeal it. Why? Because when the foreigner gets a dollar's worth of exchange he does not get just the exchange, he calls on the Treasury to cash that exchange and gets at the rate of 26.8 grains standard gold for each dollar.

GIVE THE AMERICAN AN EVEN BREAK WITH THE FOREIGNERS

We ought to repeal it so as to put the American people and the foreign trader on the same basis, and not discriminate against our people in favor of the foreign banker or trader. [Applause.]

Mr. Speaker, I ask unanimous consent that I may revise and extend my remarks and incorporate therein excerpts from speeches previously made on the same subject.

The SPEAKER pro tempore (Mr. BLANTON). Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill.

The SPEAKER pro tempore. Is there objection? There was no objection.

Mr. MAPES. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include therein 1 or 2 excerpts.

The SPEAKER pro tempore. Is there objection? There was no objection.

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. Mr. Speaker, the gold clause providing for the repayment of the debts in gold dollars of 23.22 grains of gold is going to be stricken from contracts, private and public. There is no way to escape this situation. There are now $22,000,000,000 worth of outstanding obligations of the National Government. There will be approximately $27,000,000,000 worth of these outstanding obligations of the National Government by the time this Congress adjourns. It is utterly impossible to pay these obligations in gold with 23.22 grains to the dollar. In addition to these obligations of the National Government carrying this gold clause, there are billions of dollars of private obligations carrying such a clause. Likewise there are billions of dollars of State, municipal, and district public obligations carrying a similar clause. It is probably safe to say that there are at least $50,000,000,000 worth of private and public obligations which require payment in gold dollars of the weight and fineness of the dollar at the time of the execution of the contract. That weight and fineness is 23.22 grains of gold fine. There are only about $4,000,000,000 of gold in the United States.

In the first place this so-called "gold clause" was a Shylock provision in the contract. The creditors did not lend gold in the first instance. They lent currency and bank credits. So in the light of fairness and decency they have

no moral right to request a repayment of a dollar different than the dollar which they lent.

Now these contracts are not going to be paid in gold of 23.22 grains per dollar. This provision of the contract is not going to be fulfilled. There is no way to fulfill it. There are two ways in which the gold clause is going to be reached. We must take our choice between those two plans.

First, in the case of private debts, it is through the process of bankruptcy and receivership. In that event, the creditors may get gold dollars of 23.22 grains to the dollar but they will not get as many dollars as they lent. So they must take their loss in the number of dollars received. In the case of Government obligations, the corresponding plan is repudiation or defaulting. Bankruptcy and repudiation is the dishonest plan, dishonest in that it lacks frankness. It is the plan which would bring the greatest chaos to society and the most suffering to the people.

The other plan is for the Government to declare that the creditors must accept as payment for its debt money such as has been declared to be lawful money by the Congress under the constitutional authority of Congress to coin money and to regulate the value thereof.

I choose for Congress to meet the situation honestly, fearlessly, and frankly. In doing so it must recognize that the debts cannot be paid under the provisions of this clause. In doing so it must cheapen the value of the gold dollar by reducing the gold content of the dollar. By this manner, we recognize and pay the debts by not reducing the number of dollars due but by reducing the value of the dollar which pays the debts. This is true whether it be a private or public debt. Under all the circumstances, this is the honest way. This is the frank way to meet the situation. What is more, it is the civilized way. It is the way which will bring the least economic chaos and disorder and the least human suffering. This resolution leads to this plan. I choose to take this plan; therefore I am supporting the resolution.

Those who are opposing this resolution are taking the position wherein they deceive themselves and deceive the country. In their opposition, they are leaving the inference that these debts, private and public, can be paid in gold dollars of 23.22 grains to the dollar. They infer that the Government and the private debtors of the country are taking a dishonest position and are refusing to pay that which they can pay. The truth is that it is their position which is dishonest, because it is a physical and utter impossibility to pay these debts, private and public, in gold dollars of 23.22 grains to the dollar.

Likewise, it is impossible to pay them in currency redeemable in gold of 23.22 grains to the dollar. This Government cannot redeem its outstanding currency with gold at the ratio of 23.22 grains to the dollar. If the Government should today repeal the recent banking act, undertake to go back on the gold standard, and redeem its currency with gold of 23.22 grains to the dollar, there would not be a hatful of gold left in the Public Treasury in a month's time. There are about $45,000,000,000 of bank deposits in the country today. All of these bank deposits are a potential threat against our gold reserve held in the Federal Treasury. It is true that each depositor cannot write a check and demand gold for the check. He can go to his bank, write a check and demand currency and then in turn take the currency and demand gold from the Treasury. If we were to repeal the banking act and offer to redeem the currency in gold of 23.22 grains to the dollar, everyone knows that in a week's time there would be a raid on the banks for something like $45,000,000,000 of deposits. The approximately $7,000,000,000 of outstanding currency would soon be swallowed up through this effort to convert $45,000,000,000 of bank deposits into currency. Such an effort would mean that every bank in the country would instantly be closed. Such was the experience during the first week in March. Then with the holders of six or seven billion dollars of currency demanding gold, the $4,000,000,000 in gold would soon be withdrawn from the Public Treasury and Federal Reserve.

The first right of every government is to preserve itself. No government can be secure with its gold held by hoarders and its banks closed. Yet, those who are opposed to this resolution and crying out to the country that the Government is dishonest in repudiating the gold clause are taking the position wherein, if they could have their way about it, the banks would be closed, the gold would be out of the hands of the Government and the Federal Reserve and in the hands of a few private hoarders of gold. In short, they are taking the position which would mean the overthrow of Government.

If there ever was any chance during the last 3 years for the old order to be retained and obligations redeemed in dollars worth 23.22 grains of gold, that chance was flittered away by the Seventy-second Congress. Two things happened in the Seventy-second Congress which made it utterly impossible for the established order, of paying debts worth 23.22 grains to the dollar, to survive. Those two things were the establishing of the Reconstruction Finance Corporation by these sound "conservative and constructive" statesmen. When they established the Reconstruction Finance Corporation they abandoned traditional Americanism and turned to the precepts of Marxism. When they turned to the Reconstruction Finance Corporation they became mere socialists and established a policy of taking money away from one citizen by the power of government or taxation and lending it to another. They were taking money away from the great mass of people and using it for the benefit of their selected few. Of course, they think that it was not socialism because in the beginning it was only the financial institutions which were receiving the contribution of credit from the Government. In taking this plan, they have been responsible for increasing the national debt over 2½ billion dollars to date. The more the national debt is increased, the more impossible it is to meet the debts of the Government with gold dollars worth 23.22 grains of gold to the dollar.

The other thing which happened in the Seventy-second Congress, which meant that it was only a matter of time until the Government could not meet its obligations with dollars worth 23.22 grains of gold was when the "liberals" in Congress turned down the sales tax, thereby refusing to meet their constitutional responsibility of providing sufficient revenue to run this country. Anyone who studied the situation at that time knew full well that there was no way to obtain sufficient revenue to meet the expenses of this Government except through the process of a general sales tax. At any rate, those who turned down the sales tax owed to the Government the responsibility of providing some substitute means of raising sufficient revenue to meet the expenses of the Government. They refused to provide the substitute. They were dishonest in that they claimed that they had a substitute in the form of special sales taxes and an increased income tax, which would provide sufficient revenue to meet the expenses of the Government. I cannot extend to them the charity that they were mistaken. This is because it was so obvious that these special taxes would not furnish sufficient revenue to meet the obligations of the Government.

The defenders of the special sales tax were to a great extent those who were demanding additional expenditures of the Government in various projects of one kind or another. They were primarily insisting upon taking public money and expending it for the special benefit of various large blocs of our citizens. So the "liberals" of the Seventy-second Congress are responsible for denying to the Government sufficient revenue to meet its expenses. The "liberals" and "conservatives" together are responsible for increasing the expenses of the Government. The "conservatives" increased the expenses for the purposes of furnishing public money and public credit to the financial class. The "liberals" were responsible for increasing the expenses of the Government for the purpose of furnishing public money and credit for various groups. In the end, the history of the Seventy-second Congress is that it increased the expenses of the

Government by the billions and at the same time refused to provide a sufficient amount of revenue to meet the ordinary current expenses. Consequently the Seventy-second Congress must bear the responsibility for the national debt's having been increased by approximately $5,0000,000,000. With this program, it is utterly impossible for the Government now to meet its obligations with dollars worth 23.22 grains of gold.

Now the time has come and we must either take our choice of the debts either not being paid in the number of dollars due or dollars worth less than 23.22 grains of gold.

Maybe conditions were such that the Seventy-second Congress could not escape doing what it did do. If so, then no one is to blame if conditions are such now that the Government is unable to meet its obligations with dollars worth 23.22 grains of gold. On the other hand, if the Seventy-second Congress was to blame for increasing the national debt, it is a mistake which has been made and cannot now be corrected. In any event, the fact still remains that the Government to date owes a debt which it cannot pay in dollars worth 23.22 grains each. This being true at this late date, it is not fair for these superconservatives to say that the act which this Congress and this administration are about to take is dishonesty on the part of this Congress.

Just how much the value of the dollar is to be decreased in gold value is going to depend very largely upon how soon we provide enough revenue to meet governmental current expenses and how quickly we stop the policy of increasing the public debt in order to obtain funds to finance private business. To date there is little promise of the Congress ceasing to follow these paths of folly. Last week the "liberals" turned down the general manufacturers' sales tax, with drugs, food, and clothing exempt. Last week the "conservatives" enlarged the socialistic Reconstruction Finance Corporation program by authorizing the Reconstruction Finance Corporation to engage in buying stock in defunct insurance companies. Hence there seems to be no disposition to provide sufficient revenue for the Government. There seems to be no disposition to check the raid on the Public Treasury through the Reconstruction Finance Corporation. That means continued increasing of the public debt. That will mean cheaper dollars with which to repay the debt.

Mr. SABATH. Mr. Speaker, I yield 10 minutes to the gentleman from Indiana [Mr. GREENWOOD].

Mr. GREENWOOD. Mr. Speaker, in the 2 months or a little over that President Roosevelt has been Chief Executive of our country, I believe there is one conclusion that all of us have reached, and that is that he is frank, that he is honest, that he is courageous. In his inaugural address he led us to believe that he was going to throw down the gauntlet to the "money changers" of America, and I think he is keeping his word with the American people. He is bringing in the Golden Rule in government and doing away with the rule of gold. The depression has demonstrated one fact, among others, that in time of great emergency, when the stress is put upon our Government, its credit and its financial standing, as in other countries the gold standard has broken down. There is a scientific reason for this. When times are good, any of the money of the country is accepted without question. Gold is not demanded at the hands of the Treasury, but when times of panic and depression come upon us, with a clause written into the bond and many private obligations that they must be paid in gold of a certain standard and fineness, those who may have contributed chiefly to bringing about the money panic or depression want to be in a position of pushing their Government into a corner and saying that they stand upon the promise in the bond. With $100,000,000,000 of debt, public and private, with something like $4,000,000,000 of gold with which to pay it, we know that the basis for our financial system is too narrow and fictitious. We know that if in such extreme emergency a demand be made that all these contracts be kept and paid in full in gold only 1 person out of 25 would be able to receive his money. Our monetary system ought to be so arranged that in time of emergency it would protect the Government and make it thoroughly honest, rather than in time of prosperity. I am glad that the President of the United States has had the courage to stamp this kind of a money system with the hypocrisy that is apparent upon its face. We are going to an honest basis of payment, not repudiation, and will say to every creditor of the United States, "You will be paid every dollar in full and will be paid in lawful money—all creditors will receive equal treatment, and you will be given no right to stand upon a contract that upon its face is written to take advantage of your Government in time of distress."

The chief purpose of law is to protect the weak and restrain the strong. That is what the President of the United States and the Congress, cooperating with the President, propose to do now. In this hour of distress, brought upon us by the manipulation of our big bankers, our Government says to these creditors who claim a priority under a contract they knew could not be kept, if all such contracts were insisted upon, "You will be treated the same as every other creditor. You will be paid your bonds and your interest in lawful money, the same as others who do not enjoy the privilege under the written conditions of an ancient statute; a fossilized tradition that ought never have found itself into our system of government." We know the supply of gold is restricted. We know that in proportion the gold of the world is falling behind in the advancement of the volume of business. Under normal conditions business increases on the average about 3 percent per year, but gold increased but slightly over 2 percent, and during a period of several years gold in volume has been falling behind in proportion to the normal increase in volume of business.

It is perfectly natural to suppose that the amount of blood that would keep a baby alive would not be sufficient for a full-grown adult. By that same comparison, if gold in circulation is one side of every business transaction, is inadequate, then we should find a new basis upon which to build our money system, to keep the volume of it somewhere in proportion to the volume of business. Even now the currency of the United States that is issued with gold reserve is issued on the basis of only 40 percent reserve. Among the countries of Europe much currency is issued with only 10 percent reserve. Under those circumstances 90 percent of that is pure fiat. In the United States 60 percent of our issues are backed only by the credit of the Government with no gold reserve. It never was contemplated there should be full gold reserve, and it is an impossibility. Nations under pressure of the times reduce the necessary reserve, so that a large part of our money has value only as far as the Government's stamp is on that money. Most of our currency is Government fiat. Its chief security lies in economy of expenditure, a balanced Budget, and capacity of our people to pay taxes. The administration is putting our house in order and will meet every obligation.

Mr. MARTIN of Colorado. May I interrupt the gentleman there?

Mr. GREENWOOD. I yield.

Mr. MARTIN of Colorado. That is true of gold the same as any other form of currency, is it not?

Mr. GREENWOOD. Yes.

Mr. MARTIN of Colorado. The principal value of the gold dollar is the fiat of the Government, and if it were stripped of that fiat and thrown into the market as a commodity, its value would largely disappear, would it not?

Mr. GREENWOOD. Yes. Its principal value is given because of its monetary value and the authority of the Government that makes gold the basis for our currency, creates its chief value. Therein is where it has its advantage over silver. As far as I am concerned, I am willing to continue the use of gold. I should be glad to use silver as a basis also, for increasing the base for our currency, but there is one thing about this resolution; it is destroying the hypocrisy of the previous system we have had and trying to put our monetary system and currency system upon an honest basis. I am backing the President and the Congress of the United States in getting back to an honest policy of currency.

Mr. HOEPPEL. Will the gentleman yield?

Mr. GREENWOOD. I only have a few minutes. I would rather not yield at this time.

There is no repudiation about this. Every creditor of the United States will receive 100 cents on the dollar in lawful money. Did any purchaser of bonds pay for them in gold? He may have, but the probabilities are that most of the purchasers who purchased the obligations of the Government, paid for them with lawful money of the United States, and they will be paid with the same kind of money with which they purchased the obligation in the beginning.

My colleague from Michigan [Mr. MAPES] exclaimed: "What has become of the spirit of Grover Cleveland?" I suppose he was speaking of that quality of honesty and of courage that old Grover had. Well, we have just such a man in the White House now. [Applause.] He has got the courage to say to these men who hold this particular type of contract in which they claim a certainty or priority of having gold payments on their contracts, "You knew when you purchased your Government bond that the Congress of the United States had the power under the Constitution of the United States to coin money and regulate the value thereof"; and the Congress of the United States now, under the leadership of Franklin D. Roosevelt, is reaching out to exercise that constitutional power. These creditors will be treated justly but given no strangle hold on Uncle Sam.

I am glad to add my word of praise to the leadership that destroys a gross hypocrisy that has existed for years, claiming there was some sanctity in gold, while the depression, not only in this country but in the world, has shown that only so far as governments get behind the gold has it any sanctity; and only so far as the Governments will make good on their gold has it any advantage over any other character of money. So, for one, I am glad to correct this hypocrisy. I am glad to see that our country is endeavoring to create a volume of money and of credit that will permit the farmers and wage earners, the debtor class of America, to pay their debts in the same character of money, somewhere near the same value that they borrowed, when, 4 or 5 or 10 years ago, they placed mortgages on their homes. [Applause.]

The SPEAKER. The time of the gentleman from Indiana [Mr. GREENWOOD] has expired.

Mr. BANKHEAD. Mr. Speaker, I move the previous question on the adoption of the resolution.

The previous question was ordered.

The SPEAKER. The question is on the adoption of the resolution.

The resolution was agreed to.

PERMISSION TO ADDRESS THE HOUSE

Mr. AYERS of Montana. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Montana [Mr. AYERS]?

There was no objection.

Mr. AYERS of Montana. Mr. Speaker and Members of the House, last week this House and all this Nation listened with eager ears to the astounding developments that were being made over in the other end of the Capitol Building by Ferdinand Pecora, special counsel for the Senate Banking and Currency Committee in its investigation of the house of Morgan.

This great banking and securities company is headed by one of the richest men in all the world, yet according to his own admissions, under oath, he has failed to pay his own Government an income tax for the past 3 years.

The admissions and testimony in that hearing have already shown that during the time Morgan failed to pay this Government an income tax he was loaning to European governments and European financial institutions American dollars by the hundreds of millions. Surely he was not doing this for pastime. He was getting interest on that American money, and although he was escaping an income tax in his own country he was paying an income tax to the government of England.

While failing to help support his own Government with an income tax, he was using various schemes to show no income in this country, one of which was fake and fraudulent stock sales whereby he was favoring American individuals in high place and in high public office with fabulous assignments of valuable stock which instantly, by the simple twist of the wrist, made them 85 percent on their investment.

I do not know what they call that procedure in high places and in financial circles and when high Government officials are the benefactors but out in my State where we do not embellish such acts with elaborate or scientific names, we call it fraud, crookedness, and bribery, and particularly so if it later develops that the donor receives special privileges at the hands of those persons in high places, and in public office, as this hearing has developed that Morgan has received, ah, even to the extent of not being required under such circumstances and under such wealth to pay any tax in support of his government.

To my way of thinking this hearing has thus far developed a direct responsibility upon the house of Morgan and like banking and investment houses for the depression that we are now going through. They have gathered the moneys of this country for the purpose of making these fabulous loans to Europe, and in addition to that they have given the countries of Europe the argument that they must pay the House of Morgan before they pay the debt they owe our Government.

It is the likes of Morgan who have brought about the condition that has forced this Government off the gold standard; it is the likes of him who have caused our bondholders at home and abroad to demand payment in gold instead of American money as usual; it is the likes of him who have brought about the condition that causes every thinking man and woman in this House to vote for the resolution under discussion, to confirm the fact that we are off the gold standard.

Under present conditions which have been brought about in a large degree by the things exposed by the Senate hearing, we have the choice of either cowardly admitting bankruptcy and not paying our obligations or bravely going off the gold standard and paying our obligations with American money according to present values. Our Government obligations are over $20,000,000,000 and our gold supply is less than 4½ billion dollars. That will not pay our obligations in gold. Square plugs will not fit round holes. Square plugs are what we have; our creditors have round holes. Now, in order to plug the hole we must round the plug, our creditors refuse to square the hole, and the only way we can round that plug and maintain our honor in the family of nations is to confirm the fact that we are off the gold standard.

In his inaugural address the President said, "The money changers must be driven from the people." I am sure the President is undertaking to carry out that declaration, and I am likewise sure that this House is willing to help him in that undertaking. Pecora is unearthing the evidence to help our President drive the money changers from the people, and certainly he should not be handicapped by failure of expenses to put his evidence before the committee, to the end that the President and the people of this country may know what is going on.

This investigation is farther-reaching, and the results of its developments will culminate in greater good to the American people than did Senator Walsh's investigation of the Teapot Dome. Mr. Pecora is the present-day Senator Walsh in this investigation, and for his untiring labors and his masterly skill in the unearthing of these frauds he is receiving only $255 per month.

Being a lawyer myself, I know that according to the hours he is devoting to this case he is not receiving the compensation that masons and carpenters are receiving on the public works of this city today. He is earning far more money than he is receiving, he is entitled to more compensation. [Applause.]

The funds that have been allotted for the inquiry and investigation of such matters by the Senate Committee do not warrant any greater salary, and such funds will be exhausted when the investigation of the House of Morgan is completed. Other such houses, for instance, Kuhn, Loeb & Co., and Dillon, Read & Co., must be investigated. They are banking and investment houses, half-brother to the House of Morgan, and then the Senate Committee is not through with the New York Stock Exchange.

No one will dispute that Mr. Pecora is entitled to more money than he is receiving. Surely he should receive a salary equal to that of an Assistant Attorney General of the United States, for he is doing equally as much work and fabulously more good than any Assistant Attorney General I have ever heard of.

Senator BYRNES of South Carolina, Chairman of the Contingent Expense Committee of the Senate, Saturday said, "I am in favor of going into the affairs of all these private bankers. Unless we have more money, we would have to stop with Morgan and that would be unfair." Mr. Speaker, certainly it would be unfair, and when I say unfair I mean it would be unfair to the President, it would be unfair to the Senate, and it would be unfair to the people of this country. We must know the whole truth, for it is said "The truth shall make us free." Mr. Pecora's estimate is that it will take $75,000 to bring the evidence which he has lined up, before the Committee. Now let us give him sufficient funds to produce that evidence. It will be the best-spent money this Government ever spent.

In manipulating his income-tax returns so as to show losses instead of profits, it seems that Morgan made material use of the last business day of one year and the first business day of the next, but Pecora insisted on knowing what business took place on the days covered by the 2 days' return which would cause security valuations to depreciate $21,000,000. He finally developed the fact that on 1 of these 2 days, profits and commissions exceeding $2,000,000 were registered in the firm's books. He further showed that the total Morgan assets reached their peak of $703,909,000 on one of these days, and that this was the day which concerned the alleged $21,000,000 loss that exempted Morgan from paying an income tax. This is a case where figures were made to misrepresent facts.

With all these developments one would think the record would show a refusal or a protest on the part of the Internal Revenue Department to accept Mr. Morgan's returns. But not so. The Internal Revenue Bureau never raised objection to the methods employed by Morgan. But why should it when the officers of the companies of the Secretary of the Treasury and also his relatives were recipients of Morgan benefits? Morgan knew what he was doing when he played that 85-percent-benefit game. He reached the leading men of official life, of big business, and of both political parties. Among his scores of benefactors we find R. B. Mellon, brother of Andrew; Charles F. Adams, then Secretary of the Navy; George Allen, director of the Aluminum Co. of America, Mellon's company; Newton D. Baker, ex-Secretary of War; Walter S. Gifford, president American Telephone & Telegraph Co.; Charles A. Mitchell, fellow banker, now under indictment as a tax dodger; John J. Raskob, ex-chairman Democratic National Committee; Charles D. Hilles, New York Republican leader; Owen D. Young, chairman General Electric; William H. Woodin, present Secretary of the Treasury; and Calvin Coolidge, ex-President of the United States.

Mr. Morgan played no favorites in politics or business; he played the field. He wanted to sew up all favors for himself; he wanted a closed sack, and I guess he got it. Does any Member of this House think I have made a bad guess on that subject?

Pecora is on the right trail. Now let us keep it free from snow and ice and rocks, to the end that he, by unearthing these frauds, do a great good to the people of this land. Let us in adopting this resolution to furnish him funds for this investigation never forget that "the truth shall make us free." [Applause.]

The resolution referred to is set forth in full, as follows:

Concurrent resolution

Resolved by the House of Representatives (the Senate concurring), That—

Whereas an inquiry and investigation is now being carried on by the Senate Committee on Banking and Currency, pursuant to Senate Resolution 84, agreed to on March 4, 1932, as supplemented by Senate Resolution 70, agreed to May 15, 1933, investigating the business of banking, financing, extending credits, and the actual effect of "short selling" on security values, as in said resolutions mentioned; and

Whereas said Senate Committee on Banking and Currency, under the authority of said resolutions, is now investigating the private banking concern of J. P. Morgan & Co.; and

Whereas such investigation has disclosed that other banking concerns and investment banking houses should likewise be investigated; and

Whereas that part of the contingent fund of the Senate allotted to inquiries and investigations is not sufficient to further carry on such investigations; and

Whereas it is estimated that $75,000 additional is necessary for such committee to complete its investigation into the affairs of other banking and investment houses which the testimony before said committee thus far taken indicates should be investigated: Now, therefore, be it

Resolved, That for the purpose of continuing such investigation by the Senate Committee on Banking and Currency, pursuant to said resolutions, the said committee is hereby authorized to make such additional expenditures as it deems necessary, not exceeding $75,000.

UNIFORM VALUE OF COINS AND CURRENCIES OF THE UNITED STATES

Mr. STEAGALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of House Joint Resolution 192, to assure uniform value to the coins and currencies of the United States.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of House Joint Resolution 192, to assure uniform value to the coins and currencies of the United States, with Mr. RANKIN in the chair.

The Clerk read the title of the joint resolution.

By unanimous consent the first reading of the joint resolution was dispensed with.

Mr. STEAGALL. Mr. Chairman, this joint resolution recognizes the existing status with respect to gold payments upon obligations that were established under Executive order of the President issued under authority conferred by Congress in the Emergency Act of March 9, 1933.

Under the proclamation of the President the Government has assumed complete control of the Nation's supply of gold. This has been done to prevent hoarding and to prevent the withdrawal of gold by citizens of foreign governments.

This resolution ratifies and reaffirms the former action of Congress and everything that has been done pursuant to the authority conferred upon the President.

This resolution declares that contracts requiring the discharge of obligations solely by payments in gold are contrary to public policy; that hereafter no such contracts may be made and that all such contracts now in existence or that may hereafter exist shall be payable in lawful money of the United States.

The Government has a financing program in contemplation during the coming months reaching an enormous amount. It is necessary in undertaking to finance this program that the Government shall make clear and definite what the future policy is to be with respect to obligations incurred by the Government. In the existing situation it seems to me the Government could not be expected to execute further contracts payable in gold; and surely it is not desirable to have outstanding two classes of obligations incurred by the Government—one to be discharged by the payment of gold and the other by a different kind of money.

The world is in confusion. International trade and commerce are out of joint. International exchanges demand adjustments and stabilization before we may have a return to normal conditions. Pending this, Congress has specifically authorized the President of the United States to take all necessary action that he deems wise to prevent the

hoarding of gold or the withdrawal of gold so the action contemplated by this resolution simply supplements the authority already extended to equip the President with power to deal intelligently and constructively with the work of readjustment that awaits the administration in connection with our international economic relationships.

The occasion for the declaration in the resolution that the gold clauses are contrary to public policy arises out of the experiences of the present emergency. These gold clauses render ineffective the power of the Government to create a currency and determine the value thereof. If the gold clause applied to a very limited number of contracts and security issues, it would be a matter of no particular consequence; but in this country virtually all obligations, almost as a matter of routine, contain the gold clause. In the light of this situation two phenomena which have developed during the present emergency make the enforcement of the gold clauses incompatible with the public interest. The first is the tendency which has developed internally to hoard gold; the second is the tendency for capital to leave the country. Under these circumstances no currency system, whether based upon gold or upon any other foundation, can meet the requirements of a situation in which many billions of dollars of securities are expressed in a particular form of the circulating medium, particularly when it is the medium upon which the entire credit and currency structure rests.

There can be no substantial question as to the constitutional power of the Congress to make this legislation applicable to all obligations, public and private, both past and future. The power of Congress to issue a currency and determine the value thereof and to provide for the borrowing of funds by the Government is express and undoubted. It is also undoubted that Congress has all powers necessary to make the exercise of these two express powers effective. Contracts of private individuals, past or future, are valid and enforceable only insofar as they do not conflict with public policy as enunciated by Congress in the exercise of its constitutional powers. When, therefore, as is declared in this resolution, the enforcement or making of gold-clause provisions obstructs the proper exercise of the congressional powers, such provisions must yield. Nor does the fact that outstanding obligations of the Government are expressed as payable in gold coin impose a limitation, under the circumstances obtaining, upon the exercise of the powers conferred by the Constitution. The Government cannot by contract or otherwise divest itself of its sovereign power. All contracts of the Government are made in the light of this inalienable power to legislate as the public interest may demand. It is too well settled to admit of controversy that contracts or provisions of contracts, even though not inconsistent with public policy when made, may subsequently become contrary to public policy, as authoritatively announced by the legislative branch of the Government, and that, in such event, they become invalid and unenforceable.

So far as the future is concerned, the power to borrow, both of the Government and of private interests, will be seriously impaired unless outstanding obligations and future obligations are placed upon the same footing in respect of the medium of payment. Considerations of both equity and practical necessity demand that this be done, and it is the purpose of the resolution to accomplish this end.

The second section of the resolution is a clarification of a clause in the act approved May 12, 1933. Under that act, as passed, coins of the Philippines would be legal tender in the United States, and abrased gold coins would be legal tender at their face value. This situation, which occurred through inadvertence, should be corrected as is done by the resolution.

The Court has often sustained the authority of the Congress to do the things undertaken by the passage of this measure.

Section 8 of article I of the Constitution provides:

> The Congress shall have power * * *
> to borrow money on the credit of the United States; * * *
> to coin money, regulate the value thereof and of foreign coin * * * and
> to make all laws which shall be necessary and proper for carrying into execution the foregoing powers * * *.

The weight of the gold dollar was reduced by the act of June 28, 1834, and the standard of fineness was changed by act of January 18, 1837. The Supreme Court has stated, "No one ever doubted that a debt of $1,000, contracted before 1834, could be paid by 100 eagles coined after that year, though they contained no more gold than 94 eagles such as were coined when the contract was made." (*Legal Tender cases* (12 Wall. 457, 548).) The Thomas amendment authorizes further reduction of the gold content of the dollar.

The Supreme Court has held that the Congress has power to provide for the issuance of currency and make such currency legal tender in payment of all debts, public and private, except interest on the public debt and import duties which remained by express statute payable in coin.

The currency to which the *Legal Tender cases* refer was authorized as a war-time measure. In *Juilliard* v. *Greenman* (110 U.S. 421), the Court upheld the exercise of the same power in peace time. The Court said:

> The power of making the notes of the United States a legal tender in payment of private debts, being included in the power to borrow money and to provide a national currency, is not defeated or restricted by the fact that its exercise may affect the value of private contracts. * * * the question whether at any particular time, in war or in peace, the exigency is such, by reason of unusual and pressing demands on the resources of the Government, * * * that it is, as matter of fact, wise and expedient to resort to this means, is a political question, to be determined by Congress when the question of exigency arises, and not a judicial question, to be afterward passed upon by the courts. * * * (P. 448, ff.)

Nor is it necessary that the effect of the legislation enacted during an emergency be confined to the period of the emergency. The notes made legal tender by the statutes of 1862 and 1878 and upheld by the *Legal Tender cases* and Juilliard against Greenman have remained legal tender to this day.

The power of Congress to issue currency includes the power to secure "a uniform currency" for the whole country. (*Veazie Bank v. Fenno* (8 Wall. 533, 549).) In the exercise of this power the Congress has declared its policy with respect to the uniform coinage and currency system of the United States. In the act of March 14, 1900, defining the present standard unit of value of the money of the United States, the Congress provided "all forms of money issued or coined by the United States shall be maintained at a parity of value with this standard, and it shall be the duty of the Secretary of the Treasury to maintain such parity. (Act of Mar. 14, 1900, c. 41, sec. 1, 31 Stat. 45, title 31, sec. 314, U.S.C.)

In the act of November 1, 1893, the Congress adopted a policy to "maintain at all times the equal power of every dollar coined or issued by the United States, in the markets and in the payment of debts." (Act of Nov. 1, 1893, c. 8, 28 Stat. 4; title 31, sec. 311, U.S.C.)

Provisions of obligations which obstruct the power of Congress to regulate the value of money and to maintain coins and currencies at a parity may be forbidden and rendered unenforceable by appropriate legislation enacted in the exercise of the implied powers of the Congress.

While it is true that the Federal Government may exercise such powers as are expressly conferred upon it by the Constitution or may be reasonably implied thereupon, nevertheless "it is not indispensable to the existence of any power claimed for the Federal Government that it can be found specified in the words of the Constitution or clearly and directly traceable to some one of the specified powers. Its existence may be deduced fairly from more than one of the substantive powers expressly defined, or from them all combined. It is allowable to group together any number of them and infer from them all that the power claimed has been conferred." *Legal Tender cases*, supra.

The classic statement of the proper construction of congressional powers is that of Chief Justice Marshall in *McCulloch* v. *Maryland* (4 Wheat. 316):

Let the end be legitimate, let it be within the scope of the Constitution, and all means which are appropriate, which are plainly adapted to that end, which are not prohibited but consist with the letter and spirit of the Constitution, are constitutional * * *. Where the law is not prohibited and is really calculated to effect any of the objects entrusted to the Government, to undertake here to inquire into the degree of its necessity would be to pass the line which circumscribes the judicial department and to tread on legislative ground. This court disclaims all pretentions to such a power (pp. 421 and 423).

If in the exercise of its expressed powers to borrow money and to coin money and regulate its value, the Congress finds that provisions which purport to give to the obligee a right to require payment in gold—the basis of the Nation's currency—or in any particular kind of money or in an amount in money measured thereby, obstruct the power of Congress to regulate the value of money and are inconsistent with the declared policy of Congress to maintain at all times the equal power of every dollar coined or issued by the United States, in the markets and in the payment of debts, the Supreme Court will accept such findings. If the Congress adopts appropriate and reasonable means to prevent the interference of such provisions with the exercise of its power to regulate the value of the money of the United States, the Supreme Court will uphold such action as a valid exercise of the implied powers of the Congress.

In *Veazie Bank* v. *Fenno* (8 Wall. 533) the Supreme Court upheld the constitutionality of a tax on State-bank notes used for circulation, the avowed purpose of the tax being to drive the circulating notes out of existence in order to create a uniform currency. The Court held that such action by Congress in pursuance of its powers to coin money and to regulate the value thereof included the power to take appropriate steps to assure "a currency, uniform in value and description, and convenient and useful for circulation." The Court said:

Having thus, in the exercise of undisputed constitutional powers, undertaken to provide a currency for the whole country, it cannot be questioned that Congress may constitutionally secure the benefit of it to the people by appropriate legislation. To this end Congress has denied the quality of legal tender to foreign coins and has provided by law against the imposition of counterfeit and base coin on the community. To the same end Congress may restrain by suitable enactments the circulation as money of any notes not issued under its own authority. *Without this power, indeed, its attempts to secure a sound and uniform currency for the country must be futile* (p. 549). (Italics supplied.)

In *Juilliard* v. *Greenman*, cited above, the court stated:

Under the power to borrow money on the credit of the United States and to issue circulating notes for the money borrowed its power to define the quality and force of those notes as currency is as broad as the like power over a metallic currency under the power to coin money and to regulate the value thereof. Under the two powers, taken together, Congress is authorized to establish a national currency, either in coin or in paper, and to make that currency lawful money for all purposes, as regards the National Government or private individuals (p. 448).

In the *Legal Tender cases*, cited above, Mr. Justice Strong said:

Every contract for the payment of money, simply, is necessarily subject to the constitutional power of the Government over the currency, whatever that power may be, and the obligation of the parties is, therefore, assumed with reference to that power (p. 549).

And Mr. Justice Bradley stated in his concurring opinion:

I do not understand the majority of the court to decide that an act so drawn as to embrace, in terms, contracts payable in specie, would not be constitutional. Such a decision would completely nullify the power claimed for the Government. For it would be very easy, by the use of one or two additional words, to make all contracts payable in specie (p. 567).

Not a taking of property without due process of law.

The joint resolution provides that obligees shall receive the amount of the obligation dollar for dollar. It is the declared policy of the Congress to maintain all coins and currency of the United States at a parity with one another and to maintain the equal purchasing power of every dollar, in the markets and in the payment of debts. So long as this parity and equal purchasing power can be maintained, there is no taking of property. The purpose of the resolution is to protect the parity, not to destroy it.

In this connection mention should be made of the decision of the Supreme Court, New York County, N.Y., reached May 24, 1933, in the case of *Irving Trust Co., etc.*, v. *Hazlewood, etc.* (New York Law Journal of May 26, 1933, p. 3160.) In his opinion Mr. Justice Ingraham stated:

By Presidential proclamation all gold coin and gold certificates have been withdrawn from circulation. Upon surrender of gold coin or certificates the holder has received other currency of equal coin value. The case of *Bronson* v. *Rodes* (74 U.S., 229) is not in point. Different circumstances there prevailed. Two varieties of money were in general circulation: the gold dollar and the paper dollar. The latter had a much-depreciated value. At the present time there is but one lawful medium of exchange, and this has the same coin value as gold of equal amount. The case of *In re Societe Intercommunale Belge d'Electricite-Feist* v. *The Company*, decided by the Court of Appeals of England in March of this year and reported in the Times Law Reports (p. 344), decides the question involved here. I accordingly instruct the trustees to accept current funds and upon payment of the amount due to satisfy the mortgage.

Even should the Congress fail to maintain the parity of all coins and currencies and their equal power in the markets and payment of debts so as to give rise to the contention that the effect of such failure combined with the effect of the resolution would amount to a taking of property, this would not be without due process of law. Bronson against Rodes did not decide that Congress could not have made notes legal tender for obligations payable in a particular kind of money. Its actual holding was a construction of the Legal Tender Act of 1862 to the effect that it was not intended by Congress to apply to obligations expressed as payable in gold and silver coin, lawful money of the United States.

In the *Legal Tender cases* the Court said:

Nor can it be truly asserted that Congress may not, by its action, indirectly impair the obligation of contracts, if by the expression be meant rendering contracts fruitless, or partially fruitless. Directly it may, confessedly, by passing a bankrupt act, embracing past as well as future transactions. This is obliterating contracts entirely. So it may relieve parties from their apparent obligations indirectly in a multitude of ways. It may declare war, or even in peace pass nonintercourse acts, or direct an embargo. All such measures may, and must, operate seriously upon existing contracts, and may not merely hinder, but relieve the parties to such contracts entirely from performance. It is, then, clear that the powers of Congress may be exerted, though the effect of such exertion may be in one case to annul, and in other cases to impair the obligation of contracts. * * * (Pp. 549 and 550.)

In the same decision the court deals in like manner with the "closely allied" objection that the Legal Tender Acts "were prohibited by the spirit of the fifth amendment, which forbids taking private property for public use without just compensation or due process of law." It states:

* * * That provision has always been understood as referring only to a direct appropriation and not the consequential injuries resulting from the exercise of lawful power. It has never been supposed to have any bearing upon or to inhibit laws that indirectly work harm and loss to individuals. A new tariff, an embargo, a draft, or a war may inevitably bring upon individuals great losses; may, indeed, render valuable property almost valueless. They may destroy the worth of contracts. But whoever supposed that, because of this, a tariff could not be changed, or a nonintercourse act, or an embargo be enacted, or a war be declared? By the act of June 28, 1834, a new regulation of the weight and value of gold coin was adopted, and about 6 percent was taken from the weight of each dollar. The effect of this was that all creditors were subjected to a corresponding loss. The debts then due became solvable with 6 percent less gold than was required to pay them before. The result was thus precisely what it is contended the Legal Tender Acts worked. But was it ever imagined this was taking private property without compensation or without due process of law? * * * (P. 551).

The Supreme Court upheld the Philippine law prohibiting the exportation of silver coin from the Philippine Islands upon similar reasoning. (*Ling Su Fan* v. *United States* (218 U.S. 302).) It was contended that the statute was a taking of property without due process of law. The Supreme Court stated:

To justify the exercise of such a power it is only necessary that it shall appear that the means are reasonably adapted to conserve the general public interest and are not an arbitrary interference with private rights of contract or property. The law here in question is plainly within the limits of the police power, and not an arbitrary or unreasonable interference with private rights. If a local coinage was demanded by the general interest of the Philip-

pine Islands, legislation reasonably adequate to maintain such coinage at home as a medium of exchange is not a violation of private right forbidden by the organic law (p. 311).

The case of *Louisville & Nashville R.R.* v. *Mottley* (219 U.S. 467) is directly in point although the statute which operated as an impairment of the obligation of contract was passed in pursuance of the commerce power of Congress. The defendant railroad agreed in settlement of a claim for personal injury to issue to the plaintiff annual passes upon its lines for the remainder of their lives. Thereafter an act of Congress prohibited carriers from receiving a different compensation than that specified in their published tariffs. This was construed to prohibit the issuance of the passes in question. The Supreme Court denied the right of the plaintiffs to specific performance of their contracts with the railroad. The court said:

The agreement between the railroad company and the Mottleys must necessarily be regarded as having been made subject to the possibility that at some future time Congress might so exert its whole constitutional power in regulating interstate commerce as to render that agreement unenforceable or to impair its value. That the exercise of such power may be hampered or restricted to any extent by contracts previously made between individuals or corporations is inconceivable. The framers of the Constitution never intended any such state of things to exist (p. 482).

Also of importance at this point are the broad statements of the Supreme Court in Juilliard against Greenman and Veazie Bank against Fenno, quoted above in this memorandum. Furthermore, while it is not contended that the operation of constitutional guaranties may be suspended by an emergency, the Supreme Court has in actual practice—as, for example, in dealing with the emergency rent legislation made necessary by the World War, as well as in other cases—taken into consideration, both in the general construction of the powers of Congress and in the application of the due-process clause, the existing practical emergency which the congressional enactment was designed to meet. Obviously such an approach would be peculiarly justified by the exigencies of the present economic emergency.

The foregoing discussion applies to provisions contained in obligations of the Government as well as obligations of private persons. It is fundamental that "governmental powers cannot be contracted away" (*North American Com. Co.* v. *United States*) (171 U.S. 110, 137); *Fertilizing Co.* v. *Hyde Park*) (97 U.S. 659)) and rights conferred by the Government remain subject to the power of Congress "to make regulations in the exertion of the authority of Congress over matters within its constitutional powers." (*United States* v. *United Shoe Machinery Co.* (258 U.S. 451, 463, and 464); *Shaus* v. *American Publishers' Association* (231 U.S. 222, 234).)

That a statute valid when enacted may cease to have validity owing to a change of circumstances has been recognized with respect to State laws in several rate cases. That the doctrine is applicable to acts of Congress was conceded arguendo in *Perrin* v. *United States*, 232 U.S. 478, 486. (*Hamilton* v. *Kentucky Distilleries Co.*, 251 U.S. 146, 162.)

It is not contended that Congress has the power to render unenforceable a contract with the Government where such action is not the incidental result of the necessary exercise of power in the interests of the general welfare. (Cf. *Choate* v. *Trapp* (224 U. S. 665).) But where the acts of the Government are of a public nature and general in their application, the validity of the general action is not impaired by the fact that contractors with the Government are incidentally affected. (*Horowitz* v. *United States* (267 U.S. 458); *United States* v. *Warren Transportation Co.* (7 Fed. (2d) 161).)

When Congress finds certain provisions of obligations, including obligations to which the Government is a party, obstruct the powers of the Congress and are inconsistent with its policy to maintain all coins and currencies at a parity, appropriate action to protect the monetary system of the United States is constitutional even though persons holding obligations of the United States are affected equally with all other obligees. In its capacity as a creditor the Government is equally affected.

Furthermore, when, as is now the case, a limitation of the effect of such action to contracts between private persons and future contracts of the Government, would seriously impair the power of the Government to borrow money to meet its general needs and to cope with the necessities of the emergency, the constitutional power to take such action cannot be doubted.

The right of this Federal Government to coin money and regulate its value is one of the supreme purposes for which the Union was established. This power carries with it all incidental powers necessary to carry out the purposes contemplated by that provision of the Constitution.

No citizen may contract to destroy or to limit this right of the sovereign people as expressed and embedded in their Constitution.

It is said that it is immoral to take this action—that it involves repudiation of a moral obligation. I assert that there can be no moral obligation that can bind a citizen to do a thing in contravention of the fundamental purposes of the Constitution that is inimicable to the public welfare or to the perpetuity of the Government itself. There can be no duty imposed upon a Representative in Congress that can supplant or be substituted for his obligation to support the Constitution of the country.

No man need go beyond the Constitution to find the end of the inquiry as to his duty both from a legal and from a moral standpoint. These contracts that have been made payable in gold are impossible of fulfillment. I was taught in my limited study of law that any contract against good morals or against public policy or that in its nature is impossible of fulfillment could not be enforced, either at the bar of public conscience or in a court of law. We have more than $100,000,000,000 of such obligations in this country, some owing by the Government, but the greater portion by corporations and individuals. According to the terms of the obligations they may only be discharged in gold, yet we have less than $4,000,000,000 in actual gold with which to discharge these debts. If a citizen or a corporation owed debts of $100,000,000,000 and had only $4,000,000,000 of assets with which to discharge them, a court would intervene for the purpose of securing an equitable distribution of those assets, and any effort to apply the assets of such a corporation or of such an individual to the discharge of a portion of its obligations would be set aside by any court of equity in the world, because it would be inequitable and immoral.

There are other debts amounting to fully $100,000,000,000.

We cannot pay either class of these debts in gold and it is against public policy, it is contrary to every dictate of common sense and justice to undertake to differentiate between creditors whether of the Government or of individuals. Common sense and common honesty suggest that there should be one standard of value in this country and one kind of requirement to discharge an indebtedness on the part of a citizen or on the part of the Government.

I want to ask who in this country paid in gold when they contracted with the Government or with individuals for the obligations that are made dischargeable in gold? People who bought our bonds during the war paid for them with bank credits. They paid with bank checks. People who bought our bonds and who have purchased this stupendous amount of obligations in this country did not pay for them in gold. They did not even pay for them in currency of any kind. They paid for them in bank checks. [Applause.]

After all, fairly and equitably construed, the meaning of these contracts that we made payable in gold was that they would not be discharged in any kind of depreciated money, and this resolution provides a yardstick applicable to every obligation of any citizen or any institution. So there is no discrimination between citizens as to the manner in which debts may be discharged. It is applicable to all alike.

Mr. WADSWORTH. Will the gentleman yield?

Mr. STEAGALL. In just a moment.

Let me say further that the time has come when we must recognize that the public welfare and the future perpetuity

of this Government are the things that should command first consideration at the hands of those in positions of official responsibility in the United States. [Applause.] We have been worrying over the integrity of the dollar and its standing at home and abroad. We have been losing sleep over the maintenance of the gold standard. In the meantime, commerce and trade were dying, agriculture perishing, and citizens of this country losing their homes, with their families being turned into the streets and 15,000,000 working people unable to find an opportunity to labor and support their families. The talk about the immoralities of this resolution carries no weight with me. Who can defend the moralities of a transaction in which a citizen incurs an obligation that may be discharged by 1 day of labor and through manipulation or other causes beyond his control this citizen finds it takes 2 days of labor to discharge this same debt?

I repudiate as dishonest a dollar that presses down upon the struggling people of this country in such fashion. We cannot work out of this depression so long as we devote our chief efforts to maintaining the integrity of the dollar. We must dignify humanity and the rights of mankind if we are to solve the problems that confront us. This is what we are undertaking to do. We want a dollar that serves mankind—not one that enslaves! We want an honest medium of exchange that will afford equal opportunity to all to be a reasonable reward for honest toil.

Mr. WADSWORTH. Will the gentleman yield now?

Mr. STEAGALL. I yield to the gentleman. Then I must desist, in order to save time for others.

Mr. WADSWORTH. My attention was attracted by the use of the word "yardstick" in the address of the gentleman from Alabama a moment ago, and I think he stated, in effect at least, that all citizens would be treated or measured by the same yardstick with respect to their rights under contracts entered into after this measure shall have passed. I hope I am not misquoting or misunderstanding the gentleman from Alabama.

Mr. STEAGALL. Not only hereafter but as to contracts now existing; all are to be on an equal footing and all debts may be discharged in the same kind of money——

Mr. WADSWORTH. Now, I should like to ask my question. Is it not true, however, that the Congress has already authorized the President in another act to change the length of the yardstick from time to time?

Mr. STEAGALL. Yes.

Mr. WADSWORTH. Then citizens cannot be treated all alike, if I am treated with one yardstick tomorrow and another gentleman with a different yardstick the next time.

Mr. STEAGALL. But whenever the yardstick is changed again, it will be the measure of every citizen's rights, and it will not apply one method to one citizen and one institution and another method to another citizen or another institution. When we have done this we have done all that is demanded morally or legally; and when we do less than this we set up a discrimination between citizens or a discrimination between classes of citizens in this country. There has never been a contract to pay a laboring man in gold. Gold payments are only required by the creditor class. The masses of people who labor in fields or forests or shops or mines accept gladly any currency tendered, so long as it represents the wealth and good faith of the Government.

It is not only faulty, but it operates as a class discrimination.

Mr. WADSWORTH. Will the gentleman yield again?

Mr. STEAGALL. I will.

Mr. WADSWORTH. Cannot the gentleman see that changing the length of the yardstick brings about a discrimination between citizens?

Mr. STEAGALL. I do not so construe it. As for the devaluation of the gold dollar, I do not know what is going to be done in that connection. I do not know what action is going to follow the passage of the resolution. I hope it will be followed by further steps that will free us from the existing order which has brought so much of suffering and distress.

So far as the resolution itself goes it simply reaffirms the existing status. I do not see how this action alone could bring about the cheapening of money which is so much deplored by those who oppose the resolution. If I had my way I would not under any conditions permit one citizen to contract for the discharge of a debt in one kind of currency and another citizen to contract for the discharge of a debt in another kind of currency. It seems to me sound public policy demands that there be no discrimination.

Mr. GOLDSBOROUGH. Will the gentleman yield?

Mr. STEAGALL. I will yield to the gentleman.

Mr. GOLDSBOROUGH. I want to ask the gentleman, suppose Congress should demonetize gold. Does the gentleman think the holder of the gold bonds would be satisfied to be paid in gold?

Mr. STEAGALL. Certainly they would not. They would demand payment in dollars backed by the Government. We are within constitutional limits; we are fulfilling the highest duty to the Nation and to the world when we take this step to establish an honest currency suited to a great productive citizenship and to free our people from the fetters which through the years have deprived them of the measure of prosperity and happiness which God in His goodness intended for all the people of the United States. [Applause.]

Mr. HESS. Mr. Chairman, this is a very important question, and I make the point of order that there is no quorum present.

The CHAIRMAN. The gentleman makes the point that no quorum is present. The Chair will count. [After counting.] One hundred and fifteen Members present—a quorum.

Mr. LUCE. Mr. Chairman, with much that the chairman of our committee has said I am in accord; with some of it I will take no issue; but he misses the vital point; he has glossed over the real question before the committee.

This proposal has nothing directly to do with inflation. It has nothing directly to do with the money question as such. All the time that has been so far devoted to the praise of inflation has only taxed, and that which may hereafter be devoted to the praise of inflation will only tax, the patience of the committee.

There is but one question here. I have set it forth briefly and somewhat sketchily in the minority views that accompany the report of the committee.

Unfortunately, this matter came before your Committee on Banking and Currency without warning. Saturday a large number of the Members of the House assumed that there would be nothing done and had absented themselves for the week-end. There were but two of the minority members of that committee informed of the meeting with sufficient time for their attendance.

We had no witnesses before the committee. We had no explanation of the bill at first hand. We were not given, by those who framed it, the reasons why the bill was requested. We were working in the dark.

The request to file a report before midnight was made at noon in a small House, which was quickly adjourned, the Members scattering. There was no opportunity to present a draft of minority views to other members of the committee, so they bear only my own signature. But I am certain that others of the committee would have signed the minority views had it been physically possible.

Mr. BEEDY. If the gentleman will yield, permit me to say that I should have welcomed an opportunity to sign the minority views.

Mr. LUCE. I have no doubt that my friend from Maine would have signed, and I am sure others would have signed also.

Mr. WADSWORTH. You would have had my signature, too.

Mr. LUCE. I wish it were possible, although I realize it is not, to acquaint the 300 and more Members of the House absent at this moment, with the nature of this proposal. I shall, perforce, be obliged to confine my hope to

acquainting one quarter of the Membership. I trust, however, that other speakers will have a better audience later in the afternoon. Perhaps there are some of the hundred Members or so of those present who may think it worth while to ask absent Members to read the minority views, and so acquaint themselves with the argument.

The present occupant of the Chair, the gentleman from Mississippi [Mr. RANKIN], spoke with some emphasis of the importance of this question, and I suspect there were those here who thought he was extravagant in the statement, but if he had thought it wise to tell the House that now, for the first time in the history of this country, we are being asked to repudiate "a solemn pledge", then perhaps it would have been thought his words were not too strong. For the first time in the history of the United States we are asked to go on record as renouncing a "solemn pledge." That language is not mine. It is the language of the statute, a law enacted 64 years ago. From that day to this no man has stood on this floor and asked that language to be changed. For 64 years we have lived and transacted our affairs and made our contracts and conducted the business life of the country on the basis of this "solemn pledge" of the Congress to the people.

Mr. PARSONS. Mr. Chairman, will the gentleman yield?

Mr. LUCE. Oh, please allow me to finish. I dislike very much to decline to yield, but gentlemen who rise with questions often break the thread of thought and lessen the speaker's opportunity to persuade and convince, if he can. So, in all courtesy, I ask the gentleman not to ask me to get off the track. With his permission I will get back on the track now, with the words of the law.

Unfortunately there is a misprint in the minority views. I said therein that "equivalent" meant "equal worth", but it has been printed "equal work." Bearing in mind that "equal worth" is the meaning of the word "equivalent", observe what was said in that law of 64 years ago:

> The faith of the United States is solemnly pledged to the payment in coin or its equivalent of all the obligations of the United States not bearing interest, known as United States notes, and of all the interest-bearing obligations of the United States, except in cases where the law authorizing the issue of any such obligations has expressly provided that the same may be paid in lawful money or other currency than gold or silver.

Let us take away the explanatory words and return to the heart of the matter:

> The faith of the United States is solemnly pledged.

I repeat, the faith of the United States is "solemnly pledged", and now, with hardly 48 hours' notice, without explanation of the cause, without adequate disclosure of what is in mind we are asked to repudiate the solemn pledge of the United States to millions of its citizens.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. LUCE. Again I beg of the gentleman not to break the thread of my thought.

Mr. WHITE. Will the gentleman yield?

Mr. LUCE. No.

I am going to reiterate, because the interruption of the gentleman may have disturbed the solemn thought that I tried to arouse in the minds of the Members of this body as I read the language of the law. So I shall read it again:

> The faith of the United States is solemnly pledged.

Sir, there are situations under which temporarily it becomes necessary to waive the law. Those situations exist in time of war, and by reason of the belief of the administration in which we share, they today exist likewise in time of peace. We have passed much legislation suspending temporarily the laws of the United States, suspending temporarily the Constitution of the United States—all in the belief that we shall be sustained upon the ground that this is a time of great emergency. In the first place, observe, you are not asked for a temporary suspension of law in this case. You are asked for a permanent, constant, and complete abrogation of a solemn pledge. You are asked to enact new law that for all we know may be the same tomorrow, a week after, a month after, a year after, forever. You are asked to enact permanent law, while in previous exigent enactments of this session, we have said that the provisions should be enforced only for 2 years or until the proclamation of the President declaring the emergency ended.

So there is no excuse to be found in that direction, unless we should see fit to change the terms of the resolution and make its life temporary.

Let me conclude with the second element contained in the proposal, to which I raise no objection. If it is thought by the Treasury that future emissions of currency or of obligations ought not to contain the gold clause, at the moment I am ready to say well and good. As they come along they may be subject to criticisms, but on the whole I am willing to leave to the judgment of the Treasury what ought to be done in the issue of bonds, in refinancing next month, or in any other of the things touched by this resolution. I am curious indeed to know what is thought will be accomplished, for apparently we find $3,000,000,000 worth and more of gold to be retained in the Public Treasury with a wall around it, a wall so high and a wall so solid that not an ounce of gold is to come out. Every ounce of gold that gets in is to be kept, but none of it is to go out. None of it is to be used as a basis for the fiscal operations of the Government. It is to be buried there; and why it should be desired to kill and bury $3,000,000,000 worth and more of gold I cannot see. The wise men at the other end of the Avenue who are advising the administration no doubt have some plan in mind that the ordinary mortal cannot comprehend or envision. We will let that go. If they want to bury $3,000,000,000 and more of gold and make it perfectly useless, no longer a support for any kind of obligation, no longer functioning as money, no longer serving any advantage whatever—if that is their intent—the responsibility is theirs, and I am not here now to criticize. So we may dismiss that element in this bill.

Empower the Government, if you want, to bury the gold and erect a tombstone over it and carve thereon "Hic jacet $3,000,000,000 worth and more of yellow metal." All right. We will leave it buried there and come back to the instant proposition.

The important thing and the only thing in this resolution I care to debate is found in the repudiation of the public promise, and I hope this bill may be known from now through all history to its eternal infamy as "the repudiation bill, passed by the repudiation Congress of 1933."

The first time since 1789 that this Congress has pledged itself to destroy a pledge, the first time that the Congress has denied its plighted word!

First let me ask what may be the effect of this thing? There are gentlemen here, judging from the speeches we have heard in the last few weeks, who never think of money without conjuring up some diabolical image of a man of huge wealth somewhere who, with other men of huge wealth, is conspiring to do public injury. Every time there is any money bill brought forward you are told that you must help the weak and helpless, the poor and distressed, by taking money away from other people. Let us not argue that, but let us see who will lose in this instance. Who bought the Liberty bonds at the time of the war? Is there a man within my hearing who bought no Liberty bonds if he were of age at that time? Is there a man here who still has none of those bonds? Ah, but you may say you are of the prosperous class and, therefore, are not of the class for which we are met here; that we have not come here to legislate for the patriotic millions who bought and who still hold Liberty bonds; not come here to legislate for the thrifty; not come here to legislate for those who are willing to work; but that we have come here to legislate for the morons of society; to legislate for the thriftless of society; legislate for those who never laid aside a penny for a rainy day; legislate for the infirm of mind.

Well, I think once in a while it is fair to remember that the great mass of the people of the United States are not of that class; that the great mass of the people of the United States are hard-working people and are grieving today that they do not have a chance to work; that the great mass of the people lay aside something against the needs of sickness and of old age; and that the great mass of our people are

prudent, are out of debt, are self-reliant, and that once in a while, Mr. Chairman, occasionally, say in 1 hour out of every month, we have the right to pay some attention to the middle classes of this country, many millions in their number, men who have made this country, men who support this country, men who deserve at least an atom or two of our thought. So I want to ask you, Who holds these bonds, these securities?

I would call attention, in the first place, to the fact that more than a billion dollars of them are held by trustees of colleges, universities, and professional schools, and that the first duty of the treasurer of every such institution is to invest its money with safety. Yes! "Safety first" is the motto of every trustee, whether he be with some public enterprise or treasurer of a private enterprise, or whether he be trustee for estates where the funds go to the widows and orphans. The first duty of the trustee is and always has been to protect the money in his charge and to secure the safest investment. So through all these years the trustees of the land, those who conduct the money affairs of our colleges, law schools, medical schools, other professional schools, a thousand private hospitals and more, and all the various instruments of philanthropy, have had as their first duty the investment of the funds in their trust where they could be most safely invested; and relying upon the "solemn pledge" of the United States, they have in large part invested those funds in obligations bearing the promise that the principal and interest shall be paid in gold.

Who other are interested in this matter? There are outstanding in the United States, according to the World Almanac, more than 120,000,000 life-insurance policies. All the reserves backing up those policies must be invested, and the greater part of them is invested in securities, and so, too, for the sake of the holders of the 120,000,000 life-insurance policies, "safety first" has been the duty of the directors of the life-insurance companies, most of them mutual companies, not profit-making companies.

Then there are deposits in our savings banks amounting to more than $9,000,000,000, with securities the chief line of investment. As I have repeatedly pointed out on this floor, the depositors in the savings banks are not millionaires, are not men of large means, but for the most part men of moderate means, or the simple, humble folk who have laid aside in the savings banks, funds that shall protect them and their families in the years to come.

If time permitted, I could go on enumerating scores of directions in which the pledge by Government or corporation has been an important element in the buying of the securities in question.

Gentlemen are likely to try to sweep this aside on the ground that nobody has paid much attention to those promises. I would recall to you that in the panic of 1893, when the railroads were in as sore stress as they are in today, many found it necessary to reorganize, and then it was that the gold clause in corporate bonds first became of material importance. There were some of those roads that could not have reorganized at all were it not for the gold clause in their bonds. Many others were helped materially by that clause. All were able to issue their securities at a lower rate of interest than otherwise would have been the case.

It is estimated that there are now outstanding securities, other than Government securities, to the extent of $100,000,000,000 which have, in large part, been issued at lower rates of interest on account of this gold clause. Through these years you have allowed owners of these securities to accept a lower rate of interest in the confident belief that the "solemn pledge" of the Government would be kept. If the sacrifices thus made through the years could be calculated, the total would be of astonishing amount.

You now are asked to say that from some unexplained motive of temporary expediency you will permanently deprive one party to these contracts of all their benefits.

These contracts fulfilled every requirement of a contract. My good friend, the chairman of the committee, has ventured into the field of literature relating to the legal tender act and other matters distracting attention from the fundamental fact. Perhaps most of you are lawyers. Perhaps I shall not be able to turn such of you aside from legalistic attitudes to the common-sense view of things taken by others who are here. Yet that view is not to be ignored.

To the everyday man language means what its says. When these contracts were made both parties understood the language to have the common, everyday meaning. The minds met. Complete understanding was had by both parties.

A few weeks ago in the British courts of chancery a judge was able, by Jesuitical interpretation, to read into the law something that not a man here would have seen there 2 months ago. I have read that English decision, and for the life of me I cannot understand how any man who thinks straight, who has a reasonable degree of intelligence, could have reached that interpretation, but the English court did. Last Wednesday a district judge in New York, one of the United States district court judges, relying in large part apparently upon the English reasoning, came to the same preposterous conclusion.

I have been told that the English case will go to the British House of Lords. Of course, we know this case here will go to the American Supreme Court, and when the final word is said then perhaps somebody will have to retract his words, possibly myself; but for the time being I am convinced that language means what it is ordinarily understood to mean, and that it is a terrific wrench to common sense to read into a contract conditions that were never in the minds of either of the parties.

Last Thursday the decision of this New York court got into the papers and was read in Washington, and Friday the measure that is now before you was prepared. On Friday the gentlemen at the other end of the Avenue saw their opportunity. Were I to resort to the language of the street, I should say that they were mighty quick on the trigger. They got down here in a little more than a few minutes with a bill taking advantage of the absurd decision of that New York judge to do what, to my mind, is an infamous thing, to repudiate a "solemn pledge" made by the Government of the United States, to deprive millions of people of further reliance upon that pledge, to take away from them some substantial part of the fruits of their labors.

In the World War and the period immediately afterward we saw Germany maintain itself by resorting to the mysterious intricacies of finance. Germany financed the war and recovery therefrom by robbing the bourgeoisie, the middle class of Germany, of all their wealth. The end of that war found but two classes of people left as they were before, the rich as wealthy as before, or even wealthier, and the poor, who had nothing that might be taken, and were still with nothing to give. The Government had taken all the resources of the bourgeoisie to finance the war and recovery therefrom.

You are resorting here to the German method. You are entering upon the path of taking the savings of the middle classes with likelihood of still further enriching the wealthy, while giving nothing more to the poor. In juggling the currency the rich as a class are always the winners.

However, if it be the wish of this Congress deliberately to disown the pledges of its predecessors, to throw overboard an assurance that has been in the law, as I have said, for 46 years, let us concern ourselves for a moment with the expediency of it.

Large sums of money are owed to us by foreign nations. At first we demanded our pound of flesh. Then we made great concessions, and now some would wipe out all the debts, but there are those here who still believe the foreign nations should repay at least some part of those funds we lent.

How, after this bill passes, will you have the face to ask further payment? Do you not know that they will turn around and say: "You do not pay your own people what you promised in your own obligations; why should we meet ours?"

My friend who preceded me said he wanted the same standard. You will have the same standard of dishonor.

The standard you apply to your own folk will be applied to you by others; and when you pass this bill the further payment of the foreign loans may well be forgotten.

In various measures we are making huge loans to States, to counties, to municipalities, and we are asked to make them to school districts—huge loans in their total. Will you have the folly to believe that they will ever be repaid if now you enact this measure, a refusal to pay your own debts?

This is the beginning of an orgy of bad faith throughout the land and throughout the world, an orgy that may lead to the destruction of the very cornerstone of society, indeed that of civilization, for civilization rests upon good faith.

You say it is desirable to do this in order that the country may gain. But what shall it profit a man if he gains the whole world and lose his own soul?

The good faith of this country is its soul. We showed this to be the fact in 1790 when Congress took over the State debts and proceeded to funding the debt of the new Nation. Did you know that then the political predecessors of the gentlemen on my right, led by James Madison, tried to do in spirit the same thing you are trying to do, and that the House voted Madison down and Hamilton had his way? To Hamilton we owe the foundation of the credit of this country, the foundation upon which we have built the financial structure that, thank God, we have kept intact up to the present moment.

Like juncture came to the Nation after the crisis in 1873. Before the resulting depression had run its course, the currency question became critical. There were those who believed in more paper money as the remedy. Others demanded that we should resume specie payment and, luckily, they prevailed. Great apprehension followed. Fear was felt that it might not be successfully accomplished, yet on the 1st of January 1879 the "solemn pledge" of 10 years before was kept. Conditions bettered, business increased, and then for a dozen years and more there was prosperity in the land because the country kept faith.

Today, you are asked to break faith in order to restore confidence. Good heavens! Restore confidence by breaking faith; bring back business by breaking faith; start the wheels turning by breaking faith; lead merchants to lay in stocks of goods by breaking faith. No; a thousand times, no!

Your action today, if it be completed, will lessen confidence. It will postpone the return of recovery by months, if not by years. It will undermine, as I say, the foundations of society. It will destroy the greatest asset, not only of any individual but of any nation, the greatest asset in life—trust in pledges. So because you gave a solemn pledge, I demand you keep that solemn pledge. [Applause.]

Mr. PARSONS and Mr. ZIONCHECK rose.

Mr. LUCE. I yield to my friend here who rose first.

Mr. PARSONS. I desire to ask the gentleman why the pledge was made in the first place, on March 18, 1869, after we had gone along as a Nation from 1791 or 1790, when the Government's debt was first refunded under Hamilton, to 1869, without any such law or without any such clauses being written into contracts?

Mr. LUCE. I have not been able to ascertain whether there were like pledges in previous statutes and am assuming this was the first instance.

Mr. PARSONS. It is.

Mr. LUCE. I imagine that pledge was given because then, as now, there was fear throughout the land. The issue of paper currency had so distressed the people, had so injured business, had brought us so near the edge of ruin, that to allay fear, to renew confidence, and to start men once more in their ordinary activities, the Government promised that gold should be paid when gold had been pledged. [Applause.]

Mr. ZIONCHECK. Would the gentleman from Massachusetts be kind enough to explain to us in his lucid manner how he is going to pay debts of $100,000,000,000 with $3,000,000,000 of gold?

Mr. LUCE. A Senator from Massachusetts, George Frisbie Hoar, used to have a story that he told under similar circumstances. It was of an undertaker in a Maine town who was asked by one of his neighbors why he did not keep a larger supply of coffins. "Why", he said, "they are not all going to die at the same time." [Laughter.]

Mr. McGUGIN and Mr. PARSONS rose.

Mr. LUCE. Let us take it by turns. I yield to the gentleman from Kansas, if he will hasten, because there are others who desire to express themselves on this question.

Mr. McGUGIN. Maybe they will not all die at the same time and maybe they will not all demand gold at the same time, but it was our experience about a month ago that they were all demanding it at the same time at the Treasury and we had to suspend such payment. Is not that true?

Mr. LUCE. If the Treasury had then asked for this bill it would have had more excuse than is now found in reliance upon the casuistical opinion of a judge whose wisdom I do not trust. [Applause.]

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. LUCE. I yield to the gentleman from Minnesota.

Mr. CHRISTIANSON. I quote from the law under which the Liberty bonds were issued: "The principal and interest thereof shall be payable in United States gold coin of the present standard of values." How does the gentleman interpret the expression "the present standard of values"? I interpret it in this way, that there is an agreement upon the part of the Government to pay gold, not a certain number of ounces of gold, but gold having the purchasing power that the gold had at that time these certificates were issued. [Applause.]

Mr. LUCE. My dear sir——

Mr. CHRISTIANSON. If that is true, how is there any repudiation of an obligation involved in the present measure?

Mr. LUCE. I share what I think is the gentleman's thought. It would be a very wise thing if we altered the law about the standard of values, if we substituted some better standard than we have now, but, certainly, the statute at the time it was enacted meant the standard prescribed by law.

Mr. BOILEAU and Mr. PARSONS rose.

Mr. LUCE. I have answered the gentleman from Illinois once. Let us take turns. I yield to my friend from Wisconsin.

Mr. BOILEAU. On the opening day of this session, March 9, we passed a resolution giving full force of law to the executive regulations which prohibited people from having gold. Why do we want to continue having the United States obligations payable in gold when the people are not supposed to have it and cannot have it?

Mr. LUCE. The gentleman could not have been here when I started my remarks, and when I stated that I should not have objected to this measure if it had been made a temporary measure. I am objecting to having it made permanent.

Mr. BOILEAU. I have heard all the gentleman's remarks and I have enjoyed listening to the gentleman, although I do not entirely agree with him.

Mr. LUCE. I would not have objected to this measure if it had been made temporary. I object to it as a complete and perpetual renunciation and repudiation of a "solemn pledge."

Mr. KELLER. Will the gentleman yield?

Mr. LUCE. I yield to the gentleman from Illinois.

Mr. KELLER. I should like to know what the gentleman's idea is of the Kansas decision which denied the brewers the right to recover damages for their breweries upon the passage of the prohibition law, a decision by the Supreme Court which, in my judgment, covers the same point.

Mr. LUCE. My judgment does not agree with that. It seems to me a horse of a very different color.

Mr. ROBERTSON. Will the gentleman yield?

Mr. LUCE. Certainly.

Mr. ROBERTSON. Aside, sir, from the legal question involved and considering only the ethics of the situation, does not the gentleman admit that we are in the midst of an

economic war of serious consequence to millions of people, and will not the gentleman further admit that in war times our conception of ethical relations between man and man has to yield to the necessities of the situation?

Mr. LUCE. For the third time I will set forth that I would not have objected to this bill if it had been made a bill for the exigency alone. I object to a permanent repudiation of a "solemn pledge." [Applause.]

Mr. STEAGALL. Mr. Chairman, I yield 20 minutes to the gentleman from Maryland [Mr. GOLDSBOROUGH].

Mr. GOLDSBOROUGH. Mr. Chairman and gentlemen of the Committee, I was very happy that my colleague on the Banking and Currency Committee, the gentleman from Massachusetts [Mr. LUCE], was listened to with such great attention by the members of the Committee, and I was very much gratified by the applause he received from his side, because of my great respect for his ability and my great admiration for his character.

The gentleman from Massachusetts and myself, it seems, are fated not to agree on the principles of substantive legislation. I understand the gentleman from Massachusetts to say that he is not an attorney at law. Therefore, without criticism of his legal attainments, I can say that I do not believe there is an attorney in the United States who is not either a political partisan or who has not been employed on the other side who would have the slightest difficulty about the constitutionality of this legislation. If there ever was a piece of legislation offered to this body which was constitutional beyond peradventure, it is this legislation. No one can read the *Legal Tender cases* without knowing that this legislation comes within the purview of the constitutional powers of the Congress. No one who understands the circumstances and conditions under which gold contracts began to be made in this country can have the slightest doubt that all these contracts mean is that obligations requiring payment in gold shall be paid in money with a normal purchasing power.

These contracts began to be made after the Civil War to protect creditors from being paid in what was known as "greenbacks", a currency which was not worth dollar for dollar with gold. Since the Gold Standard Act of 1900 the Government is required to keep all currency on a parity with gold, that is, to see that all currency will buy just as much as gold, dollar for dollar.

Now, then, is that a fair statement? Suppose the American Congress—as it would have the right to do—should demonetize gold, suppose gold should cease to be lawful money in the United States, would these holders of gold contracts say that they were being properly paid if they were paid in something—gold—which was not currency at all? Why, of course not. And yet, if the contention of those who regard the legislation as unconstitutional and dishonest is carried to its logical conclusion, then these contracts could be paid in something worthless as money.

As long as the Government of the United States sees that it has an honest dollar, then the holders of these bonds will get all that they thought they would get at the time they bought the bonds. That is all there is in it, and anybody who argues any other way is making an argument for those who are not after an honest dollar, but who want to be able to threaten the Government with a demand for gold. There are $22,000,000,000 of gold bonds owed by the United States, $14,000,000,000 gold bonds owed by States and municipalities, $11,000,000,000 gold bonds owed by the railroads, $34,000,000,000 gold bonds owed by other domestic corporations, $10,000,000,000 gold foreign "dollar bonds", a total of $91,000,000,000 of bonds payable in gold, all to be paid with $4,300,000,000 in gold, which is all the gold there is in the country; as a matter of fact, there is only $11,000,000,000 of gold in the world.

These gold contracts cannot mean anything except that those who have them will be paid in honest money and not depreciated currency. That is all there is to it.

This legislation means that no longer can the great bankers who hold these bonds come to the Federal Treasury and say, "When these bonds come due, we will demand payment in gold unless you put a 4-percent interest rate in the next bond issue."

Mr. BRITTEN. Will the gentleman yield?

Mr. GOLDSBOROUGH. I am sorry; I have not the time. It means that no longer can the bankers threaten the Government of the United States and say, "Unless in your next issue we receive an interest rate of 4 percent we will demand the payment of our bonds in gold, and that will destroy the credit of the United States."

For hundreds of years the peoples of the world, and for 150 years the people of this country, have had their backs bowed down with this "cross of gold." Brother LUCE speaks about the conditions after 1879, when there was a resumption of specie payments. Does the gentleman know that bread lines covered the country from 1879 until 1896? That is what the resumption of specie payments did for the people of this country. It destroyed the productive power of the people; it sucked their earnings into the hands of the money lender; and it was not until the discovery of gold in the Klondike and in South Africa, in 1896, 1897, and 1898, that this condition ceased; and from then on until 1914, all the people of this country, including the creditor class, with which my brother LUCE is so exclusively concerned, and at whose shrine he falls down and worships whenever I hear him speak—all classes of people prospered as they never prospered before in the history of the world.

What does this legislation mean? This legislation does not take the country off the gold standard. I wish to God it did. The gold standard has been the curse of the world for hundreds of years. [Applause.] It has destroyed the working classes, it has destroyed the producing classes, it has contracted the currency. It has made it possible for the great bankers to control the value of one product, gold, so that the production of all other classes of the people could be sucked into their coffers. Thank God, we are nearly through. We have only one more step to take after this legislation is passed, and that is to go off the gold standard permanently, to go on a managed currency, to go on a currency based on the buying power of the dollar, to go on an all-commodity basis, and then the American people will be free. [Applause.]

Mr. Chairman, since the 4th of March we have established in this country the principle that it is possible for us to go off the gold standard without suffering any public calamity. We are off the gold standard now, for a period of two years, or until the proclamation of the President should shorten that period. We have established a principle that in order to reestablish a legitimate price level and start production it is proper to issue currency which is not based on any metallic reservoir. We have adopted the principle that in order to achieve and maintain an equitable price level it is legitimate to reduce the amount of gold in the dollar—provided we are going to stay on the gold standard at all—and today we are establishing a principle that what a bondholder is entitled to is an honest dollar with an honest purchasing power; and we have only one more step to go, and that is to go off the gold standard entirely; and may God, in His infinite goodness, grant that this day may come soon. [Applause.]

Mr. Chairman, there is no purpose on my part—I know there is no purpose on the part of any Member of the majority of this House—to reflect upon any member of any class of our citizenship, or to legislate in a manner which will be derogatory to any member of any class of our citizenship. What the majority party is endeavoring to do is to reestablish the economic vitality of the country, start the production of the country on a reasonable, profitable basis, to raise the price level to such a point that it will be fair as between the debtor and the creditor, so that the debtor can pay his debts, and the creditor may be able to receive what is due him. What the majority party in this Congress is trying to do is to avoid national bankruptcy—which means revolution—when the gold dollar or any kind of a dollar would be worth nothing. There cannot be any question but that when the Democratic Party came into power on the 4th of March this country was headed straight for bankruptcy

and straight for revolution. No other administration, in this length of time, has ever restored confidence in a people as has been done since the 4th of March last, by the present administration.

Let us avoid this harsh criticism; let us avoid this accusation of repudiation. I say to the distinguished gentleman from Massachusetts [Mr. LUCE] whom I regard so highly, that now the producers of this country are called upon to pay in what they produce three times as much as they paid at the time, on an average, when they borrowed the money which they owe. Is that a fair proposition? Is that an equitable proposition?

The gentleman from New York [Mr. WADSWORTH], the distinguished former Senator, spoke about changing the yardstick. The very thing that the Democratic majority in this House wants to do is to keep the yardstick stable—not the yardstick of the number of ounces of gold in a dollar, not the yardstick of paying a bond in something that may or may not have value, but the yardstick of maintaining a dollar with a fair purchasing power, the yardstick of maintaining average general commodity price levels, so that when a man borrows a dollar or a thousand dollars he may know that he can pay it five years from now with the same kind of money he borrowed, with the same kind of production, on the average.

Mr. WADSWORTH. Mr. Chairman, will the gentleman yield?

Mr. GOLDSBOROUGH. Certainly.

Mr. WADSWORTH. It is just that last thought that was in the gentleman's mind, that was in my mind. I was not speaking about the yardstick as of 10 years ago or 20 years ago, but the yardstick of tomorrow, for, as we pass this bill and abrogate the gold clause, at the same time we must remember that we have given the President the power to inflate currency hereafter, and he may change the yardstick by Presidential decree.

Mr. GOLDSBOROUGH. The President may do it, but I have no reason to anticipate that the President is going to do anything which will not be equitable as between the debtor class and the creditor class. I should say right here, also, that the right treatment of each class is necessary for the permanent prosperity of either. I may say to the distinguished gentleman from New York [Mr. WADSWORTH] that the creditor class in this country is going to suffer equally with the debtor class unless there is a reflation of the currency, because you cannot continue on a falling price level without bankruptcy, and bankruptcy means loss and destruction for all classes. The President of the United States and this administration cannot do everything it would like to do at one stroke, but the endeavor is to build up this theory of a commodity dollar, and to follow legislation which has been passed and which will, in my judgment, pass this House today with legislation which will stabilize the purchasing power of the dollar and be fair to all our people so that the distress and destruction of values and the human misery and suicides which we have had in the last year may never occur again in the history of this Republic. [Applause.]

With the hope that the day is approaching when we can have a currency which will insure stability and fairness to all classes and a currency not dependent in any degree on how much gold metal is dug out of the ground, in other words, a managed currency, I am suggesting the following bill:

A bill to provide an American money of stable purchasing power, and for other purposes

Be it enacted, etc., That henceforth it shall be the primary object of the monetary policy of the United States to provide an American money that will maintain the purchasing power of the dollar in the wholesale commodity markets of the United States substantially stable at the average level of the year 1926.

SEC. 2. The Secretary of the Treasury shall forthwith cause to be printed, of the best materials and designs, so as to render counterfeiting as difficult as practicable, a supply of new paper money of $2,000,000,000 face value, in bills of $1, $5, $10, $50, $100, $500, and $1,000, and shall further cause to be printed, as required under the provisions of this act, additional amounts of such paper money, including bills of $3, $30, $300, $3,000, $5,000, and $10,000.

SEC. 3. Said new paper money shall not constitute promises to pay, but shall, like metal coin, in itself be, and on its face purport to be, money of the United States; shall like metal coin be irredeemable; and shall be legal tender at its face value in payment of all debts, taxes, duties, and other monetary dues and obligations, public and private.

SEC. 4. All agreements and conditions, heretofore or hereafter made, insofar as they provide for the payment of a monetary obligation in gold or other specific coin of the United States, are, except as such payment has been specifically authorized by the Congress of the United States, hereby declared to be contrary to public policy and void from the beginning, on the ground that they discriminate against other money of the United States, interfere with the proper exercise of the constitutional power of the Congress of the United States to regulate the value of money, tend toward unfair advantage, overreaching and oppression, particularly in times of war or financial stringency, and are otherwise detrimental to the welfare of the people of the United States.

SEC. 5. The value in exchange, or purchasing power, of said new paper money is to rest not on the value of the material composing it or on any promise of redemption or on any collateral but on the more reliable basis of the limitless demand which its legal-tender quality will create for it, combined with the strict control and limitation of its supply hereinafter provided for.

SEC. 6. The Bureau of Labor Statistics shall continue to ascertain weekly, substantially in the manner heretofore practiced, the average wholesale price of commodities in the United States, and shall regularly each week publish an index thereof. In said index the average price level of the year 1926 shall be designated throughout by the base figure 100, and price levels of other periods shall be expressed by comparative figures, in percentages of 100. The weekly index shall contain, together with the current figures, those for the preceding 3 weeks, and also for the twenty-sixth and fifty-second preceding week. Copies shall be regularly and promptly mailed, free of charge, to all weekly and daily newspapers requesting them, and other copies, printed on suitable heavy paper in larger type, shall be regularly and promptly mailed to all post offices and postal substations in the United States, and shall there be posted for public view for the duration of 1 week. When by reason of extraordinary conditions, such as an extensive crop failure or war, the prices of some commodities, represented in said index, are temporarily thrown greatly out of line, the Commissioner of Labor Statistics may direct, subject to the control of the Secretary of Labor and the President, that the price of such commodities temporarily be represented in said index by substituted index figures that reflect the abnormal situation only in part. But in every such case all publications of said index which embody, or are based upon, such substituted figures, shall contain a complete enumeration of such commodities, with their true as well as substituted index figures, and a clear statement of the reasons for the use of the substituted figures, and of the extent to which their substitution affects the index of the price of all commodities combined.

SEC. 7. The Secretary of the Treasury shall place the new paper money into circulation only through the purchase from the United States Treasury from the Federal Reserve banks or in the open market of securities, as follows:

(a) Obligations of the United States, bearing interest at a rate of at least 4 percent and having a maturity of not more than 2 years.

(b) Other first class monetary obligations, such as high-grade State, municipal, or public utility bonds, and notes, drafts, and commercial bills in amounts of $1,000, or multiples thereof, issued for goods or livestock actually delivered, which are well secured by endorsements and by ample collateral, and have a maturity of not less than 1 nor more than 9 months.

Under normal conditions about 20 percent of the securities on hand shall consist of obligations having a maturity of less than 1 year, and purchases shall be arranged so as to have a substantial amount fall due every month.

SEC. 8. The Secretary of the Treasury shall purchase securities under section 7 hereof as long, and only as long, as the average wholesale price of all commodities, according to the price index, shall stand below 100. In case a cessation of such purchase of securities by the Secretary of the Treasury shall be insufficient to prevent a rise of such price above 100, then he shall forthwith sell for cash, to be impounded, such an amount of the securities purchased by him under this act as will suffice by the reduction of the monetary circulation thus to be effected to lower said price to 100. It is hereby made one of the primary and principal duties of the Secretary of the Treasury to maintain the average wholesale price of all commodities in the United States as nearly as practicable at the level indicated by the figure 100, according to said price index; to prevent to the best of his ability deviations from said level exceeding 1 percent, and promptly to rectify any deviations that may occur.

SEC. 9. All of the new paper money printed under this act, together with the securities purchased therefor, and all money withdrawn from circulation through sales of any such securities, shall be kept in a special fund to be known as the "stabilization fund." All of the assets of said fund shall be kept in separate vaults, strictly apart from all other assets and funds of the Treasury, and shall never be commingled with any such other assets and funds or be used in lieu thereof or be used to defray ordinary or extraordinary expenses of the Government, and separate books and records shall be kept concerning all transactions of said fund. No part of said fund shall ever be used in an attempt to control the value or price of any commodity or other thing save only the purchasing power of the dollar with reference to the average wholesale price, in the United States, of all commodities combined.

SEC. 10. All income received, by way of interest or otherwise, from the operations and securities of the stabilization fund shall be used as follows:

(a) To reimburse the Treasury for all expenses incurred in the manufacture of the new paper money delivered to the stabilization fund, and for all expenses of the administration of said fund;

(b) To keep the total value of the securities in said fund always at 100 percent of the paper money issued under this act, and outstanding, by making good any losses or deficiencies that may occur;

(c) To increase the revenues of the United States by payment of all surplus into the general fund of the Treasury.

SEC. 11. The Secretary of the Treasury is authorized to sell at any time securities of the stabilization fund the retention of which appears inadvisable, and to purchase others in lieu thereof.

SEC. 12. The Secretary of the Treasury shall furnish weekly a report setting forth clearly the transactions of the stabilization fund during the preceding week and a summary of the assets of said fund, also quarterly a detailed report showing all assets, receipts, and disbursements, to the President, to the Vice President, to the Speaker of the House of Representatives, and to every member of the Committees on Banking and Currency of the Senate and the House of Representatives, and shall also mail copies of said reports to all newspapers requesting them.

SEC. 13. The assets of the stabilization fund shall be kept distributed, mostly in the interior of the United States, in suitable depositories.

SEC. 14. Separate auditors appointed by the Committees on Banking and Currency of the Senate and House of Representatives, respectively, shall examine the records and assets of the stabilization fund from time to time and shall each report their findings to both of said committees and to the President. The expenses of such audits shall be paid by the Treasury and shall be reimbursed to it under section 10 (a) hereof.

SEC. 15. The Secretary of the Treasury shall replace worn or defective paper money issued under this act, subject to the same rules, analogously applied, as now govern similar replacement in the case of the present paper money of the United States.

SEC. 16. The issue of United States notes, Treasury notes, and silver certificates shall cease upon the beginning of the circulation of said new paper money. All United States notes, Treasury notes, and silver certificates then outstanding shall be exchangeable at the Treasury for the new paper money aforesaid, at par, during the period of 1 year from the beginning of the circulation of said new paper money. Thereafter they shall be void.

SEC. 17. The issue of gold certificates shall forthwith cease. Outstanding gold certificates shall be presented for redemption in gold or for exchange at par against the new paper money aforesaid within the period of 1 year from the beginning of the circulation of said new paper money. Thereafter they shall be void.

SEC. 18. All minting of gold coins and silver dollars by the mints of the United States shall forthwith cease. But any gold or silver hereafter offered at said mints shall be made into bars of 250 grams or multiples thereof, 0.90 fine, and shall be stamped as to weight and fineness, at a reasonable charge, covering cost, to be fixed by the Secretary of the Treasury.

SEC. 19. Gold coins shall cease to be money for any purpose in the United States after the lapse of 1 year from the beginning of the circulation of said new paper money. During said year they may be exchanged at the Treasury for said new paper money at par.

SEC. 20. The issue of national-bank notes and Federal Reserve bank notes shall forthwith cease. None of them, however, shall be retired from circulation before the lapse of 6 months from the beginning of the circulation of the new paper money aforesaid. Thereafter said notes shall be withdrawn from circulation as fast as practicable and shall thereupon be surrendered and canceled. After the lapse of 1 year from the beginning of the circulation of said new paper money they shall cease to be money for any purpose, but shall remain redeemable by the banks that issued them for another year, and no longer, in any lawful money. The Secretary of the Treasury shall, on demand, cash at face value and accrued interest all United States bonds that have been deposited as security for the redemption of any of said notes, applying the proceeds to such redemption.

SEC. 21. Each Federal Reserve bank shall maintain the total of its outstanding Federal Reserve credit as nearly as practicable constant from the time of the passage of this act until the lapse of 1 year from the beginning of the circulation of said new paper money. No Federal Reserve bank shall, without approval of the Secretary of the Treasury, reduce its liability for outstanding Federal Reserve notes before the lapse of said 1 year. Thereafter about 10 percent of the then outstanding Federal Reserve notes shall each month be retired and canceled. All Federal Reserve notes shall cease to be money for any purpose at the end of 2 years from the beginning of the circulation of said new paper money but shall remain redeemable by the banks that issued them for another year, and no longer, in any lawful money.

SEC. 22. The Federal Reserve Board, the Federal Reserve banks, all member banks of the Federal Reserve System, and all other banks and banking institutions in the United States are hereby directed to conduct all their operations in subordination to and, to the extent of their legal powers, in support of the policy announced by section 1 hereof, it being hereby expressly declared that a reasonable management of bank credit is of great importance for the proper regulation of the value of the money or the United States.

SEC. 23. The President of the United States, upon recommendation of the Secretary of the Treasury, is hereby authorized to order such temporary limitations on the rate of interest to be charged or to be collected on loans made or to be made, either generally or with reference to specified classes of loans, as from time to time may become necessary for the orderly regulation under this act of the value of the money of the United States.

SEC. 24. The President of the United States, upon recommendation of the Secretary of the Treasury, is hereby authorized to order such temporary increases of the reserves of the Federal Reserve banks, or of their member banks, or of both of said Reserve banks and member banks, as from time to time may become necessary for the orderly regulation, under this act, of the value of the money of the United States.

SEC. 25. The Secretary of the Treasury is hereby authorized to appoint a temporary conservator, with plenary powers of management, for any bank or banking institution that shall by unwarranted reduction of loans or by other unfair means interfere with the orderly regulation, under this act, of the value of the money of the United States.

SEC. 26. After the lapse of two years from the passage of this act all deposits of such banks and banking institutions within the United States as are not members of the Federal Reserve System, shall be subject to an excise tax of 5 percent per year.

SEC. 27. The President of the United States is hereby empowered to prescribe and publish by Executive order such regulations as may be necessary for the carrying into effect, and for the enforcement, of the provisions of this act.

SEC. 28. Any person who shall willfully or by gross negligence violate any duty imposed by this act or by regulations prescribed and published under section 27 thereof, or shall willfully and unlawfully in any manner defeat or interfere with the performance of any such duty, or shall counterfeit, forge, steal, embezzle, or with felonious intent shall alter, falsify, carry away, destroy, or mutilate any of the moneys, funds, securities, documents, records, books, or reports made, issued, kept, purchased, or intended to be offered for purchase, or required to be kept or made, under the provisions of this act, or pursuant to regulations prescribed and published under section 27 thereof, or with felonious intent shall prepare or attempt to do, or assist in the doing of, any of the things in this section above mentioned, or shall willfully violate any order made under section 23 or section 24 hereof, shall, on conviction thereof, be fined in the amount of the loss caused by the wrong committed, to be paid to the party or parties injured, and in addition thereto, and in addition to other penalties provided by law, shall also be fined not more than $50,000, or be imprisoned for not more than 25 years, or both, according to the character and gravity of the offense committed. All penalties inflicted hereunder shall be subject to summary mitigation by a United States Circuit Court of Appeals at any time.

SEC. 29. All laws heretofore enacted, insofar as they are in conflict with the provisions of this act, are hereby repealed.

SEC. 30. If any part of this act should be held to be invalid, the validity of the remainder thereof shall not be thereby affected.

SEC. 31. This act may be cited as the "Currency Act of 1933."

Mr. LUCE. Mr. Chairman, I yield 15 minutes to the gentleman from Pennsylvania [Mr. McFADDEN].

Mr. McFADDEN. Mr. Chairman, this repudiation bill is in direct opposition to the Democratic Party platform of 1932 upon which Franklin D. Roosevelt was elected President of the United States. It constitutes a violation of every campaign pledge he made before the people while he was barnstorming the country asking for votes. It is a repudiation of the faith of Jefferson. In a particular sense, I represent the members of the Democratic Party in my district, since I was nominated by them as their candidate at the last congressional election. I was also nominated by the Prohibition Party in my district. And I was nominated by the Republicans. I represent all the people of my district by virtue of my office and I represent all of the political parties of my district by reason of the fact that I was nominated by every one of them in turn. This gives me the right to protest in the name of the Democratic Party in my district against this repudiation bill. Mr. Chairman, the Democrats in my district are not welchers. They do not profess one thing and do another. They do not go to the country on one platform and in office act upon another and an entirely different one. They do not set up a party platform and, after winning a popular vote on the strength of it, cynically cast it aside and laugh the people and the people's government to scorn. So far as the people of my district are concerned, the Democratic Members of the House do not need to haul down the Stars and Stripes from the roof of the Capitol today. They do not need to vote under the Union Jack at the dictation of Franklin D. Roosevelt. His political credit is gone. His star has begun to wane. No Democrat needs to follow him into political oblivion.

Mr. Chairman, a law was passed here on May 12, 1933. On May 26, 1933, this bill was introduced asking us to amend the law passed 13 days earlier. Mr. Chairman, this is making a mock of government. The stuff that has been sent to this House during this special session to be obediently and subserviently passed into law, and the manner in which it has been sent and the nonsense that has accompanied it, has been enough to sicken the strongest stomach. It has been said in connection with this repudiation bill, this latest outburst of delirium, that President Roosevelt wishes to have it as a legal record of what has already been done. Mr. Chairman, what has been done was done illegally, and I do not doubt that those who have broken their oaths of office are anxious now to have Congress furnish them with a clean bill of health, but I think it would have been better if Congress had been permitted to function properly from the beginning. It is the custom, I believe, among certain malefactors to break the law and pay the fine afterward; to break the law and then say, "What are you going to do about it?" The crime of kidnaping proceeds that way. The kidnaper says, "Punish me or try to take me and I will kill the child." So with these wreckers and violators of law and order in office. Mr. Chairman, I think it would be more orderly and less expensive and that it would tax the patience of the country less if Roosevelt sent his backers home to their chosen lairs in Wall Street and himself attended to his own Executive business. If he has a yearning to be a legislator, let him resign his Executive office and get himself elected to Congress. He will be welcome here if the people send him to Congress, but he has no business to interfere with the deliberations of this House while he is acting as President of the United States.

Mr. Chairman, this repudiation bill was framed and brought here in the interest of the foreign debtors of the United States. Its aim is a cancelation of war debts by fraud and treachery toward the American people. It gives the foreign nations a way of making entirely fictitious payments on the war debts. It permits them to use the Federal Reserve currency and the United States Government credit which was unlawfully taken by the Federal Reserve Board and its agents and exported abroad. The United States Treasury has been drawn upon by the Federal Reserve Board for paper money and for credit exchangeable for money and these, unlawfully taken, have been sent to the debtor nations. Now comes Roosevelt asking us to pass a law so that the debtor nations may pay their debts to us in that stolen Federal Reserve currency and credit. This repudiation bill also gives them the right to pay us in debased coinage. It repeals the Gold Standard Act of 1900—the sheet anchor of this country's national currency—and it decrees that hereafter the United States shall issue no more national currency for itself at all but shall have nothing more than a debased subsidiary coinage and Federal Reserve currency in the form of Federal Reserve notes and Federal Reserve bank notes, issued at the will of the Roosevelt money changers who now control the Nation.

Mr. Chairman, the people of the United States are not coolies. They will not transact their business and make their interchanges of goods and services with the debased tokens of a subsidiary coinage and slips of paper. The Democratic administration, in violation of its campaign pledges and its party platform, is now endeavoring to foist upon this country currency of no value. It has given the gold and lawful money of the country to the international money Jews of whom Franklin D. Roosevelt is the familiar, and it has sent this bold and dishonest bill here so that it may have the pleasure of seeing Congress jump through another paper hoop and turn another somersault under the whip of the ringmaster.

Mr. Chairman, there is not a man within the sound of my voice who does not know that this country has fallen into the hands of the international money changers, and there are few Members here who do not regret it. Why should the fact be hidden? Is it not because those who have betrayed the United States are afraid to face the consequences of their misdeeds? Is it not because every man who hears me knows that there are few things more terrible than citizens armed in a righteous cause defending themselves and their children, their homes and their firesides from the invader? Do you not think at times, Mr. Chairman, of that old wooden bridge built by the Colonists at Concord? Do you not think at times, Mr. Chairman, of what happened there?

By the rude bridge that spanned the flood
Their flag to April breeze unfurled;
Here once the embattled farmers stood
And fired the shot heard round the world.

Mr. Chairman, we are on Concord Bridge today. Our enemy—the same treacherous enemy—is advancing upon us. Mr. Chairman, I will die in my tracks before I yield him a square inch of American soil or so much as a one dollar rebate on his war debt to us.

Mr. Chairman, the Constitution of the United States has served us well. I am in favor of defending it against all comers. In the Constitution of the United States, it is written that the United States shall guarantee a republican form of government to every State in the Union. This guaranty has been broken by Franklin D. Roosevelt in his unlawful assumption of dictatorial powers. It is also written that no State shall make anything but gold or silver coin a tender in payment of debts. This repudiation bill and its predecessors nullify this provision of the Constitution. It is also written in an amendment to the Constitution, "The validity of the public debt of the United States, authorized by law, including debts incurred for payment of pensions and bounties in suppressing insurrection or rebellion, shall not be questioned." Mr. Chairman, this repudiation bill questions the validity of the public debt and repudiates it. It repudiates the Liberty bonds; it repudiates the veterans' adjusted-service certificates; it cancels the war debts due to the United States from foreign governments.

Now, Mr. Chairman, we have come to the place where we must decide whether we shall serve God or Mammon. Shall we nullify the Constitution at the behest of the money changers who have unlawfully taken all our gold and lawful money into their own possession or shall we take a stand here in defense of the faith of our fathers? Mr. Chairman, my mind is made up. I will stand by the Constitution. If I should fail to do so, I should expect to be met at the train when I go home to my district by a delegation of honest Pennsylvania citizens with 50 or 100 feet of rope. I should expect to be escorted to the nearest tree to be taught what it means to vote for a nullification of the Constitution in the House of Representatives.

Mr. Chairman, the provisions of this repudiation bill were foretold by a writer in the Dearborn Independent some years ago. There is, therefore, nothing novel or original about them. The writer of the article in the Dearborn Independent made the following quotation prophesying some of the measures which have been introduced here by the President of the United States:

(2) Confiscation of money in order to regulate its circulation.

(3) We must introduce a unit of exchange based on the value of labor units, regardless of whether paper or wood are used as the medium. We will issue money to meet the normal demands of every subject, adding a total sum for every birth and decreasing the total amount for every death.

(4) Commercial paper will be bought by the Government, which * * * will grant loans on a business basis. A measure of this character will prevent the stagnation of money, parasitism, and laziness, qualities which were useful to us as long as the Gentiles maintained their independence, but which are not desirable to us when our kingdom comes.

(5) We will replace stock exchanges by great Government credit institutions, whose functions will be to tax trade paper according to Government regulations. These institutions will be in such a position that they may market or buy as many as half a billion industrial shares a day. Thus all industrial undertakings will become dependent on us. You may well imagine what power that will give us.

"Remember that when next you hear the Jewish plan that 'Gentiles' shall do business with their own bits of paper, while Jews keep the gold reserve safely in their own hands. If the crash comes, 'Gentiles' have the paper and the Jews have the gold." Says Protocol XXII: "We hold in our hands the greatest

modern power—gold; in 2 days we could free it from our treasuries in any desired quantities."

The Jews are economists, esoteric and exoteric: They have one system to tangle up the "Gentile", another which they hope to install when "Gentile" stupidity has bankrupted the world. The Jews are economists. Note the number of them who teach economics in the State universities. Says Protocol VIII:

"We will surround our Government with a whole world of economists. It is for this reason that the science of economics is the chief subject of instruction taught by the Jews."

Mr. Chairman, have not most of these predictions come to pass? Is it not true that, in the United States today, the "Gentiles" have the slips of paper while the Jews have the gold and lawful money? And is not this repudiation bill a bill specifically designed and written by the Jewish international money changers themselves in order to perpetuate their power? What else do you make of it, Mr. Chairman? Does it not cancel the war debts? Does it not defraud the holders of Liberty bonds and every other obligation calling for the payment of money? Does it not defraud the veterans of the World War and take the value out of their adjusted-compensation certificates?

Mr. Chairman, I demand that the gold stock of the United States be taken from the Federal Reserve banks and placed in the United States Treasury. I demand an audit of United States Government financial affairs from the top to the bottom. I demand a resumption of specie payments based on full gold and silver values. I demand the currency of the Constitution. I demand the rights of the people guaranteed to them by the Constitution, and that means that I demand a vote which will defeat this repudiation bill.

No man can serve two masters. A vote for this bill is a vote for the money changers. A vote for an audit and an investigation of the Government's financial affairs is a vote for the people.

Mr. Chairman, all I ask of this House, and I ask it in the name of all the people, Jews and Gentiles, citizens and resident aliens alike, is that it, the people's own representative legislative assembly, shall stay close to the people and vote in their interest. Do not cancel the war debts and bind down upon our suffering veterans and our men of toil and our broken-hearted mothers and our starving children, the endless slavery of paying tribute to the "united front" of the war debtors. Do not force Americans to pay tribute to foreign rulers and potentates. Take back this country or perish in the attempt. Let this be our own country again. Let us rebuild it for our own. Let us keep the Stars and Stripes floating over the roof of the Capitol. Let us cling to the Constitution of the United States. This is the way to freedom and prosperity. The way of repudiation is madness. Remember, Mr. Chairman, that the ship of state has women and children aboard. Do not, therefore, guide it into uncharted waters. Do not allow the great Democratic Party to steer it onto the rocks while the world waits for it to founder and go down so that the international salvage crews may set to work on the wreck of it. [Applause.]

Mr. CROSS. Mr. Chairman, I yield myself 20 minutes.

Mr. Chairman, I have been intensely amused at my friend from Massachusetts [Mr. LUCE] and my good friend from Pennsylvania [Mr. MCFADDEN.] My friend from Massachusetts has painted a terrible picture. He tells you we are going to wipe out the middle classes by this legislation. He tells you that the thousands of insurance policies will be destroyed, because they will not be paid with dollars of the present purchasing value. Does he not know that the middle class is the class which this depression and this contraction has practically already wiped out?

It is the man who had a little property, the little farmer, the home owner, who had borrowed on his farm and on his home, who had struggled to pay the premium on his insurance policies and who, by reason of this depression, this contraction, has not been able to pay his premiums, has not been able to meet his obligations, and as a result their policies have been canceled or they have been cashed in for what they could get on them.

Mr. ELTSE of California. Will the gentleman yield?

Mr. CROSS. No; not now.

Mr. ELTSE of California. I wanted to ask why the income tax in the small brackets was pushed up?

Mr. CROSS. Then I listened to the powerful prayer for the eleemosynary institutions which hold securities. Does the gentleman not know that if you destroy the ability of the people to take care of the many more times afflicted people who are being taken care of by their relatives than are being taken care of by those institutions what suffering would result?

If we are going to destroy and take from the middle classes all their property, and we are not going to help the lower class, which has been referred to here as the non-property-owning class, who in the name of God is going to get all this property?

Mr. BLACK. Will the gentleman yield?

Mr. CROSS. Not now, please.

Now, I did want to spend the little time I had in discussing the question at issue. There are but two questions here. One is whether we have the power under the Constitution to pass this act. The other is, Is it right and just to pass such an act? There can be no question about the Constitution. That question has long since been decided. That question was decided clearly by the United States Supreme Court in the case of Parker against Davis in Twelfth Wallace, which came to the Supreme Court from the State of Massachusetts, and I would like to read what the Court had to say. There had been a number of cases previously. The Hepburn case had been considered, and in that case an act similar to this resolution was held unconstitutional. The Hepburn case was tried in 1868, but this case repeals the Hepburn case and lays down the fact that Congress has the inherent power, the sovereign power to make money, to make any kind of money, to declare it legal tender, and that it is essential for the preservation of free government.

There is not a government in all the world, my colleagues, that writes its bonds payable in gold except this country—neither England, nor France, nor Germany, nor Italy; and it was not written into contracts in this country until the Uriah Heaps in their greed to control the redemption metal, aided and abetted by their Quints, Gammons, and Smacks conceived the idea of writing in the so-called "gold clause."

Now I should like to state what the Supreme Court has to say. I am merely going to read a few brief excerpts that you may get the view of the Supreme Court of the United States in passing upon this question. Of course, it was a *Legal Tender case*. The case to which I now refer is that of Parker against Davis, in Twelfth Wallace, Seventy-ninth United States Reports:

I quote:

If it be held by this court that Congress had no constitutional power under any circumstances or in any emergency to make Treasury notes a legal tender for the payment of all debts, a power confessedly possessed by every other independent sovereign country in the world, the Government is without those means of self-preservation which all must admit may in certain circumstances become indispensable.

Listen to this. Quote:

If legal-tender notes are rendered unavailable the Government has become an instrument of the grossest injustice, all debts are loaded with an obligation that was never contemplated they should assume, a large percentage is added to every debt and such must become the demand for gold to satisfy contracts that ruinous sacrifices, general distress, and bankruptcy may be expected.

Is not this our condition today? And then again, quote:

These consequences are too obvious to admit of question, and there is no well-founded difference made between the validity of an act of Congress declaring Treasury notes legal tender for the payment of debts contracted after its passage—

Mark this—

and of an act making them a legal tender for the discharge of all debts as well as those incurred before as those made after its enactment. But the obligation of a contract to pay money is to pay that which the law will recognize as money when the payment is to be made. If there is anything settled by the decisions it is this, and we do not understand it to be controverted.

In 1834 the amount of gold in a gold dollar was reduced 6 percent so that all gold dollars prior to that time con-

tained 6 percent more grains of gold than all the gold dollars thereafter.

For a long time there were four kinds of legal tender in this country, the gold dollar made before 1834, the gold dollar made from 1834 on, the silver dollar, and the greenbacks.

If a man made a contract and the kind of legal tender was not mentioned, then the debtor could pay with whatever legal tender he saw fit. Then it says:

The eagles coined after 1834 were not money until they were authorized by law, and had they been coined before without a law fixing the legal value they could not any more have paid a debt than uncoined bullion, or cotton, or wheat. Every contract for the payment of money is necessarily subject to the constitutional power of the Government over the currency, whatever that power may be, and the obligation of the parties, therefore—

I wish you to pay particular attention to this—

the obligations of the parties, therefore, are assumed with reference to that power.

So that when a man enters into a contract he enters into it with the understanding, with a knowledge of the law, that the Congress has the right to change the kind of money it shall be paid with, to increase it, to diminish it, because the Constitution gives that specific right.

Now, I heard my friend from Massachusetts with great contempt speak of a case recently decided in England. Why, that case was tried in the lower court before Judge Farwell after thorough argument and consideration.

It was then appealed to the Court of Appeals and there tried before the English judges than whose reputation for honesty and legal ability none is greater; and Lord Hansworth, the keeper of the rolls, wrote the opinion. The case was that of an Englishman who had purchased a bond from a Belgian company. This bond was for the sum of £100, to be paid in gold of the weight and fineness of gold in England on the 1st day of September, 1928.

When the bond fell due later on, England had gone off the gold standard. The Belgian company tendered him the money in sterling, which was far under what gold would have been. He declined to accept it and went into court. England had gone off the gold standard and the bank notes of England were made legal tender. The English court said that Parliament had the right to makes notes of the Bank of England legal tender and that he had to accept it, that it was a contract to pay a debt and that he had to take whatever the legislature said should be legal tender, although the bond specifically stated it was to be paid in gold.

Then, in the New York case the decision was rendered by Judge Graham. In that case the question came up as to whether the trustees of a fund should accept payment when the obligation they held against the parties set out specifically it was to be paid in gold of the present weight and fineness irrespective as to what might be legal tender thereafter. The court there held, this country being off the gold standard, that the trustees should accept the currency. My friend should be more tolerant of the opinion of our learned judges and not condemn them with such feeling merely because they do not agree with him.

Now, let us talk about the moral part of this a moment. Oh, they say it is repudiation. Why, all we propose to do is to see that equal justice is done to both creditor and debtor. Is this being done now? Does not everybody know that the gold dollar today is three or four times more powerful in purchasing power or in real value when measured in property, in those things that supply the necessities, comforts, and luxuries of life than it was at the time it was borrowed?

Listen! Let us see the equity of it. If I had loaned you $10,000, 5 years ago, we would and we should have assumed that conditions would remain practically the same and that the purchasing power of the dollars I loaned you would be paid back in dollars having the same purchasing power; but if perchance our minds met on that, then my mind never met on any proposition that the gold dollar would run amuck and multiply itself in purchasing power, nor did yours; but the gold dollar has and is still run amuck and as a result, in accordance with the letter of the law, it enables me to rob you of twice what I loaned you, and I take your property, kick you out and let you go, and yet they say that this is fair under the letter of the law.

Why, this Congress is a great court of equity, and here justice can be done to everybody, because the Constitution says that we shall regulate the price of money; and like every other parliamentary body in the world, when great crises come you boys who think that the Shylock bond ought to be kept, not in spirit but in letter, and that this one clause ought to be protected, say, "They signed the bond, did not they." But if the shoe was on the other foot, if perchance some chemist should tonight discover a means of converting clay into gold as easily as water can be changed into steam, and gold thereby rendered worthless, they would appeal to Congress for relief and we would justly grant it.

Then they say, "Oh, you are giving the President too much power." I grant you that we have given him much power. I regret that this was necessary; but, Mr. Chairman, I had rather see the President with this power or I would rather see him as a dictator than to see a Danton or a Robespierre or a Lenin as a dictator, and we were verging on to that.

Little as those who possess great wealth in this country may think it, those who stand here and fight for this measure are their true friends. They can hate Pecora as much as they please, but, after all, he is doing them a great service because he will probably save them in the end.

Your people back home, tens of millions of them, are looking to this Congress and are hoping and praying that you will come to their rescue and that you will do something to equalize measures and bring back justice. Are you going to do it? Let me tell you that this resolution will solve the question, because our obsession over the gold dollar and our persistence in staying on the gold basis when every other nation had quit it have caused our people to become overburdened with intolerable debts, shackled with impossible debts, and this resolution is a cleaver that will cut in two these shackles, and the frown upon these tens of millions of men will be transformed into smiles of happy contentment. This resolution, enacted into law, and the sighs upon the quivering lips of countless half-fed children will be turned into the lilt of merry laughter. Will you do it?

Here is a law that justice demands and good conscience demands. The people are demanding it and, believe me, this Congress is going to enact it. [Applause.]

Mr. LUCE. Mr. Chairman, I yield 10 minutes to the gentleman from Maine [Mr. BEEDY].

Mr. BEEDY. Mr. Chairman and members of the committee, let it be understood at the outset that I do not speak for the rich. I, myself, think that references to classes are odious. I think that a correct analysis of the situation in this country today will reveal the fact that the old line of demarcation which once obtained between the debtor and the creditor is now obliterated.

I have long been a debtor. I go back as far as my memory will admit, and I can remember when my people labored for a mere pittance. I remember that they were then struggling with a debt problem—the lifting of a mortgage on a humble home. I know what it is to belong to the debtor class.

In these later days the burden of debt has borne heavily upon nearly all of us. I take it that I differ little from the average man in this respect. Those who have long been debtors in later years have become creditors. Many of us recently purchased a $100 Liberty bond. Some more fortunate purchased a thousand-dollar Liberty bond. Many of us are fortunate in having something laid aside in the savings banks. Many are now carrying the burden of payments for life insurance. To this extent we are members of the creditor class.

So, let us, in the name of common justice, cease our odious references to the debtor and creditor classes. The people of America today are all in the same boat, and the debtor class is merged with the creditor class. The aim of this Congress and the aim of this administration should be to serve the best interests of all alike.

The gentleman from Maryland [Mr. GOLDSBOROUGH] made a slip in the course of his remarks such as I have seen made

frequently before in the course of debate. He contradicted himself within a period of 5 minutes. He first asserted with a great deal of vehemence that the pending bill does not take us off the gold standard, and this statement he followed with a still more vehement declaration that he "wished to God it did." Within the next few minutes he opened a new phase of his discourse with a statement that "we are now off the gold standard." Surely, if we are already off the gold standard, his is a futile wish to God the present bill would take us off the gold standard.

The indisputable fact is that it is the purpose of the present administration to take us definitely off the gold standard. It is unquestionably the best opinion of the present administration that we are not yet in fact and in law off the gold standard, but that this legislation is necessary to accomplish that purpose.

What does it mean to the average man that the country is to go off the gold standard? Let us state it in simple terms, so that the average citizen can understand. To go off the gold standard means to strike the only firm, reliable, and substantial foundation from under the currency of the country. A currency system which is not based on gold—or some other precious metal, and it is conceded that gold is the most stable in value—is of necessity based upon the faith and credit of a nation. And in these days we have ample proof that credit is fluctuating and uncertain. The pending resolution is even proof that a nation's faith, alas, is uncertain and transient.

Today we find ourselves surrounded by men loyal to the administration who in this House advocate that the United States Government break its solemn faith and disavow its solemn pledge that it would honor the gold clause wherever it is written into its contracts, a pledge which has been held out to our own people and the world for 64 years. So I say that both national credit and national faith do not constitute a sound basis upon which to issue currency. Currency issued upon any such basis is in no sense sound.

To disavow the gold standard and to launch upon a policy of issuing so-called "lawful paper money" resting upon the highly uncertain base of national faith and national credit is to open the door to future evils, the extent of which is beyond our power to foresee.

But the gentleman from Maryland [Mr. GOLDSBOROUGH] for one reason seeks to justify the present proposal on the ground that it is constitutional. I have no doubt that it is. It is true that while the Constitution of the United States places a limitation upon the several States as against their right to pass a law impairing the obligation of contracts, it contains no such limitation upon such a right in the Federal Government. I suppose no such limitation was imposed upon the Central Government because it was thought that the Nation, composed of States, each of which was enjoined against the passage of a law impairing the obligation of contracts, would certainly take no such action.

But the gentleman from Maryland [Mr. GOLDSBOROUGH] in further justification of the proposal, asserts it to be constitutional because we could have met our full legal obligations under the gold clause by paying our every bond in other than gold dollars, namely, in any legal currency. This is an admission indeed. The gentleman from Maryland has unconsciously lifted the curtain.

If it be true that this Government at any time within the past 64 years could have satisfied its every obligation involving the gold clause and have been strictly within the Constitution by paying such obligations in any money which was legal, what is the purpose of this bill? Clearly, it accomplishes but one object. It would permit foreign nations to meet their obligations to us, even though they carried the gold clause, in any form of legal money, in depreciated paper currency. This is, indeed, one of the principal objects of the pending legislation.

If we could know the whole truth, it would be disclosed that the President, in his recent conferences with representatives of foreign governments, has made some commitment to those governments which makes it necessary that this bill be introduced.

The pending bill is certainly most welcome to the international bankers. They have flooded this country with foreign obligations, obligations running into the billions and carrying the gold clause. Of course, these bankers now understand that the foreign bonds which they have sold to the American people will never be paid in gold. They, therefore, welcome this legislation as a means of making possible a nominal payment of the bonds in question.

I stated to the House a few days ago that one of the causes which contributed to wrecking the last administration was the insidious influence of the money power. I then stated that there were already indications that this same money power has fixed its talons in the present administration. If the American people need proof of the truth of such a statement, they have it in the pending bill, which accomplishes no other thing as to our own obligations than could have been accomplished under existing law, but which when enacted will relieve foreign debtors of their obligations to pay their debts to us in gold.

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. BEEDY. If I yield to answer the gentleman's question, others will ask to interrupt me, and I have a train of though which I should like to develop without interruption.

Mr. MARTIN of Colorado. The gentleman made a statement which raises a real question. It is this. The gentleman just stated that European bondholders knew that these bonds would never be paid in gold. Why should they not anticipate the payment of those bonds in gold if we are able to stay on the gold standard?

Mr. BEEDY. Pardon me, my attention was diverted. What is the gentleman's question?

Mr. MARTIN of Colorado. The gentleman said that the European bondholders knew that these bonds would never be paid in gold.

Mr. BEEDY. The gentleman misunderstood me. I did not make such a statement. I said that the international bankers who floated these bonds now understand that they cannot be paid in gold even though they carry the gold clause and that they, therefore, welcome and sponsor this legislation because it will help them to clean their own houses.

The CHAIRMAN. The time of the gentleman from Maine has expired.

Mr. LUCE. Mr. Chairman, I yield 5 minutes more to the gentleman from Maine.

Mr. BEEDY. Mr. Chairman, some of the Members defending this bill have said that it will help to restore business confidence. I predict that it will work exactly the contrary result. Let me ask my Democratic colleagues a simple question. Do you know of any merchants in your districts who, in the face of this astounding proposal, and threatened with a possible issue of greenbacks aggregating $3,000,000,000, will go into the market to buy merchandise? Do you know that for some time it has been the policy of merchants to reduce their stocks? The gentleman from Connecticut, our distinguished colleague, Mr. MERRITT, has just told me of a firm in his district which has recently reduced its merchandise on hand by $3,000,000. This concern has thus reduced its force of employed labor and in the face of this legislative proposal, with the threat of evils incident to a policy of cheap paper money, does not dare go into the market as a purchaser.

Such concerns dare not gamble on what may happen tomorrow. Jobbers will not buy of manufacturers. Manufacturers must of necessity sell piecemeal to retailers.

Legislation proposing an abandonment of the gold standard, coupled with power already granted the President to issue cheap paper money, money resting on the unstable base of fluctuating credits and broken faith, is but the harbinger of prolonged hesitancy and an indefinite postponement of business recovery. The country will await assurance of a sound monetary base for our national currency before any genuine business recovery can be realized.

But let me call your attention to an inevitable result of the pending legislation. We are on the eve of an Inter-

national Economic Conference. The President endorses such a conference. He has led this country to believe, and undoubtedly by premature commitments to foreign representatives, he has led other nations to believe, that international agreements respecting trade and currency can be had, which will rehabilitate the commerce and the currencies of the world.

The pending bill will certainly inspire little confidence in the United States on the part of foreign nations. Why, gentlemen, if this bill becomes a law, I predict the utter loss of any lasting benefits through the coming conference of nations. I ask you, if the present administration succeeds, through the passage of this legislation, in repudiating its solemn obligation to its own people, what reliance will other nations place upon any promises which we make them in the coming conference? Surely a nation which will not keep its promise to its own people will not be expected to keep its promises to aliens.

I confess that events are transpiring which confuse and bewilder me. If the American people receive this proposal of President Roosevelt with the same measure of blind acquiescence with which it is accepted by the Democratic membership of this House, I am at a loss to understand what has become of the American standard of honor in party politics and public life.

During the last campaign President Hoover upon more than one occasion gave the country to understand that if they elected Franklin Roosevelt they would put in power a man who leaned toward a policy of unsound currency. Mr. Roosevelt resented such charges and ridiculed statements that there had been any danger of this country going off the gold standard in the closing days of the Hoover administration. He made light of the possibility of any abandonment of the gold standard by the United States in the near future.

Let it be a matter of record here and now that in his speech in Brooklyn on the night of November 4 last, Franklin Roosevelt made the following statement:

> The business men of the country, battling hard to maintain their financial solvency and integrity, were told in blunt language in Des Moines, Iowa, how close an escape the country had some months ago from going off the gold standard. This, as has been clearly shown since, was a libel on the credit of the United States. No adequate answer has been made to the magnificent philippic of Senator GLASS the other night in which he showed how unsound was this assertion, and, I might add, Senator GLASS made a devastating challenge that no responsible Government would have sold to the country securities payable in gold if it knew that the promise—yes; the covenant embodied in these securities—was as dubious as the President of the United States claims it was.

In this statement, Mr. Roosevelt referred expressly to "the covenant embodied in these securities." The covenant referred to was the pledge of the United States given the American public and the world at large that wherever the promise had been made to pay its securities in gold, that promise would be kept. He upbraided President Hoover for attempting to convince the American people that he, President Roosevelt, or his party, would treat such a covenant as in any sense "dubious." He referred in that speech to the "magnificent philippic of Senator GLASS * * * in which he showed how unsound was this assertion", namely, the assertion of President Hoover that the country had faced and would continue to face the possible danger of abandoning the gold standard.

In a notable speech delivered on April 27 last by Senator GLASS, of Virginia, who is appalled by the policy of repudiation endorsed by our President and the Democratic Party, he stated that "Franklin D. Roosevelt, now President of the United States," wired him that his speech assuring the people that this country, under Democratic control, would be in no danger of abandoning the gold standard, "was to him an inspiration." But President Roosevelt in his speech of November 4 last went still farther. He not only declared President Hoover's statement a libel upon the credit of the United States, but he declared also in his Brooklyn speech that:

> The President is seeing visions of rubber dollars. This is only a part of his campaign of fear. I am not going to characterize these statements. I merely present the facts. The Democratic platform specifically declares, "We advocate a sound currency to be preserved at all hazards." That is plain English. In discussing this platform on July 30 I said, "Sound money is an international necessity, not a domestic consideration for one nation alone." Far up in the Northwest at Butte I repeated the pledge of the platform, saying, "Sound currency must be maintained at all hazards." In Seattle I reaffirmed my attitude on this question. The thing has been said, therefore, in plain English three times in my speeches. It is stated without qualification in the platform, and I have announced my unqualified acceptance of that platform. So much for that misrepresentation.

In the face of these utterances of the President, on the very eve of his election; in the face of his assurance that he had three times repeated his unqualified acceptance of the Democratic platform, namely, that "sound currency must be maintained at all hazards"; in the face of his labeling President Hoover's statement that Franklin D. Roosevelt was inclined to a policy of unsound money as a "misrepresentation," I myself am unable to understand the present position of the President as the leader of his party. By what standard does he judge this solemn assurance of a candidate for the Presidency of the United States? What solemnity or value does he attach to the declaration of his party platform which endorsed a "sound currency"? It will not avail this administration to argue that any money which is declared to be legal tender is in fact sound money. There is but one meaning which has attached to the phrase "sound currency" or "sound money" throughout the entire history of the Republic, namely a currency backed by gold.

When President Roosevelt told the people at Brooklyn that he stood for sound currency, they understood him to mean—and the entire country had the right to understand him as meaning—that he stood for the necessity of maintaining at all hazards a currency based upon the stable foundation of gold. Within 3 months of his induction into office, our President astounds his own country and the civilized world by breaking his own pledge and asking his party to follow him along the dark pathway of broken faith.

The question as to wisdom or even as to the honesty of the pending proposal depends wholly upon our point of view. I come from the State of Maine. Within her rugged borders I was born. According to the beliefs of her people, I was taught that a promise made is a promise to be kept. It is the unfaltering belief in my section of the country that to keep faith is the rule of conduct which should obtain not only among individuals but among nations. It is the belief of my people that mere power to repudiate is not a justifiable ground for evasion. I am proud to represent a State and to claim membership in a party which believes that the path of repudiation is the path of dishonor.

No good can ever come to this country through the violation of its sacred pledges. If the party in control embarks this Nation on the program proposed in this pending resolution, it will have opened the door to an era of unprecedented suspicion, distrust, and lack of confidence. It will have given us "a new deal" in betrayed trusts and broken faiths to the lasting shame of all mankind. [Applause.]

The CHAIRMAN. The time of the gentleman from Maine [Mr. BEEDY] has again expired.

Mr. LUCE. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. My friend, Mr. MCFADDEN, referred a moment ago to the protocols of Zion which have been disproved and repudiated years ago. Mr. MCFADDEN says, "Is not this repudiation bill specifically designed and written by Jewish international money changers themselves in order to perpetuate their power?"

I deny that Jewish international bankers are responsible for this legislation or that there is any foundation for such an accusation.

This resolution is the product of the brain trust, practically all of whom are gentiles. It is just another brain storm of the brain trust. This resolution is repudiation and nothing but repudiation of the grossest character. Are we to become

known in the future as the great repudiation Congress, a badge of dishonor and perfidy? It would amount to a dishonest and dishonorable act.

What an astounding recommendation to come from any administration, especially so from a President elected on a sound-money platform and who in his inaugural address advocated sound money, less than 3 months ago. What faith can be placed on the promises and statements of the administration in regard to national and public credit?

For over 60 years this country has been on a gold basis. My Democratic colleagues, let me remind you that Grover Cleveland, the sturdy defender of the gold standard, and Woodrow Wilson would not have been guilty of this perfidy. I wonder what my Democratic colleagues from the State of New York will do? You are already in bad enough by voting for additional income taxes on the lower brackets which affect the small-income taxpayers, the so-called "white-collar class", the small business and professional man, already overburdened with taxation and struggling to keep his head above water, while the people of our State already pay more than one third of the income tax of the United States. How long will they stand it?

The public mind is excited by the disclosures in banking circles, but that is ephemeral, will pass away. National repudiation of its obligations will be a stain and a dishonor for all time to come. Americans have held their heads high and pointed with pride to their national credit and public faith; it was one of our great glories; but now, with a larger gold supply than ever, we resort to repudiation and hang our heads in shame. We own 40 percent of the gold of the world.

Better things might have been expected from a President and a Secretary of the Treasury from the State of New York. It is national dishonor. How can we expect foreign governments to fulfill their obligations to us when we needlessly repudiate ours?

Only a year ago England and France made every endeavor to drive the United States off the gold standard, but thanks to the efforts of the Hoover administration they failed. Now the Roosevelt administration plays their game, possibly with a view to reduce the amounts on the war debts of England and France to us.

Abraham Lincoln, during the Civil War, when the credit of the United States was greatly depreciated, the dollar being worth only 40 cents, insisted on fulfilling its promises, and interest on Government bonds was paid in gold.

Less than 20 years ago the administration of Woodrow Wilson, of which Franklin D. Roosevelt was a part, issued Liberty bonds, redeemable in gold, and which were bought by patriotic men and women to help carry on the war. Until now the interest on these bonds has been paid in gold; today President Roosevelt decrees that these patriotic men and women should be paid in debased currency. [Applause.] Our standard of national credit is about to be lowered before the world, and no longer will be one of our abiding glories.

For years we have resented Uncle Sam being called a "Shylock" by European war debtor nations, even by those which are only called upon to pay back sums less than the amounts loaned after the armistice. Now the debtor nations will call Uncle Sam the repudiator.

Soviet Russia will join in the chorus, and almost by right demand recognition on the ground that one of the main arguments against recognition is the fact that she has repudiated her international debts and cannot be trusted.

The following is a leading editorial from the New York Times, of May 29, 1933, which is self-explanatory:

THE NEW LIBEL

During his Presidential campaign the charge was frequently thrown in Mr. Roosevelt's face that he and his party could not be trusted to maintain a sound currency. It was alleged that the taint of depreciated money was in Democratic blood. Mr. Roosevelt more than once resented and denied this accusation. He did it most fully and explicitly in the speech ending his campaign which he made in Brooklyn on November 4, 1932, just before the Presidential election. He repeated and emphasized the money plank in the Democratic platform: "We advocate a sound currency, to be preserved at all hazards." Then he turned the attack upon Mr. Hoover, asserting that the President was guilty not only of misrepresenting the Democratic position but of preaching a "gospel of fear." There followed this passage, quoted from the verbatim report of Mr. Roosevelt's speech, only 3 days before the election: "The business men of the country, battling hard to maintain their financial solvency and integrity, were told in blunt language in Des Moines, Iowa, how close an escape this country had some months ago from going off the gold standard. But that, my friends, as has been clearly shown since, was a libel on the credit of the United States."

This seems to show that Mr. Roosevelt knows a libel when he sees one—perhaps even when he utters one. But the most interesting part of his Brooklyn speech remains to be cited: "It is worthy of note that no adequate answer has been made to the magnificent philippic of Senator GLASS the other night, in which he showed how unsound this position was. And I might add, Senator GLASS made a devastating challenge that no responsible government would have sold to the country securities payable in gold if it knew that the promise—yes, the covenant—embodied in these securities was as dubious as the President of the United States claims it was."

There is really nothing to be done when words thus conflict with deeds, except to let the words speak for themselves.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. STEAGALL. Mr. Chairman, I yield 3 minutes to the gentleman from Indiana [Mr. GRAY].

Mr. GRAY. Mr. Chairman, this is the most forward and advanced step taken since Moses called a halt to the worship of the golden calf. Gold as money, as a medium of exchange is a relic of a past and primitive age which has withstood and survived the progress of civilization and advancement before which other handicaps and burdensome customs and usages have yielded or have been overcome.

This Congress found the country staggering, reeling, groaning under the international gold standard, forced upon this and other nations by the manipulating financiers and bankers in their mad, modern craze to double the World War debts and bonds owned and held by them and which standard other nations has already thrown off to save their people from disaster. It is now to relieve this country from these burdens and avert chaos, disorder, and disaster that gold payments were suspended and this resolution is only to declare the status we found and have been compelled to recognize.

This resolution is not in the form of the remedy I have urged and contended for. I have always favored the painless or indirect way of expanding the volume and supply of money and credit and thereby raising values and the price level, which would in turn reduce the comparative value of gold and accomplish the same effect as this resolution without the technical apparent legal objection of impairing the obligations of contract. But all legislation is a compromise, no Member can have anything he wants at the time he wants it nor in the precise form that he may prefer.

But there is no equitable or moral objection. This only restores value and the price level openly and directly which was forced down secretly and indirectly by the contraction and withdrawal of money from circulation. It does not in fact impair the obligation of contract. It only makes the creditor take the dollar which he loaned and prevents him from collecting a dollar calling for many times the value of the one the debtor agreed to pay.

When there was no stable governments to fix, regulate, and guarantee by decree the volume and value of money, gold as one of the precious metals served the useful and double purpose as a medium of exchange with intrinsic value, that is of value within itself. This precious metal served the purpose faithfully and well until more people came to use money, then there was gold for the use as money, and then governments began to fix by decree the volume and supply and the value of money and using other material for money. And today when stable governments, exercising governmental power to coin money and regulate the value thereof, by sovereign mandate and decree, pledging all the property of all the people, and all the services of all the people, and all the earnings and income of all the people, and all the wealth and resources of all the nations, and exerting all the powers of the Army and Navy to make good and vindicate that decree, gold has become a mere commodity for convenience in international exchange. But the money changers to prolong

their power have continued gold as redemption money and thereby to maintain their grasp and strangle hold upon money and to control the value and use of money.

The gold standard for redemption is a fiction of money and finance without real or tangible existence and which has been continued and maintained to hold the people under the strain of impossible obligations and contracts. And writhing under the obligations of impossible ordeals to pay gold when there is no gold with which to pay, men, and nations, as well, are coerced to sell their birthright for forbearance, to postpone the impossible obligations and defer the pound of flesh from being torn from their writhing bodies.

While the fetish worship of gold is maintained to fix the standard of money the people and the nations as well have been led and coerced into obligations to pay $100,000,000,000 in gold under contracts, with only $4,000,000,000 in gold with which to pay. One hundred billion dollars in gold demanded with only $4,000,000,000 in gold with which to make compliance, is a bond to exact the remorseless pound of flesh. One hundred billion dollars in gold cannot be paid with only $4,000,000,000 in gold. But by maintaining the impossible obligations the contracts can be renewed with increasing and exacting burdens, and the bond for the pound of flesh is prolonged and continued on in force to coerce the helpless people and defenseless nations. This resolution cuts the binding cords, the fibers of the bands lashing down toil, labor, and human service to the millstone and the crushing weight of cornered monopolized redemption money.

This bill is to release the imperiled debtors from conscienceless contracts providing for the relentless pound of flesh.

We are living in an age of chance, speculation, and gambling. The grain and produce markets and the stock and security markets are controlled and manipulated by speculators and prices and values gambled upon. And all modern banks and banking systems are operated, organized, and conducted upon a chance, speculation, and gambling basis and made subject to all the hazards of speculation and gambling operations. From the very nature of the business conducted, banking attracts a certain class of men, known as "speculating and gambling financiers", who speculate, gamble, and take chances upon the people's money and credit.

Bank dealings and operations are predicated upon a basis and principle of chance, speculation, and gambling per se, from the hazards and uncertainties of which depositors must be safeguarded by double liability of stockholders and by insurance of their deposits. For every $100 cash assets banks are allowed to loan $1,000; loan $900 they do not have in the bank and draw interest on $900 they do not own, and take a chance that deposits or money will be paid in or all will not be checked out at one time. This is one of the speculating and gambling operations, one of the hazards and uncertainties increasing the liability of stockholders, jeopardizing the savings deposits, and creating a doubt in the public mind.

But there is another class of bankers, of speculating, gambling financiers, who not only gamble upon private deposits, make loans and loan money without money to loan, and who manifest cannibal characteristics, first devouring their weaker fellow bankers and then in turn eating up and devouring each other. And there is still another class of bankers known as international financiers and manipulating bankers, who prey upon and take from the public and make nations their victims as well. These speculating, gambling financiers control the money systems of the nations as they control our own Federal Reserve System, the great fountainhead of money and credit. They are shrewd, crafty, and resourceful. They know the laws of money and of financial credit operations. They know how, when, and where to act to increase, double, and multiply the value of their money, bonds, and property.

In their speculating, gambling maneuvers, they secretly manipulate the money standards. They expand the volume of money and credit. They contract and withdraw from circulation the volume and supply of money of a country, force down the price level and the wage scale and thereby take millions from the people. They make kings their puppet rulers through whom to enforce their systems upon the people. They lead Presidents unwittingly to name their tools for Cabinet positions, to parade in the cloak of public office. Already in control of the Federal Reserve Board, they seek only the portfolio of the Secretary of the Treasury to make their power absolute and complete, to take and exact from the people their earnings and income, their substance and all.

But the administration of the currency has become even more vital today than the enactment of currency legislation. No matter what Congress may do nor what action may be taken here for relief, the Secretary of the Treasury, in cooperation with the Federal Reserve Board, now dominated, directed, and controlled by international financiers and bankers, can neutralize, defeat, or nullify any measures Congress may enact or any orders that the President can make to provide relief.

Now, I am not speaking of men as individuals nor of them as tools and puppets in a personal way. Their conscience and their conceptions of right or wrong, of justice and injustice to their fellow man is the creature of their education and associations, of their surroundings or the environment in life. I only speak of them in their public relations, of the public and political systems which they represent and enforce upon governments and men, and under, by, and through which they take and exact from the people their earnings, substance, and property—the fruits of their toil and labor.

I do not impugn the honor or motives as men are measured today, following the laws of selfish human nature, the honor or motives of Mellon, Morgan, Glass, or Woodin. But they are the financial rulers, the power behind many thrones, or the servient, obedient tools who are taking more tribute from the people today than ever conquering kings and monarchs exacted from their vanquished subjects in the days of conquest and subjugation of old. Mellon, a monopolizing financier and banker was unwittingly placed in control of public finance as Secretary of the Treasury under the Coolidge and Hoover administrations to levy and exact toll and tribute under the secret power of money. GLASS has long worn the cloak of public office, posing as a servant of the people. When offered the portfolio of the Treasury, he declined in favor of Mr. Woodin, now exposed as a favored patron of Morgan.

For 12 long years the farmers have plead and prayed to the Pharaoh of finance and money of the Coolidge and Hoover administrations for relief from their bondage of debt, but they remained hard-hearted and would not let the people go. Now comes the Moses, Franklin D. Roosevelt, leading the people out of bondage, only unwittingly to surrender them again over to the same financial interest and power which has held them to make brick without straw. The people are to be congratulated by the forced abdication of Mellon as Secretary of the Treasury, by the verdict of the people at the polls. They are further to be congratulated by the providential declination of Glass as Secretary of the Treasury. And they could be still further congratulated and the Roosevelt administration relieved of embarrassment by the graceful resignation of Woodin, now acting as Secretary of the Treasury.

Woodin as a favored beneficiary of the international financiers and bankers has been revealed by the Morgan administration. There is only one course for him to pursue. He should tender his prompt resignation and relieve Roosevelt of the embarrassment and allow him to hold the confidence he has won and justly deserved and by which he is now holding the poise and balance of the waivering mind facing a great national crisis.

The Republican Members of this Congress, who defended and supported Mellon in office, or failed to ask for his resignation while he ruled as czar of the Treasury under the Coolidge and Hoover administrations, and now calling for Woodin to resign, are partisan tricksters and frauds upon

the people, and neither truth nor consistency is in them. And the Democratic Members of Congress who censured and condemned Coolidge and Hoover for appointing and keeping Mellon in office and now fail to demand the immediate resignation of Woodin are placing themselves on the same inconsistent basis and level with the Republicans of whom they have complained.

President Roosevelt has been enjoying great and unprecedented popularity and deserving the explicit confidence of the people of the country, regardless of party. And his administration and course in office have inspired the country with faith and assuring hope of the promised change and new deal. But unless his administration is relieved from this intrusion and embarrassment of the international financiers and bankers, the magic spell of confidence will be broken, as it was broken in the Hoover administration by the domination of Mellon and Mills.

Mr. LUCE. Mr. Chairman, I yield one half minute to the gentleman from Connecticut [Mr. Goss].

Mr. GOSS. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD on Public Act No. 2, and to insert certain tables and a short excerpt from a letter.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. GOSS. Mr. Speaker, I sincerely hope this Congress does not adjourn without first rectifying some of the injustices that will occur under the provisions of Public Law No. 2.

The existing regulations under Public Law No. 2 ought to be modified. In the independent offices appropriation bill, which has passed the House and is today pending in the Senate, $103,786,000 has been allotted to World War veterans, and, of this sum $64,902,000 is scheduled to be used for pensions for the combat wounded and the remainder for emergency officers' retirement pay, death compensation, and the comparatively few cases of disability allowance. It is my understanding the Veterans' Administration has ordered all cases of disabled veterans, whose cases are presumed to have been incurred during the war, off the rolls. Still unable to come within the amount fixed, the Veterans' Administration has revised its rating charts, and is now cutting the pensions of the combat wounded.

Daily, I am receiving communications from veterans of the Spanish-American War, and veterans of the World War, which are actually heart-rending. Let me quote you a few paragraphs from one of the leaders of the Spanish War veterans in my State, when he says:

> The passage of the economy bill and the drastic reductions, being made by the Veterans' Administration, are far beyond anything that was expected. Terrible is too mild a way to express my opinion of the action being taken. It is hard to look my fellow comrades in the face and tell them "All we can do is hope for the best." It is a heart-breaking situation and is causing much uneasiness, it is driving some to suicide, others are worrying themselves sick, but they grumble not! They hope for relief from you men in Washington.
>
> My comrades are asking: "What will become of me?" "Shall I lose my home?" "Will I go to the poorhouse?" "Where shall I go when sick?" "Shall my wife and I become paupers?" These, and similar questions are asked of me and I would like to answer them by saying, "Our representatives in Washington will see that we are treated right."

The Spanish War veterans are all nearing or past the age of 60. Many of these have no income other than their pensions. Many of them will be thrown on their cities and States for aid. It seems to me a reduction in their pensions, rather than taking many of them off the rolls entirely, would be a more just way of handling many of these cases.

In order that you may have something definite to peruse, in order that you will understand some of the drastic cuts caused by the new regulations, I set forth below a table. The extent of the reductions being made will be indicated by a comparison of some of the ratings assigned for the same conditions in the schedule of 1925, based upon the World War Veterans Act, and in the schedule of 1933, based upon Public, No. 2.

	Monetary benefits	Percent reduction in monetary benefits
Disarticulation of arm:		
Schedule of 1925, p. 48	Right arm, 94 percent, $94.	
Do	Left arm, 89 percent, $89.	Right arm, 36 percent.
Schedule of 1933, p. 4	Right or left arm, 75 percent, $60.	Left arm, 33 percent.
Amputation of hand:		
Schedule of 1925, p. 48	Right hand, 70 percent, $70.	
Do	Left hand, 61 percent, $61.	Right hand, 42 percent.
Schedule of 1933, p. 14	Right or left hand, 50 percent, $40.	Left hand, 34 percent.
Amputation of first finger (thumb):		
Schedule of 1925, p. 49	Right, 25 percent, $25	
Do	Left, 20 percent, $20	Right, 68 percent
Schedule of 1933, p. 14	Right or left, 10 percent, $8.	Left, 60 percent.
Disarticulation of thigh:		
Schedule of 1925, p. 50	Right, 85 percent, $85	
Do	Left, 85 percent, $85	29 percent.
Schedule of 1933, p. 16	Right or left, 75 percent, $60.	
Amputation of thigh at knee joint:		
Schedule of 1925, p. 50	58 percent, $58	31 percent.
Schedule of 1933, p. 16	50 percent, $40	
Amputation of foot:		
Schedule of 1925	44 percent, $44	54 percent.
Schedule of 1933	25 percent, $20	
SCARS AND MUSCLE INJURIES FROM GUNSHOT WOUNDS		
Group V, arm, right, severe disability:		
Schedule of 1925, extension 5	30 percent, $30	33 percent.
Schedule of 1933	25 percent, $20	
Group VII, forearm, left, severe disability:		
Schedule of 1925, extension 5	20 percent, $20	60 percent.
Schedule of 1933	10 percent, $8	
Group XI, leg, severe disability of calf muscle:		
Schedule of 1925, extension 5	20 percent, $20	60 percent.
Schedule of 1933	10 percent, $8	
Group XIII, disability of thigh muscles, moderate:		
Schedule of 1925, extension 5	15 percent, $15	46 percent.
Schedule of 1933	10 percent, $8	
Group XIII, severe disability of thigh muscles:		
Schedule of 1925, extension 5	30 percent, $30	33 percent.
Schedule of 1933	25 percent, $20	

The following is typical of the manner in which the application of Public, No. 2, reduces the disability evalution in the case of other diseases:

	Monetary benefit	Percent reduction in monetary benefits
Neurasthenia moderate:		
1925 schedule	25 percent, $25	68 percent.
1933 schedule	10 percent, $8	
Bronchitis chronic moderate:		
1925 schedule	10 percent to 20 percent, $10 to $20.	20 percent to 60 percent
1933 schedule	10 percent, $8	
Loss of hearing complete in 1 ear:		
1925 schedule	30 percent, $30	73 percent.
1933 schedule	10 percent, $8	
Loss of 1 kidney:		
Schedule of 1925	40 percent, $40	50 percent.
Schedule of 1933	25 percent, $20	

The method prescribed in the schedule of 1933, on page 7, for combining two disability ratings operates less favorably for the veteran than the method provided in the schedule of 1925, on page 124.

Two ratings of 10 percent each combine to 19 percent under the 1925 schedule, but only to 10 percent under the 1933 schedule.

Thirty percent and 10 percent combine to 37 percent under the 1925 schedule, and to 25 percent under the 1933 schedule.

The provision in section 17 of Public, No. 2, requiring the completion of the review of all cases where benefits have been awarded under prior laws by July 1, 1933, should be amended by substituting a later date, at least January 1, 1934, for July 1, 1933. This action will permit the Veterans' Administration to give to each case reviewed the careful consideration it deserves. The present limit of July 1, 1933, is the cause of too hasty review and rerating in thousands of cases.

The Veterans' Administration, in the review under Public, No. 2, has broken service connection in thousands of cases where the direct service connection of the veteran's disability has been affirmed by several prior decisions. This action is due in part to a too hasty review. It is also largely due to a narrow interpretation of the last paragraph of section 17 of Public, No. 2, which was inserted to protect direct service connection. It is suggested that this paragraph be supplemented by a clause providing that direct service connection for a veteran's disability previously granted shall be presumed correct unless the contrary is clearly and affirmatively shown.

It is most important that regulations be submitted which will permit a more liberal presumption of service connection for chronic diseases. The list of diseases which can be presumptively connected when shown to exist within 1 year from discharge is entirely inadequate. There is no reason why such chronic diseases as bronchitis, bronchial asthma, otitis media, and so forth, should not be allowed this presumption, as well as the functional nervous conditions.

Needless to say, the present provisions for the service connection of the unfortunate neuropsychiatric and tubercular cases are positively inhuman, and unless greatly modified they are certainly going to work an undue hardship and cause unwarranted suffering on the part of men who in time of war were promised that they would be adequately provided for to repay their suffering in their country's behalf.

One more item: Under Public, No. 2, after 10 years of arrest, the tubercular veteran is no longer entitled to any monetary benefits whatever. This is decidedly unfair. This type of veteran is one who must take the greatest care of himself, in order to prevent reactivation of his condition. He needs what little pension he has received to provide for that extra care, and a statutory award for such cases should certainly be provided.

Mr. STEAGALL. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. BLACK].

Mr. BLACK. Mr. Chairman, I have been in this House 10 years, and today is the first time I ever heard an attack here made on any racial group. I very much regret that the gentleman from Pennsylvania, with whom I have stood on several important votes, has seen fit today to inject a little Hitlerism in this House. We do not want it here.

He stated that the international Jewish bankers were anxious for the bill, with the consequence that the holders of Liberty bonds would not be paid in proper currency and that bonus certificates would not be properly paid.

I may say to the gentleman that I saw the boys from New York go to the war, boys from the East Side of New York, boys from Brownsville, Brooklyn, all from Jewish mothers and fathers. They went bravely forth to war just as the other boys from New York. Some of these boys also are the holders of bonus certificates.

In my own immediate neighborhood there is a large Jewish club, the Unity Club. When subscriptions were being taken for Liberty bonds there was not an organization in New York City that excelled the Unity Club in the amount of its contributions toward the war through the purchase of Liberty bonds.

So I think the gentleman's remarks reflecting upon this great race were entirely uncalled for in this debate. There are no finer specimens of American manhood, nor of better American intelligence, than those distinguished members of the supreme bench—Mr. Justice Brandeis and Mr. Justice Cardozo of my State.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. BLACK. I yield.

Mr. O'CONNOR. The gentleman probably failed to recall Judah Benjamin, who helped finance one of our wars.

Mr. BLACK. Yes; Judah Benjamin financed the Revolution. I regret the gentleman from Pennsylvania has gone as far as he has. Frankly, I am worried about him. In view of the situation I suggest that when he has a little time he have a conference with a Jewish psychologist. [Applause.]

Mr. FISH. Mr. Chairman, will the gentleman yield?

Mr. BLACK. I yield.

Mr. FISH. I am sure the gentleman from New York did not mean the Revolutionary War.

Mr. BLACK. I meant the Civil War.

Mr. FISH. I know the gentleman from New York always likes to be accurate in his facts.

Mr. BLACK. I always did care more for revolutions than for civil wars anyway.

Mr. STEAGALL. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. PARSONS].

Mr. PARSONS. Mr. Chairman, this Congress seeks to take a step by the adoption of this resolution which, in my judgment, is the most significant and far-reaching in its beneficial results to the vast majority of our citizenry that has been advocated on this floor in the last 60 years.

I shall not have time in the few minutes allotted to me to say much about the money question—perhaps enough time to say all I know about it, and from the debate I have listened to today, enough time for those I have heard, for them to tell all they know about it. The money question is a simple one when the facts are known. Yet there has been such mysterious speculation and manipulation of the thing we call money, that the public generally thinks it is something beyond their comprehension, and in the past have given the subject little study and attention. While my time is limited, I shall ask to extend my remarks, in which I shall try to develop a few facts with reference to our monetary system. I sought to interrupt the gentleman from Massachusetts [Mr. LUCE] to ask a few questions and elicit from him some thoughts pertinent to this resolution, but time did not permit his yielding. The gentleman is an eloquent speaker, and I admire his style of expression. It is an easy matter to cover up a question at issue with fine, eloquent verbiage and never hit the spot.

The gentleman from Maine [Mr. BEEDY] seemed deeply concerned with reference to gentlemen engaging in debate raising the class issue. There is no disposition on my part to array one class against another or create any class or racial prejudice whatsoever. If there is any one thing that will quickly and permanently destroy America, it is class, racial, and religious intolerance. Prior to the twentieth century there was scarcely any class consciouness in America. During and since the World War there has developed a class consciousness, and it grew out of the special benefits and privileges conferred by legislation and Government upon certain classes of our citizens, the class which seemingly the gentleman from Maine and the gentleman from Massachusetts seek to protect and defend. It is partly to undo the wrong which special legislation and privilege conferred upon one class that this legislation seeks to accomplish, by placing every man, woman, and child, rich and poor, high and low, upon a common level, so far as our monetary system is concerned.

The gentleman from Maine just made the statement that "we are off of the gold standard." I do not know what the gold standard means, and I doubt if very many of our people know. The only thing I have been able to find which might establish a standard is in the act of March 14, 1900, which declares that the dollar, consisting of 25.8 grains of gold 0.9 fine, "shall be the standard unit of value", and makes it the duty of the Secretary of the Treasury to maintain at a parity of value with this standard all forms of money issued or coined by the United States. The Federal Reserve Act of December 23, 1913, reaffirmed such parity and authorized the Secretary of the Treasury to borrow or buy gold in order to maintain such parity. If this is the gold standard (I find nothing else in the statutes other than this to define it), I desire to state that when this resolution is passed, we shall not have disturbed that parity so far as the standard unit of value is concerned.

All of the coin and currency outstanding today, and all of the currency that may hereafter be issued under existing law, even after the passage of this resolution, will be measured by the standard unit of value which is in effect at the present moment. Unless and until the President shall, by

the right of law given him in the act of May 13, 1933, reduce the number of grains in a gold dollar, there is absolutely no destruction of the unit of value and no debasement of our currency or specie money. All our money is to be legal tender under the provisions of this resolution, for all debts, public and private, public charges, taxes, duties, and dues, so that by the sacredness of law under the provisions of the Constitution, giving Congress the right to coin and issue money and regulate the value thereof, equivalent value is given to every medium of exchange issued by this Government. It does not take this country off the gold standard, any more than we are off today.

I wish I had time to develop briefly the history of our monetary system. It is utterly impossible to do so at this time. Permit me to say that the first monetary unit of value was adopted in 1786 by the Congress of the Confederation which was the silver dollar 375.64 grains of pure silver. It was never coined because there was no mint in the United States at that time. The act of April 2, 1792, established the first monetary system of the United States. The bases of the system were: The gold dollar containing 24.75 grains of pure gold and the silver dollar containing 371.25 grains of pure silver. A mint was established. The coinage was unlimited and the ratio of silver to gold in coinage was 15 to 1. It was a double standard consisting of both gold and silver. The act of 1792 undervalued gold which was therefore exported. It is a universal law that the undervalued metal will invariably be exported and so the act of June 28, 1834, was passed to maintain the parity ratio between the two metals of 16.002 to 1. This act fixed the weight of the gold dollar at 25.8 grains. The fine weight of the gold dollar was thus reduced to 25.2 grains. The act of 1834 undervalued silver the same as that of 1792 had undervalued gold, and silver was exported. Congress, by act of January 18, 1837, fixed the weight of the gold dollar at 25.8 grains and its fine weight at 23.22 grains where it remains today.

The first paper money ever issued by the Government of the United States was authorized by acts of July 17 and August 5, 1861, which was for the purpose of defraying the cost of the Civil War. The paper notes issued were called "demand notes" and were receivable for all public dues. Fifty million dollars' worth was issued. The demand notes were redeemed in gold when presented, and this, together with being receivable for all public dues, was the quality that prevented their depreciation. The Government had difficulty in raising funds to finance the Civil War and therefore relied upon larger issues of United States notes. However, the Congress was persuaded into writing an "exception clause" in the redemption of notes. They were made legal tender for all debts, both public and private, "except duties on imports and interest on the public debt." The very fact this exception was made in the redemption contract was responsible for their depreciation. This resolution, when adopted, will equalize the value of every piece of currency issued by the Federal Government. There will no longer be discrimination of one piece of currency against another, and no longer any opportunity given to the banking group or a few financial investors to corner a large part of our money and reap huge profits by depreciated currencies at the expense of the producer, both in products and services, of this Nation. We had a sample of this under Grant's administration when Gould and Fiske exacted their pound of flesh on Black Friday. The gentlemen who have spoken so vociferously in favor of the group represented by such men as Gould and Fiske are too well acquainted with the facts in this case to require further explanation.

Heretofore we have two terms denoting the quality of money. "Lawful money" is a term used to denote the legal-tender quality of money and first originated in the act of February 25, 1862, authorizing the issue of United States notes. This act was the first shameful deed of Congress in the Civil War period. There never should have been a reference to or the term of "lawful money" used in statutory acts. Every piece of money issued by authority of Congress under the Constitution should have been "legal tender." In many respects "lawful money" and "legal tender" are synonymous terms and were and would have been always accepted so if it had not been for the exception clause written into the redemption of greenbacks in 1862.

"Legal tender" is a quality given a circulating medium by Congress and the Secretary of the Treasury is required to maintain the parity of all kinds of money with the standard unit of value. Heretofore all forms of our money do not possess full legal-tender qualities, and in times of emergency may depreciate and appreciate according to manipulation of the financial group who creates the lack of confidence in one kind of money as against the overabundant confidence in another kind of money. It is the sacred duty of Congress under the Constitution to coin and issue money and regulate the value thereof so as to prevent any discrimination, depreciation, or appreciation in different kinds of money. The adoption of this resolution will henceforth, now and forever establish that parity. No doubt there will be a change in the plate on which currency hereafter is printed, and on the face of every bill, whether it be Federal Reserve bank, Federal Reserve notes, national-bank notes, greenbacks, gold certificates, or whatnot, will be printed a redemption clause as follows:

> Legal tender for all debts, public and private, public charges, taxes, duties, and dues.

So much for the question of currency.

After the issue of United States notes during the Civil War to the extent of more than $450,000,000 and due to the exception clause mentioned heretofore, "greenbacks" depreciated in value to as low in some places as 65 cents on the dollar. Congress sought to correct that evil by bringing "greenbacks" to par. It was a perfectly natural thing for Congress to write this clause into the act of March 18, 1869:

> That in order to remove any doubt as to the purpose of the Government to discharge all just obligations to the public creditors, etc., * * * it is hereby provided and declared that the faith of the United States is solemnly pledged to the payment in coin or its equivalent of all of the obligations of the United States not bearing interest, known as United States notes.

Had Congress not made the exception of refusing greenbacks in payment of imports and interest on the public debt in the first place, that currency would have always remained at par and the act of March 18, 1869, would never have been necessary. But the financial group who got its hand on the throat of the Government during the dark days of the Republic from 1862 to 1865 again persuaded Congress to do its second shameful act in legislating on the money question. In addition to redeeming non-interest-bearing obligations of the Government in coin or its equivalent, the following was also included in that act with reference to interest-bearing obligations:

> It is hereby provided and declared that the faith of the United States is solemnly pledged to the payment in coin or its equivalent of all of the interest-bearing obligations of the United States.

For the first time in the history of this Republic, bonds and interest-bearing obligations of the Federal Government were made payable in gold coin together with the interest. Every bond issued since that time has carried the same clause, which was augmented later with the standard of weight and fineness of the gold dollar 23.22 fine gold. At the time this clause was written into bond contracts of this Government, there were less than $179,000,000 in gold in the Treasury of the United States and we had outstanding indebtedness against the Federal Government of $2,500,000,000.

Let us see what has been the practical operation of gold contracts, in not only United States Government interest-bearing obligations, but bonds issued by political subdivisions of Government and private bonds and contracts such as corporations and private banking institutions. Whenever "A" purchased a $1,000 Government bond, he either transferred bank credit or deposit of $1,000 through banking institutions to the credit of the United States Government and received in exchange the bond. This bank credit, or deposit, was represented either in coin or generally currency, or it may have been by check against such deposit. The same thing is true when individuals or corporations purchase

bonds of any political subdivision of Government. Gold is never surrendered to the Government in return for bonds. Neither is gold paid by Government to redeem bonds as a matter of custom. The purchaser of bonds pays for them in currency or bank deposit of credit. The Government redeems them by the same operation. The same thing is true when an individual purchases gold bonds of a railway, utility, or other corporations.

The transaction is never made in gold. It is as impossible to pay for all bonds with gold as it is for the Government to retire all its interest-bearing obligations with gold. Why should any individual or unit of Government be obligated to redeem an obligation with gold when it received only credit or currency or perhaps a bank draft or check when the obligation was first issued? In other words, the holder of a bond is exacting of the mortgagor a different kind of money or thing or element than that which he paid for the bond. It would be just as reasonable in principle to require the Government to redeem an obligation in platinum or radium as it is to redeem it in gold. The only difference is that gold is more plentiful than either of the other materials. Gold is considered as one kind of our money, but so far as the principle of redemption is concerned, the transaction is the same.

The only times that the United States ever received gold in return for its bonds was under the act of March 3, 1865, and continuing until May 1, 1869. The total amount purchased was $323,253,800. The net cost in currency for the gold was $362,981,483. The gold acquired under this act was used for the purpose of redeeming short-term obligations and "greenbacks." Again under the resumption act approved January 14, 1875, Congress directed the Secretary of the Treasury to provide for the redemption of United States notes on and after January 1, 1879, and authorized him to use surplus revenues and to sell and dispose of from time to time, for not less than par, in coin, bonds for the purpose of acquiring gold to establish a redemption fund, which, under the act of July 12, 1882, was set by Congress at $100,000,000. The act of March 14, 1900, increased the reserve fund to $150,000,000, which, with some additions to date, constitutes the gold bullion behind outstanding United States notes or "greenbacks."

The only other instance of where the Federal Government received gold coin for bonds was during Cleveland's administration, when the gold requirement against greenbacks fell below the minimum reserve during the panic of 1893–95. All told, $262,315,400 bonds were sold for which gold was received, making a total of $1,753,661,350 of bonds issued in 150 years for which the Government received gold. You will readily see that this amount is so small in comparison with the total bond issues floated by the Federal Government before and since the Civil War that it can scarcely be counted as a major transaction in gold.

So far as I have been able to find, gold has never been furnished to corporations, utilities, or political subdivisions of Government for bonds. Again I ask why should any individual or unit of government be called upon to redeem its interest-bearing obligations in gold, or even pay the interest in gold, when the original transaction was made with currency or bank credit? If the gentlemen who are so solicitous in behalf of the money changers call this resolution a betrayal of trust and repudiation of pledge, what kind of a name can they assign to the act that obligated their Government and the taxpayers of our country to pay gold on obligations for which nothing but currency was ever received. Their argument falls to the floor when you consider the actual physical transactions involved.

In the first place, what does wealth or capital consist of? It represents labor, performed by the individual who owns the wealth or labor that was performed by someone else, but which through our complex system of industry, commerce, and Government, accrues to someone other than the laborer. Capital should earn a reasonable rate on its investment, but it is not entitled to earn a rate equal to or in excess of the same amount earned by human labor with the same expenditure of energy. Certainly the moneychangers have no right to exact from the toil of the masses a rate of interest and a principle of bond in a kind of money different from that which is paid to labor. I admit this fundamental principle has been disobeyed since the dawn of the Christian era. Disobedience to this principle, which is as eternal as the law of nature itself, is responsible for conditions throughout our history, such as we find ourselves in today. It has resulted in the concentration of wealth. It has destroyed the moral responsibility and integrity of money lenders since even before Christ drove them out of the temple. It has wrought misery to untold millions. It is indirectly responsible for the wars of conquest, calling for the sacrifice of millions of lives and the destruction of billions of dollars in property. I lay down this fundamental principle today: That unless and until we prohibit by law and enforce this principle with moral support, we cannot hope to alleviate future calamities such as this through which we are now passing. This resolution, my colleagues, levels the classes of money. It is the leaven that will give honest and instant revival of business. It assures henceforth, now and in the future, that a dollar is a dollar—legal tender, if you please, for all debts, public and private, of every kind and nature. We are getting back to the Constitution which Washington and Jefferson and Madison and Hamilton subscribed to. We are coming back to the fundamental financial foundation of the Republic. Far be it from this act to array class against class. It is the first step in the leveling of all the classes.

From my earliest recollection I listened to and later read of the fight that champion of Democracy made for the rights of the people on the money question. There were some things in his philosophy with which in later days I have been unable to agree. But if he could rise this afternoon out here on the sunny slopes of Arlington, and come to this Chamber and survey the scene that is being enacted here today, his heart would be filled with joy at the triumph of some of his principles. It is fitting in closing, to quote the last sentence of an eloquent speech of the Great Commoner, William Jennings Bryan, on this occasion. When this resolution is passed by both Houses and approved by that undefeatable leader, Franklin D. Roosevelt, we will have said, not to one class, but to every class, "Thou shalt not press down upon labor this crown of thorns; thou shall not crucify mankind upon a cross of gold."

This is the day I long have sought,
And mourned because I found it not.

[Applause.]

Mr. STEAGALL. Mr. Chairman, I yield 3 minutes to the gentleman from Nebraska [Mr. SHALLENBERGER].

Mr. SHALLENBERGER. Mr. Chairman, I have been hoping for 40 years to have a resolution of this character adopted by the Congress of the United States.

The gold-repeal resolution is a second declaration of independence for the American people. When Thomas Jefferson wrote in his immortal document that all men are created free and equal, he did not mean that all men are equal in wealth or power, in wisdom or knowledge, in stature or strength, but that every man under the American flag, rich or poor, white or black, should stand equal before the law.

And so under this gold resolution the Congress does not proclaim that all money is constituted alike, but when our great Government puts its stamp upon its medium of exchange and declares it money, whether gold, silver, or currency, whether yellow money, white money, or green money, it shall all stand equal before the law. Equal at the door of the Federal Treasury, equal over every bank counter, equal in value and power to debtor and creditor alike.

Every American dollar henceforth shall have the power to discharge the debtor from his bond, and that is the power in this resolution that sets us free, governments and private citizens alike. Today every debtor is under a great and unfair disadvantage because the creditor may contract to demand payment in the money of his choice. Mortgages and bonds are outstanding today to the amount of more than 100 billions which are payable in gold. There is less than

five billions of gold in the Republic that can possibly be used to discharge this bonded debt.

The privilege of the creditor to demand gold alone in payment of his bond at once reduces enormously the volume of money available for the settlement of both public and private debts. Gold is always a coward in times of financial stress and storm. Gold is the yellow metal, and for that reason yellow is the recognized livery and color of the coward.

When financial danger threatens, when national and private credit is at stake, gold hides itself away. It burrows in the ground. It hides in vaults and safes. It gets behind bolts and bars. The honest silver dollar and the credit currency of the country have been compelled to fight an unfair battle because not given equal standing with gold under our laws.

For the first time in 50 years or more every American dollar will serve both creditor and debtor alike. Money will become the servant of all the American people, and not make masters of some and slaves of those who are bound to pay in money of a certain kind.

The enactment of this resolution will restore once more equality of opportunity to all who are so fortunate as to live under our flag and enjoy the liberty for which it stands.

H.R. 3516, introduced by me on March 15, 1933, in the House of Representatives reads as follows:

Be it enacted, etc., That the proportionate value of silver to gold in all coins which are current as money within the United States shall be as 16 to 1; that is to say, every 16 pounds weight of pure silver when coined into dollars shall be of equal value in all payments with 1 pound of pure gold, and so in proportion as to any greater or lesser quantities of the respective metals.

SEC. 2. There shall be free coinage of both gold and silver, at the ratio fixed in this act, subject to the conditions and limitations now provided by law with respect to the coinage of gold; and all the laws of the United States relating to such coinage or to recoinage, exchange, or conversion of coin, bars, or bullion of gold, shall apply equally, so far as practicable, to silver.

SEC. 3. The dollar shall consist of 25$\frac{8}{10}$ grains of gold nine-tenths fine, or 412½ grains of silver nine-tenths fine, and shall be the standard unit of value, and all forms of money issued or coined by the United States shall be maintained at a parity of value with this standard, and it shall be the duty of the Secretary of the Treasury to maintain such parity.

SEC. 4. Gold and silver dollars of the standard weight and fineness provided in this act shall be legal tender for the payment of all debts, both public and private, and the United States Treasury may pay the obligations of the Federal Government in either standard gold or silver dollars at its option.

The provisions of the gold resolution, now before the House, provide that all coins and currencies of the United States shall be legal tender, as is provided in section 4 of my bill for gold and silver alike.

The essential provisions of the gold resolution follow below:

Resolved, etc., That (a) every provision contained in or made with respect to any obligation which purports to give the obligee a right to require payment in gold or a particular kind of coin or currency, or in amount in money of the United States measured thereby, is declared to be against public policy, and no such provision shall be contained in or made with respect to any obligation hereafter incurred. Every obligation heretofore or hereafter incurred, whether or not any such provision is contained therein or made with respect thereto, shall be discharged upon payment, dollar for dollar, in any coin or currency which at the time of payment is legal tender for public and private debts. Any such provision contained in any law authorizing obligations to be issued by or under authority of the United States is hereby repealed, but the repeal of any such provision shall not invalidate any other provision or authority contained in such law.

(b) As used in this resolution, the term "obligation" means an obligation (including every obligation of and to the United States excepting currency) payable in money of the United States; and the term "coin or currency" means coin or currency of the United States, including Federal Reserve notes and circulating notes of Federal Reserve banks and national banking associations.

SEC. 2. The last sentence of paragraph (1) of subsection (b) of section 43 of the act entitled "An act to relieve the existing national economic emergency by increasing agricultural purchasing power, to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and for other purposes", approved May 12, 1933, is amended to read as follows:

"All coins and currencies of the United States (including Federal Reserve notes and circulating notes of Federal Reserve banks and national banking associations) heretofore or hereafter coined or issued, shall be legal tender for all debts, public and private, public charges, taxes, duties, and dues, except that gold coins when below the standard weight and limit of tolerance provided by law for the single piece shall be legal tender only at valuation in proportion to their actual weight."

After fighting for 40 years to have all United States money declared legal tender and to give equal rights under the law to either gold, silver, or currency, it surely is a great privilege to have a part in making this great principle of "equal rights to all and special privileges to none" the cornerstone of our monetary system. [Applause.]

Mr. LUCE. Mr. Chairman, I yield the remainder of the time at my command to the gentleman from Pennsylvania [Mr. BECK].

Mr. BECK. Mr. Chairman, there is little, if anything, that can be added to the eloquent and moving argument of the gentleman from Massachusetts [Mr. LUCE] in opposition to this proposed law. Certainly I could add nothing to it, and if I attempt in less adequate phrases to emphasize one or two of the arguments to which he gave expression, it will simply gild refined gold.

Let us consider the policy of this bill concretely. On April 23 last the Secretary of the Treasury invited subscriptions for $500,000,000 of bonds, and in the invitation to people to subscribe he made the following solemn promise:

That the principal and interest of the notes will be payable in United States gold coin of the present standard of value.

About a week ago the President of the United States signed the so-called "Federal securities bill", designed to promote a greater standard of honesty in the business life of our country. In the little ceremonial that surrounded the signing the President said in substance that all he was trying to do was to translate the ordinary principles of morality into the language of law.

That was an inspiring statement to make, and it suggests the goal of all civilized nations to make their laws fairly expressive of the eternal truths of morality.

But we are now confronted with the fact that 2 months ago we asked the people of this country to subscribe to $500,000,000 of bonds on a specific statement to pay them in gold; and now that promise is to be repudiated, and the bonds which we thus issued are to be payable in paper or some medium of less value than gold.

If the promise was so soon to be done for, why was it ever begun for? Should a great nation thus "falter" with its creditors in a "double sense"?

I shall not base my opposition to this policy of repudiation upon any suggested want of constitutional power. Until the *Legal Tender cases*, decided some 63 years ago, I would have confidently asserted that the Constitution, which wrote into the organic law an express prohibition of any repudiation of the debts of the Confederation, could not have intended to authorize the new Federal Government, which they were creating, to repudiate the debts. Such was the accepted view until the Supreme Court reversed itself in the second *Legal Tender case*. In the first of the *Legal Tender cases* the Court affirmed the view that had prevailed since the beginning of the Republic and held that Congress had no such power to compel creditors to take depreciated paper money in payment of an obligation to deliver gold. But in the second *Legal Tender case* the Court, as it seems to me, did rule that it was a part of the sovereign power of the Nation at any time to change the character and value of the currency, and that anyone who loaned money must necessarily do so with the understanding that he made the loan subject to the sovereign power of the United States to reduce the obligation by depreciating the value of currency. Therefore, I make no point—and I see my friend, the Chairman of the Committee on Banking and Currency, is smiling—that Congress is not competent to pass this legislation.

But does the discussion end there? Oh, no! Mr. Chairman, there is a constitution that is older than the Constitution of 1787. There is a constitution that has greater sanctity than the Constitution of 1787, and that constitution is the one handed down from Mount Sinai, even clearer and more brief than the Constitution of the United States; and

one of its great limitations upon human action was the statement in four words: "Thou shalt not steal." To provide as to preexisting debts that a man can be obliged to take paper money when he contracted that his obligation should be paid in gold, is just as much a theft pro tanto as it would be for the United States to say that when diamonds were the subject of merchandise, the man who sold diamonds could deliver in common pebbles from the seashore instead of the scintillating gems simply because Congress by its fiat declared pebbles to be the equivalent of diamonds.

In this discussion I care little about the legalistic features of the legislation, but I want to dwell very briefly upon what I regard as one of the great ponderables, and then the great imponderable. A great ponderable of this question is this: If there be one question that the majority of this House would not subserviently follow the President, it would be, I believe, in the matter of the cancelation of debts owing us by European nations. I believe that if the President sent down a message tomorrow and asked us to sponge out the obligations that other countries gave to us and we loaned to them in the utmost good faith, it would meet with defeat and it would be the first revolt of the majority against the dictates of the White House. If you will allow me to say it in all good humor, you of the majority hitherto have followed the dulcet music of the White House flute as the little children of Hamelin followed the Pied Piper, only to find that the Pied Piper led them to a rocky wall, into which they disappeared forever, and, as I esteem you gentlemen of the majority highly, I hope such will not be your fate.

Mr. TERRELL. Mr. Chairman, will the gentleman yield?

Mr. BECK. Not now.

Mr. TERRELL. Will the gentleman yield before he gets through?

Mr. BECK. Yes. You know Richard Brinsley Sheridan in the Critic said that when they agreed upon the stage then unanimity was wonderful, and the unanimity of the majority of this House to accept any mandate from the White House has never been surpassed in any Congress since the beginning of the Republic. But you would, I imagine, gag at cancelation of the foreign debts. Let me warn you that you are canceling the debts in fact, for the reason that the one nation that has not repudiated its obligation to us, the one nation that values its word of honor above every other consideration—I mean Great Britain, the nation that only last December at a time of acute distress nevertheless paid us $90,000,000 in gold in an interest payment—that nation will now say, I venture to predict, and again I may be a Cassandra—when the next June payment comes due, that as the United States has now said to all the world that obligations are only "scraps of paper", and that a sovereign nation may default at will without violation of morality, Great Britain will not pay the interest any more than France. The villainy we teach them they will execute, and it will go hard; but they will better our instructions, for we now propose to give to all these nations abundant excuse for refusing to pay their debts, because you now propose to say that a debt is not a solemn obligation, that a debt is a thing that can be whittled away by paying it in a depreciated currency.

Mr. McFADDEN. Mr. Chairman, will the gentleman yield?

Mr. BECK. Yes.

Mr. McFADDEN. To call the attention of the gentleman to the fact that the definition of "obligation" in this bill is a debt due to and from the United States.

Mr. BECK. Yes; quite so. Gentlemen, there is another consideration far more important. We can survive the failure of these European nations to pay us what they owe us. But there is one thing that we might not conceivably survive, and that is the destruction of our good name. You remember that I said that the last solicitation of a bond offering was on April 23, last, and that happened to be the natal anniversary of the greatest poet the world has ever known. That poet said something as applicable to nations as to individuals, and peculiarly applicable to the United States as it meditates this gigantic act of repudiation. He said:

Good name, in man and woman, dear my lord,
Is the immediate jewel of their souls:
Who steals my purse steals trash; 'tis something, nothing;
'Twas mine, 'tis his, and has been slave to thousands;
But he that filches from me my good name
Robs me of that which not enriches him
And makes me poor indeed.

And this Nation, when it enters upon this gigantic policy of repudiation, conceding its sovereign power to repudiate its obligations, will never again occupy in history the proud position that it has hitherto occupied—of being the one nation that held its honor too high to repudiate its solemn promises, and whose word was as good as its bond.

Mr. O'CONNOR. Will the gentleman yield?

Mr. BECK. No; not now.

Only one last reference, gentlemen of the majority: One of my predecessors a moment ago made reference to the Declaration of Independence, and—God save the mark—he called this measure of repudiation a new declaration of independence. Well, it is a new declaration of independence, of independence from obligations to keep your word, in the spirit of Wilkins Micawber, who would give a promissory note in payment of his debt and then say, "Thank God that debt is paid." But I would say to my greatly valued colleague from Nebraska, who made the reference to the Declaration of Independence, that the noblest clause in the Declaration of Independence, and one of the noblest things that that great idealist, Thomas Jefferson, ever said, in effect declared that there is a law of right and wrong that rises above nations and above sovereign powers. I do not mean those were his precise words. He said, in substance, that the supreme law of conscience in the councils of the nations was inspired—now I quote his exact words in the immortal Declaration, by a "decent respect to the opinions of mankind"; that decent respect was more to be coveted than riches; that it rose above all law, constitutional or otherwise; that it rose above all international law. It was a law of nature. It was the law of God. That law is violated in this law of permanent abject repudiation if, with three billion gold dollars in our vaults, we say to our creditors at home and abroad, "We will pay you in any kind of currency we want to, irrespective of what we promised." Will our Nation sink so low? [Applause.]

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. STEAGALL. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. KELLER].

Mr. KELLER. Mr. Chairman, I ask frankly what do we mean by "repudiation"? The dictionary says it is "to forego or to refuse to pay." I ask what the gentleman means by "moral"? It means "not to do wrong."

Is lawful money less valuable than gold? Let us see what the history of it is. In August 1861 this Congress passed a law creating the first original greenbacks. Those greenbacks had no exception clause. There were 60,000,000 of them. A short time after that, unfortunately, listening to the bankers of this country, who demanded their pound of flesh, the Congress passed another law putting an exception clause into the greenbacks. Now, what was the result? Those greenbacks that had no exception in them at all, that were lawful for all purposes, in payment of all debts, both public and private, ran along during the entire Civil War and to the end of it on an absolute equality or parity with gold. When gold brought $2.85, greenbacks which had no exceptions also brought $2.85. That is exactly what we are doing here today. We are taking the exception clause out. We are making one money. You have heard at different times, Mr. Chairman, discussions of the Gresham law. What is the Gresham law? When countries of the world have had different kinds or classes of currency, Gresham discovered through historic data that the better-class currency always left the country that had a currency of more than one value. So that is what the Gresham law announced; that where there is more than one kind of currency, the better or more valuable currency leaves the country invariably and brings about all the disaster that comes with contraction.

Now, what is the way out of that? Just one. To say that there is but one class of currency, and we do away forever with the overhanging danger that Gresham pointed out, and that has been called the Gresham law.

In this present case what are we doing? We are not repudiating any debts. We are simply saying to the world, "We are now establishing what we ought to have done long ago; we are establishing just one kind of currency." We ought to know enough to know that as long as the American Government receives that currency back in the payment of our dues to the Government that is perfectly good currency; as good as gold itself. We are not only wronging nobody but we are preventing those who hold the gold at the present time from wronging anybody. Members talk about repudiation. Let us see where it comes from. Here it is: I say that what we are doing today is restoring our money. We are restoring the value. Back in 1926, 1928, and 1929 the gold dollar and the silver dollar and every other dollar had one and the same value, and that was based on the commodity price level of 1926. Now that commodity price index value of 1926 is also the average for the 15-year period, and during that period all debts of the United States were either contracted or refinanced. What we are doing today is simply this: Following the panic of 1929 the gold dollar has increased from 100 percent up to 175 percent of the commodity price index, and on a much higher price than that along the price index of stocks and bonds and the like.

What we are doing today is not taking anything from anybody, but we are reducing the value of the dollar that had no right to go up, reducing the value of the dollar for which extra value the men who now hold it gave absolutely no service and to which increase in value they have no right. We are simply restoring the right of the American people to their own money. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

Whereas the holding of or dealing in gold affect the public interest, and are therefore subject to proper regulation and restriction; and

Whereas the existing emergency has disclosed that provisions of obligations which purport to give the obligee a right to require payment in gold or a particular kind of coin or currency of the United States, or in an amount in money of the United States measured thereby, obstruct the power of the Congress to regulate the value of the money of the United States, and are inconsistent with the demand policy of the Congress to maintain at all times the equal power of every dollar, coined or issued by the United States, in the markets and in the payment of debts: Now, therefore, be it

Resolved, etc., That (a) every provision contained in or made with respect to any obligation which purports to give the obligee a right to require payment in gold or a particular kind of coin or currency, or in an amount in money of the United States measured thereby, is declared to be against public policy; and no such provision shall be contained in or made with respect to any obligation hereafter incurred. Every obligation, heretofore or hereafter incurred, whether or not any such provision is contained therein or made with respect thereto, shall be discharged upon payment, dollar for dollar, in any coin or currency which at the time of payment is legal tender for public and private debts. Any such provision contained in any law authorizing obligations to be issued by or under authority of the United States, is hereby repealed, but the repeal of any such provision shall not invalidate any other provision or authority contained in such law.

(b) As used in this resolution, the term "obligation" means an obligation (including every obligation of and to the United States, excepting currency) payable in money of the United States; and the term "coin or currency" means coin or currency of the United States, including Federal Reserve notes and circulating notes of Federal Reserve banks and national banking associations.

Mr. LUCE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendments offered by Mr. LUCE: On page 3, line 3, insert: "For 2 years after the passage of this act and thereafter until the President shall by proclamation declare the depression to be at an end", and in line 9, after the word "incurred", strike out the word "every" and insert "for a like period every."

Mr. LUCE. Mr. Chairman, I propose giving the committee an opportunity to express its judgment upon two phases of this bill.

That which I first bring forward by way of amendment is one to place this bill on the same footing with the emergency measures that have already been passed, by limiting the life of the bill to 2 years or thereafter until the President may by proclamation declare the emergency at an end.

This measure might be in part at least, if not wholly, taken from under the cloud of odium which hangs above it by declaring that in view of the existing conditions we are going to suspend temporarily our obligations.

We have been acting hitherto, it is well understood, on the basis of an act passed in the period of the great war whereby in view of war-time necessities statutes and even the Constitution itself were for the time being displaced. We did things that we did not expect to continue in peace times, and they were never brought before the courts to test their technical justification. Now, it is possible that no question will be raised if this is put upon the same footing. I mean no question will be raised by those to whom the Government has given its "solemn pledge," again quoting the words from the existing law.

The second proposal, Mr. Chairman, will be in an amendment to be presented later which will declare that this measure shall not be constructed as impairing the obligation of contracts heretofore made; in other words, will not be retroactive. It would be unnecessary to adopt the second provision if the first one should be adopted, for it would doubtless meet the needs of the case. But if the first one should not commend itself to the judgment of the committee, the committee will have the opportunity to decide upon the second question.

A great deal of disturbance has been aroused throughout the country by this repudiation proposal. The newspapers convey to us the information that wise commentators upon these matters are greatly disturbed at what is contemplated. Surely it will be well to weigh our action and think carefully before we make permanent change in the law in these particulars.

There may be gentlemen present who did not hear the explanation of the situation. The committee did not have the advantage of any knowledge of what it was intended to accomplish by building a wall around $3,500,000,000 of gold without any opening that would allow anything to come out, and only allowing gold to come in.

The committee did not have before it any man from the Treasury Department to explain the purpose of this bill. The committee does not now know, unless I am greatly deceived, the meaning of some of the clauses of this bill. Personally, I have been unable to find any explanation of some of the clauses in this bill. We simply know there is a general purpose here to repudiate the obligations of the United States. Now, to try to allay the fears at home this amendment gives you the chance, if you wish, to justify this repudiation by telling your constituents that it is to be only temporary.

[Here the gavel fell.]

Mr. CELLER. Mr. Chairman, I move to strike out the last word of the amendment.

Mr. Chairman, I was not in the Chamber when the gentleman from Pennsylvania [Mr. MCFADDEN] rose to address this body. I have taken the trouble, however, to read his remarks as they appeared. He apparently prepared them in advance and read them verbatim. His attack is therefore all the more vicious because it was carefully prepared and deliberately read. It is unforgiveable, I assure you, my good friends. I say to those who heard the remarks and those who read them that you will rarely see anything as false or as utterly cruel, particularly since read at a time when in Germany insane religious prejudice is causing so much havoc, so much ruin, so much misery and suffering. I would that the gentleman from Pennsylvania [Mr. MCFADDEN] saw fit to withdraw his remarks voluntarily, or that if he does not change them that at least the spirit of fair play in this House will prevail upon him to withdraw them entirely.

I appeal again to the sense of fair play and justice of this House, which I know is diametrically opposed to the

aberrations of the gentleman from Pennsylvania, to prevail upon him to say he was mistaken. Only then will he exculpate himself from the charge of stooping so low as to attempt to fan the flame of religious prejudice in order to influence the House.

I would be craven if I remained silent in the face of his defamation of my people. I would be a coward not to hurl the lie to his teeth.

In the brief time allotted to me to reply, I would remind him, when he falsely brings his silly indictment against our people, and charges that the Jews will have the gold and the non-Jews the bits of paper money, of the long record of patriotic service of the people against whom he delivers his tirade. He speaks of Concord Bridge in the Revolution. What about the fame of Hyam Solomon, who sacrificed much, if not all, of his fortune to aid in the financing of the Revolution. In the diary of Robert Morris are to be found scores of favorable references to the patriotism and sacrifice of this Jew. It has been said that were it not for the benefactions of Solomon to the patriotic Madison, Monroe, Morris, and others, these men could not have carried on. I would remind the gentleman from Pennsylvania that this banker Jew died a martyr's death as a result of his trials and tribulations brought on by the Revolutionary War. He was captured by the British and died of prison fever. He indeed sacrificed his fortune on the altar of American freedom.

I would remind him also of the Lost Battalion in the Argonne Forest. That battalion was composed primarily of East Side Jews, many of whom went through the Valley of the Shadow. The mere mention of these heroes should belie the utterances of the gentleman from Pennsylvania.

He should indeed hang his head in shame. He will when he realizes finally the sin that he has really committed. Let him reflect on the words of Lincoln in the second inaugural: "With charity for all and with malice toward none." If Mr. McFADDEN does not withdraw his remarks from the RECORD he is devoid of charity and is animated by malice.

Washington received generous praise and congratulations from the members of the Portuguese congregation at Newport upon his elevation to the Presidency. The great President replied in the kindest spirit, and said he now rejoiced that at last in this fair land of ours the people of the stock of Abraham could sit under their own vines and fig trees, and there were none to make them afraid. Surely, if the gospel of the gentleman from Pennsylvania is repeated and is allowed to spread, and the wild dogs of religious hatred and enmity are let loose, the time may come when not only the people of the stock of Abraham, but others as well, will be unable to remain under their own vines and fig trees. There will then indeed be those to make them afraid. [Applause.]

[Here the gavel fell.]

Mr. McGUGIN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, in the discussion of this bill today, it has been measured to a certain extent by the yardstick of partisan politics. I want to try to approach it in the light of politics and in the light of the facts.

Whenever a debtor, be he an individual or the Government of the United States, owes a debt which he cannot pay, then one of two things must happen: Either the debt must be scaled in the number of dollars or the value of the dollar with which he pays the debt must be reduced. Of course, in the case of individuals who cannot pay their debts it is, under ordinary circumstances, bankruptcy, which is a scaling of the debt.

For 3 long years the individuals of this country have been unable to meet their debts payable in dollars. During this time they have seen the dollar go up in value to the point where, measured in products, it has had a value of about $1.65. Now, the Government is in the identical position that the individual debtors were in a few years ago. The Government cannot meet its obligations payable in gold. It must do for itself what it should have done for the debtors of this country 3 years ago, begin scaling the value of the money; and yet as late as June of last year both political parties convened in their conventions in Chicago, committed themselves to so-called "sound money", wholly unmindful of the welfare of the great mass of debtors in this country.

Today the Government of the United States is in a position where it cannot pay its obligations payable in gold dollars of 23 grains, and the procedure which we are taking today is inevitable irrespective of which party might now be in power and irrespective of what we may have said in our political party platforms. Had my party succeeded and on the 4th of March had been going into power, the banks would have been closing just the same, and we would be in this same position that we now find ourselves today.

Mr. MAY. Will the gentleman yield?

Mr. McGUGIN. I cannot yield because my time is too limited.

Today the Republican Membership on this side of the aisle who are in charge have insisted on making this a party matter. The gentleman from Massachusetts [Mr. LUCE] refused to give time to anyone who was not opposed to this measure. This makes it a partisan matter so far as he and those in control of this bill on the Republican side are concerned.

As a Republican, I deny that Mr. LUCE or the Republican membership of the House Banking and Currency Committee reflects the principles of the Republican Party in the United States. [Applause.] I want to here and now say that in my humble opinion that as bad as this country may need the sound leadership of the Republican Party in the future, this country will not place the Republican Party in control if the Republican Party is going to be dominated by the banking and currency and financial leadership of the gentleman from Massachusetts, Mr. Luce, the majority leader, Mr. Snell, Senator Reed, of Pennsylvania, Senator Walcott, of Connecticut, and Ogden Mills, the five gentlemen who signed the statement given to the public some months ago pertaining to monetary legislation and who, at this time, would now stand in opposition to this legislation. If they could have their way and could succeed, it would only mean this Government would have to boldly repudiate its debts and refuse to pay in any kind of dollar because it cannot pay in a 23-grain gold dollar. [Applause.]

I am sorry to see this bill measured today by politics. It is an inevitable situation with which the country is confronted, Republicans and Democrats alike, and the same situation would exist at this very minute had we won the election and were in power today. I voice the hope that when the roll is called we will find enough Republicans voting for this measure to make it impossible to place the Republicans before the country as being committed to the financial policies of the Republican membership of the Banking and Currency Committee in the House.

Mr. STEAGALL. Mr. Chairman, the amendment offered by the gentleman from Massachusetts [Mr. LUCE] involves a surrender of every contention that has been made on the part of those who attack this bill upon the score of its immorality. I cannot find any reasoning by which to justify immorality temporarily any more than immorality may be justified as a permanent practice. If my friend is willing to advocate repudiation for a period of 2 years, I deny that I am any worse than he is if I advocate it for a period of 20 years.

So, all the harsh language that has been used in describing this measure and its authorship might be applied to the gentlemen of the opposition. I think it is fair to say that gentlemen are on an equality with those of us who sponsor the bill from this side when they propose to endorse the same thing for a period of 2 years. I want to remind the gentleman from Massachusetts that nothing would be more confusing than undertaking to change the existing law temporarily. If we were to embark upon a program in which we issue obligations payable in a different way from the way in which obligations are now paid, contemplating, in the meantime, that 2 years later we would revert to the old system, we should find ourselves in the midst of con-

fusion even worse than that with which we shall be confronted if we defeat the legislation.

We do not stand for repudiation; we plead for plans that will make possible the fulfillment of contracts. The present system has brought us unprecedented distress and can only land us in repudiation or bankruptcy. We plead for an honest dollar that will enable honest citizens to pay their honest debts. We advocate a new deal—a new deal that will bring a new day of hope and confidence and equality of opportunity.

Mr. Chairman, I hope the House will vote down this amendment and all amendments and that we will lend our aid to the President of the United States in his efforts to lead the Nation and the world toward economic recovery and the restoration of prosperity. [Applause.]

Mr. Chairman, I move that all debate on this section and all amendments thereto now close.

Mr. LUCE. Will the gentleman withhold that motion for a moment?

The CHAIRMAN. The gentleman from Alabama moves that all debate on this section and all amendments thereto now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. LUCE].

The question was taken; and the amendment was rejected.

Mr. McFADDEN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

On page 2, line 20, after the word "term", strike out down to and including the word "term", in line 23, so that the subsection shall read:

"(b) As used in this resolution the term 'coin or currency' means coin or currency of the United States, including Federal Reserve notes and circulation notes of the Federal Reserve banks and national banking associations."

The CHAIRMAN. The question is on the amendment.

The question was taken and the amendment was rejected.

The Clerk read as follows:

SEC. 2. The last sentence of paragraph (1) of subsection (b) of section 43 of the Act entitled "An Act to relieve the existing national economic emergency by increasing agricultural purchasing power, to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and for other purposes", approved May 12, 1933, is amended to read as follows:

"All coins and currencies of the United States (including Federal Reserve notes and circulating notes of Federal Reserve banks and national banking associations) heretofore or hereafter coined or issued, shall be legal tender for all debts, public and private, public charges, taxes, duties, and dues, except that gold coins, when below the standard weight and limit of tolerance provided by law for the single piece, shall be legal tender only at valuation in proportion to their actual weight."

Mr. LUCE. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

On page 3, after line 21, add a new section to read as follows:

"Section 3. Nothing in this act shall be construed to impair the obligation of contracts heretofore made."

Mr. LUCE. Mr. Chairman, I am sure the chairman of the committee did not understand that I intended to offer this amendment to the section preceding this, or he would not have made his motion.

Mr. STEAGALL. I certainly did not; and if the gentleman wishes, I am willing to return to the first section.

Mr. LUCE. It is not necessary. I think it is just as well to offer it to follow this section. I trust this interchange between the chairman of the committee and myself will reassure the gentleman from Kansas [Mr. McGUGIN], and will show to him that in the Committee on Banking and Currency there is today, as there always has been, attempt to serve the country without regard to partisan considerations. Several gentlemen of the majority agreed with me in my attitude toward this bill and so voted. In previous matters I have helped along the proposals of the chairman, as sent to him by the administration, and have tried to make good the boast of the committee that it is not a partisan committee. I gave no time to the gentleman from Kansas [Mr. McGUGIN] because this contest is one as to whether the bill should prevail or not, not a question of politics, and I wished all the time at my command to be used in opposition to the bill.

Dismissing that as probably unimportant, I would repeat in some measure what I said more at length earlier in the day, because there are now in attendance two or three times as many Members as were here during most of the debate. So for the information of those who have not heard the debate, I would say that the one issue in this bill is whether the good faith of the Government shall or shall not be maintained. To that end this amendment is offered, and if necessary will be again submitted in the shape of a motion to recommit, so that the House may put itself squarely on record in favor of right or of wrong. I believe this is far more important than any question of finance. I contend this to be a question of the honor of the country. We are for the first time to say whether we will or will not repudiate what the law said was a solemn pledge. I read that from the statute to those who happened to be here at the time. At issue are the words "The faith of the United States is solemnly pledged." The question you are to decide is not anything about the future. There is no question of inflation involved here, and, in its present form, there is no question of whether this gold clause shall or shall not be in future issues of bonds. The only question now to be determined is whether you will renounce, reject, and cover with obloquy the solemn pledge of the Government that those who accepted its offer and lent the Government their money, relying upon this solemn pledge, and those who in private life dealt with each other, lent and borrowed money upon the basis of what was in fact a solemn pledge, shall be maintained in their rights, whether the Government of the United States shall continue in the eyes of the world as an exemplar of good faith.

Mr. DEEN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, followers and worshipers of the god of gold are falling down upon their faces and crying out for vengeance. From all parts of our Nation there comes the cry from the worshipers of this heartless and soulless god who, during the past few years, has robbed millions of home owners of their homes; robbed farmers of their farms; has taken food from crying and hungry children; has robbed the widows and orphans of their mites and has smiled upon infants whose tender and emaciated bodies have grown steadily weaker while ravaged with hunger and pain; has brought about premature death to fondling infants whose mothers' breasts were robbed of the nourishments of life; has forced property owners to become beggars and mendicants. This god of gold, like an octopus, has placed his tentacles in the homes of this Nation and with an imperialistic and death grip practically impoverished and bled white the great middle class of citizens of this country.

This monster, the god of gold, without a heart, minus sympathy, or a sense of feeling, has forced debtors to try to pay debts made 3 or 4 years ago with the present value of the gold dollar. A debt made 3 years ago, when money was plentiful and at the value of property then, cannot be paid with the present value of money. It takes $3 to pay a $1 debt. Resulting from this ratio of values is the disastrous and preponderous economic panic which jeopardized this Nation on March 4. The Democratic Party, with that greatest living Democrat at the head of it, President Franklin D. Roosevelt, has brought about material changes that are placing the country on a safe and sound economic and financial basis. Great progress has been made. Greater progress will be made when this measure becomes law. I regard this bill which makes all currency of the United States worth as much as gold itself the most important bill that I will ever have the privilege to vote for.

There are many hardships and difficulties connected with representing a district here in this Congress, but it is worth all the effort and cost just to vote for this bill. This is my first term, and it may be my last term, but if it is, then I

feel that I shall have made a distinct contribution to our Nation by having the privilege to vote for the bill.

Turn to the thirty-second chapter of the Book of Exodus in Holy Writ and observe that when Moses, that great leader and lawgiver, found that the followers of Israel had acquiesced in their vision and were worshiping a god of gold prepared for them by his brother Aaron, he took the golden calf which they had prepared with the earrings from all the men, women, and children, and which was their god, burnt it in the fire, ground it into powder, strewed it upon the water, and made the children of Israel drink of it.

The passage of this bill will mark the dawn of a new day for the American people. O god of gold, thou hast failed us. Today we turn our faces toward another source—to the God of justice and right for the poverty-stricken and broken-hearted people of our Nation. [Applause.]

Mr. HOOPER. Mr. Chairman, I move to strike out the last word. In the 5 minutes that I have I may not speak strictly to the amendment. I rise to record myself here today because I feel I would not want to go home when our vacation comes without having done so on this most important measure. I respect the President of the United States, both for the office that he holds and for the man himself. When I came here this year from my home in Michigan, it was my purpose to go along just as far as I, a Republican, possibly could with a Democratic President and a Democratic Congress.

I have failed to do so because I have found crashing about my ears, every day, all those things in which I have been taught to believe from a governmental standpoint since I was a boy. It seems to me today that this is sorrow's crown of sorrows. It seems to me that this is the last word in the revolution which has been taking place in the United States during the last 2 months. We have seen this Congress of which I am very fond—and I am just as fond of my Democratic friends as I am of my Republican friends—the representative body of the American people, with 150 years of tradition back of it, day after day abjectly surrendering not only its power, but the power of the American people, bartering away privileges and legislative rights that have grown up during the course of a thousand years; and here today after all these surrenders of power, we find ourselves confronted with something that is infinitely worse, the surrender of our national honor. Across every line of this bill, which is before us today, is written the ugly word repudiation. I claim to be no prophet, but I am going to vote against this bill in the belief that at some time, it may be 6 months, it may be a year from now or 2 years, but at some time every man who subscribes to this piece of legislation will hang his head in shame at the thought that he had a part in bartering away the honor of this Nation.

Mr. Chairman, I said a moment ago that I wanted to go along as far as I could with the Democratic President and the Democratic administration generally, but I am going back home today prouder than ever of the fact that I am a Republican, of the fact that I stand for and believe in sound money, and I know that here today many a sound-money Democrat who is going to cast his vote for this bill will do so with a heavy heart. I know this bill will pass, but I say that never before in the history of our Nation has our honor as a Nation been as basely bartered away as it will be this afternoon. [Applause on the Republican side.]

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. McFADDEN. Mr. Chairman, I offer an amendment.

Mr. SHOEMAKER. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I have not had an opportunity to say anything about this bill, not that anything I would say would amount to so much, but I am not going to charge it either to the Democrats or to the Republicans, but I know that time has been scarce. I do want to say that this bill is the most sensible bill that has been presented to this Congress since the Congress has met. I am going to support the bill and vote for the bill. It is one bill that will bring wheat back as the basis of our American dollar, and the things that the producers produce in the United States.

We can talk about repudiation, we can talk about canceling sacred contracts; and many of those who were today on the floor arguing on this bill from the standpoint of canceling sacred contracts were not on their feet when we voted on the economy bill, arguing in behalf of the sacred contracts we had with the veterans of the United States of America. [Applause.]

I want to say that the sacred contracts that might be canceled in this bill are sacred contracts with the money changers who for years have had their grip upon the throat of this Nation through gold; and this gold is absolutely worthless. It has no intrinsic value. About the only thing you can use it for is to fill a tooth, and there are many things you can use that are better than that. You cannot eat it, but it gives the robbers of widows and orphans, if you please, a chance to corner the gold of the world and use the gold to oppress and depress people until they have brought us into the situation we are in today.

I rise to favor this bill and to oppose the amendment, and to put this bill through and give back to Congress that one right which is guaranteed to it in the very Constitution of the United States, wherein it says, "Congress shall have the right to coin money and regulate the value thereof." [Applause.]

I yield back the balance of my time.

Mr. McFADDEN. Mr. Chairman, I offer an amendment.

Mr. KOPPLEMANN. Mr. Chairman, I desire to ask this gentleman a question in view of the fact that he made untruthful statements, and I want to know whether to believe him or not.

Mr. McFADDEN. Mr. Chairman, I am not yielding to the gentleman.

The CHAIRMAN. The gentleman from Connecticut is out of order. The gentleman from Pennsylvania is recognized.

Mr. McFADDEN. Mr. Chairman, the amendment which I have offered which has not been read, forbids the shipment of gold out of this country.

Mr. KOPPLEMANN. Will the gentleman yield?

Mr. McFADDEN. Mr. Chairman, I have only 5 minutes, and I am not going to yield.

We are in this position today, under the laws that have been passed by the Congress, that all American citizens are forbidden, under penalty of imprisonment and a fine of $10,000, to have more than $100 worth of gold in their possession. The Secretary of the Treasury, however, is authorized to permit the shipment of gold out of this country by issuing licenses, so that the shipment of gold can be made under contracts, previously entered into, to the Bank for International Settlements, to any central bank, including the Bank of England.

Now, may I call your attention to the fact that there is in contemplation the opening of an open market for the purchase and sale of gold in New York City? My understanding is that that is being done with the approval of the Treasury Department, under the auspices of some of the trading organizations or exchanges in New York City. May I point out to you the unfairness of permitting the foreigner to draw gold out of the United States when American citizens are prohibited under the law from having that gold?

The amendment which I have offered proposes to do that thing. There is a plan on foot to consolidate the world's gold in the Bank for International Settlements, which includes our gold. The gold now in the custody of the Federal Reserve System should not be permitted to leave this country on any deal of the international bankers.

May I, during the balance of my time, refer to the other amendment which I offered, which was voted down, to call your attention to the fact that that is an amendment to the section which permits the cancelation of the war debts owed to the United States? You gentlemen who voted against it voted to reduce and cancel the foreign debts to the United States. It defines obligation as meaning debts due to and

from the United States, which, of course, means war debts due to the United States.

May my amendment be read, Mr. Chairman?

Mr. STEAGALL. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question now recurs on the amendment offered by the gentleman from Massachusetts [Mr. LUCE].

The question was taken, and the amendment was rejected.

Mr. McFADDEN. Mr. Chairman, may my amendment be read?

The Clerk read as follows:

Amendment offered by Mr. McFADDEN: On page 3, after line 21 insert a new section to read as follows:

"SEC. 3. That after the passage of this act no further licenses shall be granted for the export of gold from the United States to any foreign country, and no one in the United States shall have power to grant such licenses or to export gold to any foreign country."

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from Pennsylvania [Mr. McFADDEN].

The amendment was rejected.

Mr. HOEPPEL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOEPPEL: On page 3, following line 21, insert a new section, as follows:

"3. That the United States Government immediately pay the veterans' compensation certificates in lawful money of the United States as provided in this measure."

Mr. STEAGALL. Mr. Chairman, I make the point of order that the amendment is not germane.

The CHAIRMAN. The Chair sustains the point of order.

Mr. HOEPPEL. Mr. Chairman, I offer another amendment.

The Clerk read as follows:

Amendment offered by Mr. HOEPPEL: On page 3, following line 21, add a new section, as follows:

"SEC. 3. Every Government obligation heretofore or hereinafter incurred issued as tax-exempt, shall hereafter be subject to tax."

Mr. STEAGALL. Mr. Chairman, I make the point of order that the amendment is not germane.

The CHAIRMAN. The Chair sustains the point of order. Under the rule the Committee automatically rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. RANKIN, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration House Joint Resolution 192, to assure uniform value to the coins and currencies of the United States, pursuant to House Resolution No. 161 he reported the same back to the House.

The SPEAKER. Under the rule the previous question is ordered on the joint resolution.

The joint resolution was ordered to be engrossed and read a third time and was read the third time.

Mr. LUCE. Mr. Speaker, I move to recommit the bill to the Committee on Banking and Currency with an amendment which I send to the Clerk's desk.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. LUCE. I am opposed to the bill.

The Clerk read as follows:

Mr. LUCE moves to recommit the joint resolution to the Committee on Banking and Currency with instructions to report the same back forthwith with the following amendment:

Add a new section on page 3, after line 21, as follows:

"SEC. 3. Nothing in this act shall be construed to impair the obligation of contracts heretofore made."

The SPEAKER. The question is on the motion to recommit.

Mr. LUCE. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. CHRISTIANSON. Mr. Speaker, may we have the motion to recommit again read by the Clerk?

The SPEAKER. Without objection, the Clerk will again report the motion to recommit.

There was no objection.

The Clerk again read the motion to recommit.

The question was taken; and there were—yeas 78, nays 263, not voting 90, as follows:

[Roll No. 51]

YEAS—78

Allen	Culkin	Hope	Stokes
Andrew, Mass.	Darrow	Huddleston	Strong, Pa.
Bacon	De Priest	Kahn	Studley
Beck	Dirksen	Kinzer	Swick
Beedy	Ditter	Lambeth	Thom
Black	Dondero	Lehlbach	Thompson, Ill.
Blanchard	Eltse, Calif.	Luce	Thurston
Boehne	Englebright	McFadden	Tinkham
Bolton	Evans	McLean	Tobey
Britten	Farley	Mapes	Traeger
Brown, Mich.	Fiesinger	Marshall	Treadway
Burnham	Fish	Martin, Mass.	Turpin
Cannon, Mo.	Foss	May	Wadsworth
Carter, Calif.	Frear	Merritt	Watson
Carter, Wyo.	Gibson	Parker, N.Y.	Welch
Chase	Guyer	Pettengill	Whitley
Claiborne	Hancock, N.Y.	Powers	Wolcott
Cochran, Pa.	Hess	Ransley	Woodruff
Collins, Calif.	Holmes	Rogers, Mass.	
Crowther	Hooper	Stalker	

NAYS—263

Adair	Dobbins	Kocialkowski	Richards
Adams	Dockweiler	Kopplemann	Robertson
Allgood	Doughton	Kramer	Robinson
Almon	Douglass	Kvale	Rogers, Okla.
Arens	Doxey	Lambertson	Romjue
Arnold	Drewry	Lamneck	Rudd
Bailey	Driver	Lanham	Ruffin
Beam	Duffey	Larrabee	Sabath
Beiter	Duncan, Mo.	Lea, Calif.	Sadowski
Berlin	Dunn	Lee, Mo.	Sanders
Bland	Durgan, Ind.	Lehr	Sandlin
Blanton	Eagle	Lemke	Schaefer
Bloom	Eicher	Lesinski	Schuetz
Boileau	Ellzey, Miss.	Lewis, Colo.	Sears
Brennan	Faddis	Lloyd	Secrest
Brooks	Fernandez	Lozier	Shallenberger
Brown, Ky.	Fitzgibbons	Ludlow	Shannon
Browning	Fitzpatrick	Lundeen	Shoemaker
Buchanan	Flannagan	McCarthy	Sinclair
Buck	Fletcher	McClintic	Smith, Va.
Bulwinkle	Ford	McCormack	Smith, Wash.
Burke, Calif.	Fuller	McFarlane	Smith, W.Va.
Burke, Nebr.	Fulmer	McGrath	Somers, N.Y.
Busby	Gasque	McGugin	Spence
Byrns	Gilchrist	McKeown	Steagall
Cady	Gillespie	McMillan	Strong, Tex.
Caldwell	Glover	Major	Stubbs
Cannon, Wis.	Gray	Maloney, Conn.	Sumners, Tex.
Carden	Green	Maloney, La.	Sutphin
Carpenter, Kans.	Greenwood	Mansfield	Swank
Carpenter, Nebr.	Gregory	Marland	Tarver
Cartwright	Griffin	Martin, Colo.	Taylor, Colo.
Cary	Griswold	Martin, Oreg.	Taylor, S.C.
Castellow	Hamilton	Mead	Taylor, Tenn.
Celler	Hancock, N.C.	Meeks	Terrell
Chapman	Hart	Miller	Thomason, Tex.
Chavez	Harter	Milligan	Truax
Christianson	Hastings	Mitchell	Turner
Church	Healey	Monaghan	Umstead
Cochran, Mo.	Henney	Montet	Utterback
Coffin	Hildebrandt	Moran	Vinson, Ga.
Colden	Hill, Ala.	Morehead	Vinson, Ky.
Cole	Hill, Knute	Mott	Wallgren
Collins, Miss.	Hill, Samuel B.	Murdock	Walter
Colmer	Hoeppel	Musselwhite	Warren
Condon	Hoidale	Nesbit	Wearin
Connery	Howard	O'Brien	Weaver
Cooper, Tenn.	Hughes	O'Connell	Weideman
Cox	Jacobsen	O'Connor	Werner
Cravens	James	O'Malley	West, Ohio
Crosby	Jeffers	Oliver, N.Y.	West, Tex.
Cross	Jenckes	Owen	White
Crosser	Johnson, Minn.	Parker, Ga.	Whittington
Crowe	Johnson, Okla.	Parks	Wilcox
Crump	Johnson, Tex.	Parsons	Williford
Cullen	Johnson, W.Va.	Patman	Williams
Cummings	Jones	Peavey	Wilson
Darden	Keller	Peterson	Withrow
Dear	Kelly, Ill.	Peyser	Wolfenden
Deen	Kemp	Pierce	Wood, Ga.
Delaney	Kennedy, N.Y.	Polk	Wood, Mo.
DeRouen	Kenney	Ramspeck	Woodrum
Dickinson	Kleberg	Randolph	Young
Dies	Kloeb	Rankin	Zioncheck
Dingell	Kniffin	Rayburn	The Speaker
Disney	Knutson	Reilly	

NOT VOTING—90

Abernethy	Biermann	Cavicchia	Dowell
Andrews, N.Y.	Boland	Clark, N.C.	Eaton
Auf der Heide	Boylan	Clarke, N.Y.	Edmonds
Ayers, Mont.	Brumm	Connolly	Focht
Ayres, Kans.	Brunner	Cooper, Ohio	Foulkes
Bacharach	Buckbee	Corning	Gambrill
Bakewell	Burch	Dickstein	Gavagan
Bankhead	Carley	Doutrich	Gifford

Gillette	Kennedy, Md.	Oliver, Ala.	Seger
Goldsborough	Kerr	Palmisano	Simpson
Goodwin	Kurtz	Perkins	Sirovich
Goss	Lanzetta	Pou	Sisson
Granfield	Lewis, Md.	Prall	Snell
Haines	Lindsay	Ragon	Snyder
Harlan	McDuffie	Ramsay	Sullivan
Hartley	McLeod	Reece	Sweeney
Higgins	McReynolds	Reed, N.Y.	Taber
Hollister	McSwain	Reid, Ill.	Underwood
Hornor	Millard	Rich	Waldron
Imhoff	Montague	Richardson	Wigglesworth
Jenkins	Moynihan	Rogers, N.H.	Wolverton
Kee	Muldowney	Schulte	
Kelly, Pa.	Norton	Scrugham	

The SPEAKER. The Clerk will call my name.

The Clerk called the name of Mr. RAINEY, and he voted "no", as above recorded.

So, the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Hollister (for) with Mr. Burch (against).
Mr. Bakewell (for) with Mr. Clark of North Carolina (against).
Mr. Wigglesworth (for) with Mr. Bankhead (against).
Mr. Kurtz (for) with Mr. Snyder (against).
Mr. Taber (for) with Mr. Ayres of Kansas (against).
Mr. Jenkins (for) with Mr. Imhoff (against).
Mr. Cavicchia (for) with Mr. Rogers of New Hampshire (against).
Mr. Seger (for) with Mr. Schulte (against).
Mr. Cooper of Ohio (for) with Mr. Prall (against).
Mr. Simpson (for) with Mr. Muldowney (against).
Mr. Brumm (for) with Mr. Kee (against).
Mr. Andrews of New York (for) with Mr. Granfield (against).
Mr. Hartley (for) with Mr. Buckbee (against).
Mr. Millard (for) with Mr. Corning (against).
Mr. Connolly (for) with Mr. Lanzetta (against).
Mr. Waldron (for) with Mr. Boland (against).
Mr. Goss (for) with Mr. Scrugham (against).
Mr. Bacharach (for) with Mr. Auf der Heide (against).
Mr. McLeod (for) with Mr. Pou (against).
Mr. Doutrich (for) with Mr. Lindsay (against).
Mr. Eaton (for) with Mr. Ragon (against).
Mr. Goodwin (for) with Mr. Harlan (against).
Mr. Higgins (for) with Mr. Underwood (against).
Mr. Moynihan (for) with Mr. Dickstein (against).
Mr. Rich (for) with Mr. Carley (against).

Until further notice:

Mr. Oliver of Alabama with Mr. Snell.
Mr. McSwain with Mr. Wolverton.
Mr. Ayers of Montana with Mr. Gifford.
Mr. Abernethy with Mr. Reed of New York.
Mr. Sweeney with Mr. Kelly of Pennsylvania.
Mr. McDuffie with Mr. Dowell.
Mr. Goldsborough with Mr. Reid of Illinois.
Mr. Montague with Mr. Perkins.
Mr. Lewis of Maryland with Mr. Reece.
Mr. Palmisano with Mr. Clarke of New York.
Mr. Gambrill with Mr. Edmonds.
Mr. Biermann with Mr. Ramsey.
Mr. Gillette with Mr. Foulkes.

Mr. BLANTON. Mr. Speaker, I voted "present" until I could find out whether this was a bill of the President or not. I now change my vote from present to no.

Mr. McSWAIN. Mr. Speaker, if allowed to vote, I would vote "no", but I was not here in time.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. STEAGALL. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 283, nays 57, answered "present" 1, not voting 90, as follows:

[Roll No. 52]

YEAS—283

Adair	Brown, Ky.	Castellow	Crosby
Adams	Browning	Celler	Cross
Allgood	Buchanan	Chapman	Crosser
Almon	Buck	Chavez	Crowe
Arens	Bulwinkle	Christianson	Crump
Arnold	Burke, Nebr.	Church	Cullen
Ayers, Mont.	Busby	Cochran, Mo.	Cummings
Beam	Byrns	Coffin	Darden
Beiter	Cady	Colden	Dear
Berlin	Caldwell	Cole	Deen
Biermann	Cannon, Mo.	Collins, Calif.	Delaney
Bland	Cannon, Wis.	Collins, Miss.	DeRouen
Blanton	Carden	Colmer	Dickinson
Bloom	Carpenter, Kans.	Condon	Dies
Boileau	Carpenter, Nebr.	Connery	Dingell
Brennan	Carter, Wyo.	Cooper, Tenn.	Dirksen
Britten	Cartwright	Cox	Disney
Brooks	Cary	Cravens	Dobbins
Dockweiler	Jenckes	Meeks	Smith, W.Va.
Dondero	Johnson, Minn.	Miller	Somers, N.Y.
Doughton	Johnson, Okla.	Milligan	Spence
Doxey	Johnson, Tex.	Mitchell	Steagall
Drewry	Johnson, W.Va.	Monaghan	Strong, Tex.
Driver	Jones	Montet	Stubbs
Duffey	Keller	Moran	Studley
Duncan, Mo.	Kelly, Ill.	Morehead	Sumners, Tex.
Dunn	Kemp	Mott	Sutphin
Durgan, Ind.	Kennedy, N.Y.	Murdock	Swank
Eagle	Kenney	Musselwhite	Tarver
Eicher	Kleberg	Nesbit	Taylor, Colo.
Ellzey, Miss.	Kloeb	O'Brien	Taylor, S.C.
Faddis	Kniffin	O'Connell	Taylor, Tenn.
Fernandez	Knutson	O'Connor	Terrell
Fitzgibbons	Kocialkowski	O'Malley	Thomason, Tex.
Fitzpatrick	Kopplemann	Oliver, N.Y.	Thompson, Ill.
Flannagan	Kramer	Owen	Thurston
Fletcher	Kvale	Parker, Ga.	Truax
Ford	Lambertson	Parks	Turner
Frear	Lambeth	Parsons	Turpin
Fuller	Lamneck	Patman	Umstead
Fulmer	Lanham	Peavey	Utterback
Gasque	Larrabee	Peterson	Vinson, Ga.
Gilchrist	Lea, Calif.	Peyser	Vinson, Ky.
Gillespie	Lee, Mo.	Pierce	Wallgren
Glover	Lehr	Polk	Walter
Gray	Lemke	Ramspeck	Warren
Green	Lesinski	Randolph	Wearin
Greenwood	Lewis, Colo.	Rankin	Weaver
Gregory	Lloyd	Rayburn	Weideman
Griffin	Lozier	Reilly	Welch
Griswold	Ludlow	Richards	Werner
Guyer	Lundeen	Robertson	West, Ohio
Hamilton	McCarthy	Robinson	West, Tex.
Hancock, N.C.	McClintic	Rogers, Okla.	White
Hart	McCormack	Romjue	Whitley
Harter	McDuffie	Rudd	Whittington
Hastings	McFarlane	Ruffin	Wilcox
Healey	McGrath	Sabath	Williford
Henney	McGugin	Sadowski	Williams
Hildebrandt	McKeown	Sanders	Wilson
Hill, Ala.	McMillan	Sandlin	Withrow
Hill, Knute	McSwain	Schaefer	Wolfenden
Hill, Samuel B.	Major	Schuetz	Wolverton
Hoeppel	Maloney, Conn.	Sears	Wood, Ga.
Hoidale	Maloney, La.	Secrest	Wood, Mo.
Hope	Mansfield	Shallenberger	Woodruff
Howard	Marland	Shannon	Woodrum
Hughes	Martin, Colo.	Shoemaker	Young
Jacobsen	Martin, Oreg.	Sinclair	Zioncheck
James	May	Smith, Va.	The Speaker
Jeffers	Mead	Smith, Wash.	

NAYS—57

Allen	Darrow	Kahn	Stalker
Andrew, Mass.	Ditter	Kinzer	Stokes
Beedy	Eltse, Calif.	Lehlbach	Strong, Pa.
Black	Englebright	Luce	Swick
Blanchard	Evans	McFadden	Thom
Boehne	Farley	McLean	Tinkham
Bolton	Fiesinger	Mapes	Tobey
Brown, Mich.	Fish	Marshall	Traeger
Burnham	Foss	Martin, Mass.	Treadway
Carter, Calif.	Gibson	Merritt	Wadsworth
Chase	Hancock, N.Y.	Parker, N.Y.	Watson
Claiborne	Hess	Pettengill	Wolcott
Cochran, Pa.	Holmes	Powers	
Crowther	Hooper	Ransley	
Culkin	Huddleston	Rogers, Mass.	

ANSWERED "PRESENT"—1

De Priest

NOT VOTING—90

Abernethy	Corning	Imhoff	Ramsay
Andrews, N.Y.	Dickstein	Jenkins	Reece
Auf der Heide	Douglass	Kee	Reed, N.Y.
Ayres, Kans.	Doutrich	Kelly, Pa.	Reid, Ill.
Bacharach	Dowell	Kennedy, Md.	Rich
Bacon	Eaton	Kerr	Richardson
Bailey	Edmonds	Kurtz	Rogers, N.H.
Bakewell	Focht	Lanzetta	Schulte
Bankhead	Foulkes	Lewis, Md.	Scrugham
Beck	Gambrill	Lindsay	Seger
Boland	Gavagan	McLeod	Simpson
Boylan	Gifford	McReynolds	Sirovich
Brumm	Gillette	Millard	Sisson
Brunner	Goldsborough	Montague	Snell
Buckbee	Goodwin	Moynihan	Snyder
Burch	Goss	Muldowney	Sullivan
Burke, Calif.	Granfield	Norton	Sweeney
Carley	Haines	Oliver, Ala.	Taber
Cavicchia	Harlan	Palmisano	Underwood
Clark, N.C.	Hartley	Perkins	Waldron
Clarke, N.Y.	Higgins	Pou	Wigglesworth
Connolly	Hollister	Prall	
Cooper, Ohio	Hornor	Ragon	

The SPEAKER. The Clerk will call my name.

The Clerk called the name of Mr. RAINEY, and he voted "yea", as above recorded.

So the joint resolution was passed.

The Clerk announced the following additional pairs:

On this vote:

Mr. Burch (for) with Mr. Hollister (against).
Mr. Clark of North Carolina (for) with Mr. Bakewell (against).
Mr. Bankhead (for) with Mr. Wigglesworth (against).
Mr. Snyder (for) with Mr. Kurtz (against).
Mr. Ayres of Kansas (for) with Mr. Taber (against).
Mr. Imhoff (for) with Mr. Jenkins (against).
Mr. Rogers of New Hampshire (for) with Mr. Cavicchia (against).
Mr. Schulte (for) with Mr. Seger (against).
Mr. Prall (for) with Mr. Cooper of Ohio (against).
Mr. Muldowney (for) with Mr. Simpson (against).
Mr. Kee (for) with Mr. Brumm (against).
Mr. Granfield (for) with Mr. Andrews of New York (against).
Mr. Buckbee (for) with Mr. Hartley (against).
Mr. Corning (for) with Mr. Millard (against).
Mr. Lanzetta (for) with Mr. Connolly (against).
Mr. Boland (for) with Mr. Waldron (against).
Mr. Scrugham (for) with Mr. Goss (against).
Mr. Auf der Heide (for) with Mr. Bacharach (against).
Mr. Pou (for) with Mr. McLeod (against).
Mr. Lindsay (for) with Mr. Doutrich (against).
Mr. Ragon (for) with Mr. Eaton (against).
Mr. Harlan (for) with Mr. Goodwin (against).
Mr. Underwood (for) with Mr. Higgins (against).
Mr. Dickstein (for) with Mr. Moynihan (against).
Mr. Carley (for) with Mr. Rich (against).
Mr. Bailey (for) with Mr. Bacon (against).

Until further notice:

Mr. Oliver of Alabama with Mr. Snell.
Mr. Abernethy with Mr. Reed of New York.
Mr. Sweeney with Mr. Kelly of Pennsylvania.
Mr. Goldsborough with Mr. Reid of Illinois.
Mr. Montague with Mr. Perkins.
Mr. Lewis of Maryland with Mr. Reece.
Mr. Palmisano with Mr. Clarke of New York.
Mr. Gambrill with Mr. Edmonds.
Mr. Gillette with Mr. Burke of California.
Mr. Kennedy of Maryland with Mr. Dowell.
Mr. Ramsey with Mr. Gifford.
Mr. Douglass with Mr. Beck.

Mr. BYRNS. Mr. Speaker, I am requested to announce that the following Members are unavoidably absent, and if present would vote "no" on the motion to recommit and "aye" on the passage of the bill: Mrs. NORTON, Mr. SULLIVAN, Mr. BOYLAN, Mr. SISSON, Mr. MCREYNOLDS, Mr. HAINES, Mr. RICHARDSON, Mr. KERR, Mr. SIROVICH, Mr. BRUNNER, Mr. HORNER, and Mr. GAVAGAN.

The result of the vote was announced as above recorded.

On motion of Mr. STEAGALL, a motion to reconsider the vote by which the joint resolution was passed was laid on the table.

VALUE OF COINS AND CURRENCIES OF THE UNITED STATES—EXTENSION OF REMARKS

Mr. BEITER. Mr. Speaker, ladies and gentlemen of the House, the declaration that the gold clauses in public and private obligations are contrary to public policy arises out of the experiences of the present emergency. If the gold clause applied to a very limited number of contracts and security issues, it would be a matter of no particular consequence, but in this country virtually all obligations, almost as a matter of routine, contain the gold clause. No currency system, whether based upon gold or upon any other foundation, can meet the requirements of a situation in which many billions of dollars of securities are expressed in a particular form of the circulating medium.

THE UNITED STATES IS OFF THE GOLD STANDARD

When the important announcement was made "The United States is off the gold standard" by the Secretary of the Treasury, Mr. Woodin, the natural impulse was to find out what it is all about. I once read somewhere "when in doubt, see your banker", so I sought an audience with this learned man. I felt that I knew as much about it, after the interview was over, as I did when on a previous occasion I sought his reasoning on why Canadian money was at such a discount. I might state that I reside in a border city. At that time he informed me that the discount on foreign exchange was arrived at through the balance of trade between the countries. This may have been very illuminating to some few people, but I confess it left me still in ignorance.

Former President Hoover, in a precampaign speech, stated that we were only a few hours, or was it a few days, from going off the gold standard—which gave Wall Street publications occasion to print denials and quotations from our leading financiers that the President had misspoken himself, and that we were not anywhere near such a national catastrophe as going off the gold standard. But the President also let it be known that through quick action, and strategic moves by his administration, the American dollar still rang true on the counters of the world. Still keeping to this thought—that it was all-important for our national well-being to maintain the gold standard—what must we now think? And what are the reactions to date? Talk of inflation to the tune of $3,000,000,000! Republican Members of the House and Senate shaking their heads and asking the Democrats, "What do you know about banking and finance, let alone inflation?" And the Democrats answering, "You should ask, after the success you have made of the Nation's finances!" And the people are still wondering and still clinging to their one remaining asset—hope. And what is their hope, and can going off the gold standard and inflating our currency fulfill their fondest hopes, which, after all, are higher prices and the relief of unemployment?

It is truly an experiment, but the most logical one we have yet attempted. The Reconstruction Finance Corporation, about which we have all heard so much and know so little, one of the depression experiments, may have saved our financial structure temporarily, but that is a debatable question. What we all do know about this Corporation is that some folks were able to borrow money from it. But it seems to me that most of our present trouble is due to the fact that most of us have already borrowed too much money and now we cannot pay it back, and Shylock demands his pound of flesh. To learn that some other banker will lend us more money surely is only pointing the way to inevitable bankruptcy if our assets continue to depreciate.

What has our maintenance of the gold standard, with practically the whole world ignoring it, done for industry and labor? We hear and read a lot about our foreign trade; Government statistics continually point out the sad fact that exports continue to drop, but imports, in many instances, show increases. And why not? Foreign buyers with depleted currencies buy from countries where their dollar buys a dollar's worth of goods, whereas in America a dollar's worth of goods actually costs from a dollar and a quarter to a dollar and a half on account of the exchange. And better still, American buyers, with their gold-standard currencies, can buy a dollar and a quarter to a dollar and a half worth of merchandise for a dollar in foreign countries. So, in the parlance of the street, they have us coming and going—mostly going, for hundreds of America's well-established industries have moved their plants, bag and baggage, to foreign lands, for they have been unable to market American-made products, for which, among other things, they must receive American gold dollars, not to mention the so-called "protective tariff", and one wonders if at last that famous "cross of gold" speech was not slightly premature.

The most astounding fact since going off the gold standard is the absence of dire prophesies. With few exceptions, if these prophets were ever without honor, they are now, for are not they the same gentlemen who such a short time ago hinted something about prosperity being just around the corner? And to go back a little further, it is not hard to recall who loaded our small banks with those "good foreign bonds", payable in gold, which never could and never will be payable in gold, if payable at all.

It will be argued that with no gold backing, our American dollar will drop in value. That is granted, but to what value? To determine this value we must first arrive at its present gold value. The purchasing power of a dollar is at present conceded to be about $1.50 compared with its purchasing value of, say, 7 years ago, which is not considered an abnormal period in American business. The abnormal period came later. The owner of the present dollar gets the benefit of the additional 50 cents when he makes a purchase. If his purchase happens to be food products, and most of his purchases are, the farmer producing same actually loses the 50 cents. The proof of this is an established fact. No need for argument—that the farmer is forced to sell his products much below actual cost. Some of his products

sell for less than the cost of his seed, to say nothing of his labor, his investment, his taxes, and interest, but does the loss stop with the farmer? It does not. No business ever fails alone; somebody else must hold the bag, so the farmer fails to pay his interest, his other obligations, and so forth. He loses his farm through foreclosure; the mortgagee is deprived of his interest; the merchant writes down his accounts receivable; and the tax bureau respreads the unpaid taxes, and the fellow with the dollar, which he thought was worth a dollar and a half, pays—although he does not always know it. He pays just the same, and the circle is completed. This is just as true in the case of the manufacturer, the banker, or any business man.

Will inflation prove a remedy at this time? Water will run up hill only under pressure and can be dammed by pressure but for a short time only. We have witnessed the prices of all commodities climb under pressure, we have seen them dammed for almost 4 years under pressure, the pressure being gold in both instances. The argument of overproduction and surpluses cannot be conceded, for how can a surplus exist of foodstuffs or clothing when people are hungry and most of the people are threadbare? If it were possible for all of us to have what we need—mind you, not what we want—there would be no surplus, so the facts are the reverse of this. Most of us have assets whether they be real estate, stocks and bonds, or services, but today we are unable to realize on them. Why? Because they are depressed below their actual value, and actual value is not so hard to arrive at when applying the rule of common reasoning as compared to the gold standard. The basis of future values must not be computed in gold—a commodity, which, owing to the very nature of it, can be controlled for the benefit of the few to the detriment of the many. Expansion of the currency simply means more money, not necessarily the medium of exchange, as we term money, but more available credit. To best illustrate this credit, let us say a parcel of property is today considered worth $10,000 in actual value, based on a fair assessment for taxpaying purposes. Or the same might be true of a cargo of merchandise. But to obtain a credit or loan for the purpose of marketing the merchandise, or improving the property, its value, based on gold, might be only $5,000, and it would have a collateral value of 50 percent less, bringing its commercial value to $2,500, whereas, if the actual value could be made the credit basis it would have a commercial value of $5,000. And inflation proposes to do just this!

Of course it would be beyond all reason to believe that such a change could be consummated without opposition, both from politicians and economists, so let us review briefly the opposition. They have brought their biggest guns forward for one grand blast, and they have addressed their appeals mostly to Mr. Average Citizen, who yet possesses small savings. But has this class of citizen forgotten so soon that only a month or two ago, after being worked up to a frantic state of alarm over the safety of his savings, the Governors of practically every State in the Union, and lastly the President of the United States, found it necessary to close all our banks in order to save him from ruin? The lesson we all learned from the bank holiday is that America cannot be cashed, for our national wealth is not measured in dollars, gold, or otherwise.

If it be true that our savings will shrink under inflation, it is also just as true that they have shrunk in the period of deflation, for does anyone believe that our banks, savings and loan associations, and other institutions for savings can pay 100 cents on the dollar with their assets depressed to such a point that few, if any, of our thousands of closed banks now in liquidation have been able to pay 50 percent of the deposits, even after throwing in the capital investment and in many instances the stockholders' assessment for good measure. And we are to believe that our savings will remain safe while deflation, forced liquidation, foreclosures, and bankruptcy are allowed to continue unabated.

Another form of savings must not be overlooked, and that is the thousands of bondholders who still hold bonds that have not already defaulted, principally Government and municipal bond owners. We have such an authority as the President of the United States for the fact that our national debt approximates our national wealth. All our cities, counties, and towns are burdened with bonded debt. Few municipalities can collect more than 50 percent of the taxes they levy. This is not surprising. Few taxpayers, if any, have not suffered a 50-percent loss of income, whether it be rents or the profits in business, not to mention depreciation in values. To date most of our municipalities have been able to borrow to meet fixed interest charges, but to pyramid the indebtedness is not the way out, and inevitable bankruptcy is just around the corner.

Inflation may be an experiment, but it brings hope. We are off the gold standard, and, to quote Senator PITTMAN, "If we fail, God help America."

Mr. TRUAX. Mr. Speaker, Members of the House, when we were debating the so-called "Economy Act", the charge was made that those who voted against the bill were shooting the President of the United States with the assassin's bullet. If that charge were true then, what about any Democrat who might vote against this bill? Why he would be cutting the President's throat with one of democracy's sharpest swords, the sword that sought to cut the stranglehold of Mark Hanna and his bags of gold, was wielded by the mighty hand of a distinguished Democrat, William Jennings Bryan.

Those who oppose this bill talk about repudiation of debts. I say to them defeat this bill and you repudiate your own President, Franklin D. Roosevelt. One of his first acts was to call in the gold from the vaults of the Morgans, the Mellons, the Rockefellers, and thereupon hope began to return, confidence to be restored, and prosperity to come. It required a Washington and a Jefferson to free the country from English tyranny and oppression. It needed a Lincoln to unfetter the shackles of the colored man, but it waited for a Roosevelt to free the industrial slaves of this country from the bondage and serfdom of the gold standard of the money kings.

We hear much of "the science of money" as though it were a sacred old white ox before which the average American must prostate himself and gaze open-mouthed at those superior intellects who have studied the so-called "science of money." It is supposed to be something very esoteric, quite beyond the comprehension of the hoi polloi, and as to the farmer and workingman it is supposed to be as far beyond his mental grasp as the star Arcturus, whose beam of light set in motion the Chicago Exposition. Being a hog farmer myself and not a metallist I cannot compete with them when it comes to talking about "redemption money", "money of final payment", "gold as standard of value," until lost in a fog of their own making they must content themselves by prattling about a "debased currency", "repudiation" of the bond holdings of the bloated millionaires, and, finally, that the President's action is unconstitutional as measured by the mildewed legal minds of 40 years ago. Preserve the Constitution, they say, but let the people suffer and die. Maintain the gold standard for the silk-stockinged aristocrats, but the masses wear rags and tags. Kneel down and worship at the golden throne of J. P. Morgan & Co. while 15,000,000 men walk the streets begging for a job.

With their captious though fallacious themes these modern sophists prate of debasing the currency, unmindful of the fact that American manhood has been debased, American womanhood debauched, and American ideals destroyed to uphold the golden calf of Mammon. In their ecstasy to wander about into the labyrinth of the "science of money" they become foolishly bewildered in an economic maze of their own making. The farmer and the wage earner may never be privileged to enter this superabode of the money-minded giants of intellect, yet the farmer knows that a dollar that buys 2 bushels of wheat or 30 pounds of pork is unsound. He knows when he sells an acre of corn harvesting 50 bushels for a $5 bill that there is something rotten in Denmark. When he feels the money lender's noose tighten about his neck because money is so high and farm commodities so low that the two are as far apart as the Poles, he understands that the whole currency system

functions for the rich at the expense of the poor. The wage earner, though not a high-browed metalist nor yet a high-domed professor of the science of money, but who tramps the streets for days, weeks, and months looking for work, with his family starving while the 12-cylinder Lincoln of the plutocrat brushes him aside, knows that these two extremes, the one of damnable poverty, the other of ultra-rich luxury must be equalized, and that soon, or bloody revolution will follow in its wake. The difference between the condition of Dives and Lazarus was never as sharply defined as now. It is not so much the pitiful poverty of the many as the enormous wealth of the few that is fostering discontent. While the masses battle desperately for bread to eat, rags to wear, and leaky roofs to shelter those whom their hearts hold dearest, the multimillionaire crowd pile up more millions and brazenly boast of their refusal to pay income taxes.

I have neither the time nor the disposition to burden this Congress with a dissertation of my own on the technic of money—the gold standard. A $20 bill, whether it be redeemable in gold, silver, or lawful currency of the Nation, is merely a check given by all the people of this country and drawn by their hired hand, the Secretary of the Treasury, in his official capacity, given against all of the property and wealth of the country. So long as our currency is genuine and signed by Uncle Sam in his lawful, legal capacity, I care not a tinker's damn whether it is backed by gold, silver, or lead. That currency can only benefit me when I exchange it for its equivalent value in commodities. I can carry it about my person, hide it in the mattress, or in tin cans; but it represents nothing unless I exchange it for the necessities, comforts, and luxuries of life. There is a law of gravitation that anything which goes up must come down, and vice versa. If the millennium were to be attained, the Utopia reached, then there would always be an even balance between the value of the dollar and the value of the commodities it purchases. Assuming that both once started on an even keel, it is perfectly logical and natural to assume further that when one goes up the other comes down. As the value of the dollar appreciates the value of the commodity depreciates; hence we get what every farmer and every wage earner knows—a dishonest dollar that means more wealth for the wealthy and more poverty for the poor.

There never has been nor never will be "a money of final payment nor of redemption." When you trade a paper dollar for a gold dollar or a silver dollar, you have merely traded one Government check for another. The gold dollar must await final redemption in terms of commodities, in pounds of wheat, bread, sugar, flour, shoes, stockings, cigarettes, or whatnot. One dollar is merely a figure of speech by which we convey to the intelligentsia of one human being to another how many dollars are required to pay taxes, to pay rent, gas bills, light bills, telephone bills, and monthly installments to the financing companies, or 36-percent loan sharks. As the dollar mounts in value, the living costs of wage earners and salaried workers become increasingly difficult obligations to meet. A lot of these so-called "money experts" do acrobatic tricks with statistics—the per capita circulation of money, the increase in circulating media as compared to the increase in population and such similar gymnastics until their logical sequences are sprained and can walk only with the aid of crutches.

The gold standard has always been the ruthless despoiler of the larders of the poor. If it be true that going off the gold standard or the adoption of a silver standard would scale down the mighty fortunes of the millionaires, then in the name of God give us this latter remedy. A depreciating currency may be called by some an evil, but on the other hand an appreciating currency is a scavenger of hell itself.

The pages of history may be searched, the annals of time sounded, yet never an instance will be found where a depreciated currency has ruined the common people; yet the melancholy note that arises from the harp of time is proof positive that, out of the wreck and ruin and economic chaos following all panics and depressions, there rears the ugly head of an appreciating currency that concentrates and centralizes the wealth of nations in the slimy hands of the privileged few and makes of the masses suffering serfs, throwing them upon the public purse and Government doles—compels them to select without alternative the bread of charity or the blood of revolution.

Out of the suffering, misery, and woe caused by this costliest, deadliest of all economic collapses, the one of 1929–33, one great good will be found surviving, namely, the inability of the money kings to now point to any real, tangible benefit accruing from the maintenance of the gold standard; no longer can the plutocrats, through their subsidized newspapers, and bipedal broadcasters in official life, proclaim that the gold standard has maintained the American wage scale, American standards of living, and the full dinner pail. The proof of the pudding is in the chewing of the string, and the 15,000,000 unemployed workmen who are tasting the gall and wormwood of the crumbs from Dives' table, now represented by Morgan & Co., cannot by the wildest stretch of the imagination be longer led to the golden altar to be slaughtered.

Mr. GLOVER. Mr. Speaker, the bill now before us for consideration, House Joint Resolution 192, is possibly the most important legislation that will be considered by this Congress.

The joint resolution which has the same binding effect of an act, is "To assure uniform value to the coins and currencies of the United States." I have contended for this legislation ever since I have been a Member of this Congress. Three years ago I introduced a bill to put in circulation $2,000,000,000 of silver money and making it a legal tender for all debts owed by the United States and taking us off the gold standard. If this bill had passed when it was introduced, it would have averted the panic that came upon us.

Two things brought on the panic, one was the gold standard and the other the tariff. The Constitution of the United States gives to Congress the power to coin money and to regulate the value thereof. It is reliably stated that $100,000,000,000 of the bonds and obligations of debts now owed are to be paid according to the way they have been issued in gold. We only have a little over $4,000,000,000 in gold to a hundred billion in debts. No contract or bond ever should have been written so as to make it payable in gold but should have been made payable in legal-tender money of the United States.

No obligation or contract from and after the passage of this act will ever be made payable in gold, but will be made payable in legal tender of either gold, silver, or paper money. The thing that makes coin valuable is the Government that is back of it, and it is certainly unwise for a nation to build a foundation of $100,000,000,000 worth of debt on $4,000,000,000 worth of coin. Those who bought Government bonds and every other character of bond they have purchased that have been made payable in gold did not pay gold for them but simply gave their check or any regular tender of money that they had for the purchase of these bonds. Congress having the right to regulate the value of money might change the standard at any time to suit the needs of the people. Then if it is made payable in legal tender, whatever the money of the United States Government is, at the time of payment, is good in payment. This makes our money basis absolutely safe in the United States. It will prevent the cornering of money which was done in the last 2 or 3 years under the gold standard, and deliberately brought on a panic that has about ruined our Nation.

The gold standard has paralyzed our agricultural interests and left our farmers prostrate. I said in a circular that I delivered to my people 2 years ago, that agriculture was crucified on the cross of gold and at the altar of shame. We now know that is true from the effects of recent legislation.

Suppose that gold on which $100,000,000,000 of debt is predicated was demonetized and could not be paid in gold, then what would happen with the structure of our Government, and this could be done by a simple act of Congress. Of course this shall not be done.

This act will be held constitutional by the courts of our country because there is not a syllable in our Constitution that prevents it; besides that, decisions of the United States Government on questions of like kind have clearly demonstrated that Congress has the power to regulate the currency of our Nation.

The gold dollar had gotten so high that the person who contracted debts under a different condition of money could never have paid their debt at all. When measured by the commodity price of agricultural products the gold dollar was worth $2.32 when it should never have any value over 100 cents. The purchasing power and commodity price should be held in equal balance.

This is a part of the new deal and is a bright day for America. When the legislation that has been passed by this Congress, and will be passed before the close, 10 days from now—when that legislation is put into force, there is no reason why our Government should not be put back on a prosperous and sound basis economically, and we believe it will.

We have been faced with this kind of condition for the last few years, that at least four fifths of the nations of the world had gone off the gold standard and one fifth was on a gold standard. You must trade with nations with their medium of exchange. The silver that was in the silver dollar 3 months ago was worth 25 cents; and when the foreign nations using silver wanted to trade with us, they had to pay four times the value in their money for our products. To illustrate, when India or China came to the United States to buy cotton—and they were our best buyers—they paid in silver money of their country, which was only worth, when measured by the gold dollar, 25 cents, and it required them to pay for cotton when it was selling here for 5 cents, under the gold standard, 20 cents per pound in their silver standard. They had to discontinue their trade with us largely on this account.

Prior to the last war the foreign countries were growing around 6,000,000 bales of short-lint cotton per year and bought the remainder of their supply from the United States. They are now raising 12,500,000 bales of this short-lint cotton and buy only enough cotton from us to mix with their short-staple cotton so as to manufacture clothing out of it, which leaves us with a surplus of the balance of our cotton on hand.

If the foreign nations traded with us now as they did prior to the war, they would only raise 6,000,000 bales of cotton instead of 12,500,000, and in less than 2 years would use up the entire surplus that is now held in the United States. Then, too, we would have an open market with a demand for every commodity that we could raise at a fair price.

Since the passage of legislation to aid agriculture by this Congress, corn has advanced in price three times what it was, wheat three times what it was then, and cotton nearly twice what it was. Rice practically three times what it was at that time, and beef about twice the price it was. This shows that legislation has been effective even by the enactment of it before it has really had much time to affect the price, because those dealing with these commodities know that the legislation now enacted will be effective.

It is our belief and hope that it will have the desired effect by bringing commodity values up and bringing the standard of money back to the point where there will be an equal balance between our money values and the value of our agricultural products.

Let us hope that the new day that we have wished for is now approaching.

Mr. REILLY. Mr. Speaker, on last Saturday morning, as a member of the Banking and Currency Committee of this House, I voted against the reporting-out of the pending resolution, not because I was opposed to the resolution but because I believed that the committee should have a hearing on the resolution; that representatives of the Treasury of the United States should be asked to appear before the committee and give the views of the Treasury as to the necessity of the passing of this resolution, so that the Members of this House might have, when this resolution came before them for consideration, such information, and not be obliged to rely upon the statements and views of the members of the Banking and Currency Committee of the House and other Members of this body.

As far as I was personally concerned, I was ready to favorably report the pending resolution on last Saturday, because I believed that inasmuch as our country is practically off the gold standard today and the gold-payment clause contained in the United States bonds is suspended, the Treasury of the United States would be in an embarrassing position in advertising for future bond sales containing a statement that the principal and interest would be paid in gold when at the present time the United States Government has announced that it will not pay existing bonds nor the interest thereon in gold.

I am pleased to learn that the opponents of this resolution have not seriously raised a constitutional question.

There can be no doubt at all but that, under the provisions of the Constitution of the United States giving to Congress the right to coin money and fix the value thereof, Congress has the right to pass a law at any time it sees fit to do so declaring that the requirement that United States obligations should be paid in gold coin, instead of lawful money of the United States, is against public policy, and that is all the pending resolution attempts to do.

In a short time the United States Treasury will be obliged to advertise for bids for a new huge bond issue. The present law requires that such bonds shall contain the so-called "gold clause." It is certainly inconsistent for the Treasury of the United States to be obliged to insert in bonds issued at this time a clause promising to pay the principal and interest in gold when the Government has repudiated that promise in prior issues of bonds.

The pending resolution simply means this, that the Congress of the United States declares what the Government has already announced, that the so-called "gold clause" contained in United States bonds and other obligations, public and private, which require the payment of said obligation in gold, is against public policy and unenforceable.

Shortly after the present administration assumed office, under authority of law, the President of the United States took this country off the gold standard, so to speak, by refusing to permit withdrawals of gold from the United States Treasury by our own citizens, and by citizens of foreign countries, except as the result of a special order of the Secretary of the Treasury of the United States, and thereby announced that our governmental obligations stipulated to be paid in gold would not be paid in gold, but would be paid in the lawful money of the United States.

The one act of the present administration that did more than anything else to bring about a rise in commodity prices and to stimulate business was the act or acts of the President of the United States that took our country off the gold standard.

It is charged that the passage of this resolution means a repudiation by the United States of its own contracts, and that there is no justification for such action, when our Treasury is filled with gold.

The pending resolution declares that the enforcement of the gold-contract-clause provision in public and private obligations obstructs the proper exercise of the constitutional power of Congress to coin money and regulate the value thereof, and if such is the case, such provisions must yield to the general welfare of the whole country.

The fact that the outstanding obligations of the Government of the United States are declared to be payable in gold cannot be held to place any limitation upon the power of Congress to void such contract when the welfare of the whole country demands such action on the part of Congress.

The Government cannot divest itself by contract, or otherwise, of its sovereign power over money, so as to prevent such legislation as the financial and industrial exigencies of the times may require.

All contracts of the Government and of its citizens are made in the light of the inalienable right of Congress to legislate as the public interest may demand.

Of course, without the passage of this resolution, all contracts containing the clause to be paid in gold, executed by cities, municipalities, corporations, and private individuals, and even by the National Government itself, are unenforceable and void today, because under the present law no gold is obtainable with which to pay said contracts, and consequently they are impossible of performance and void.

I believe it to be a fair statement, that economists and financiers quite generally agree that the gold dollar has appreciated to such an extent as to render it impossible for debtors to discharge their contractual obligations payable in gold. The fact of the matter is a great many bankers, financiers, and industrial leaders believe that the soaring value of the gold dollar is largely responsible for our present industrial situation.

Again, it is submitted that it is inequitable for the Government of the United States to permit a situation to exist whereby a debtor who borrowed a dollar several years ago must pay today, in the liquidation of that debt, a dollar having a purchasing power of at least a dollar and a half.

It is not dishonorable for the debtors of our country to ask the right and privilege of paying their debts in dollars near the purchasing power of the dollars that they borrowed years ago.

One of the objects to be obtained in taking our country off the gold standard, I take it, was to depreciate the gold dollar and to make it more nearly an honest dollar, and the developments since that time have justified the belief that such action on the part of the Government was a move in the right direction.

A great many people at one time believed—and the writer belonged to that class—that if our country went off the gold standard industrial chaos would immediately follow; but we have learned in a few months that the taking of our country off the gold standard has resulted not in industrial chaos but rather in bringing about more favorable industrial conditions in our country.

While it is true that the United States has a large stock of gold at the present time—the largest gold stock of any country in the world—it is also true that such a favorable gold situation is due largely to the fact that as a result of a Presidential order several hundred million dollars of hoarded gold was recently returned to the United States Treasury and also to the further fact that about 2 months ago our country went off the gold standard by refusing to permit gold withdrawals from the United States Treasury.

If the President of the United States failed to take the action that he has taken regarding the hoarding of gold by our citizens and the payment of gold by the United States Treasury, it is altogether probable that the gold reserve of the Treasury might be greatly depreciated by this time and our country be eventually compelled to abandon the gold standard from necessity, the same as England was compelled in 1931 to abandon her gold standard, because her gold reserve was rapidly being depleted by withdrawals.

With our large gold reserve today, the United States is in a much better position to dictate an international money policy, if such a policy is advisable, than it would be in if our gold reserve had been depleted to such a point as to compel our country to abandon the gold standard.

Our country is in a great national economic crisis. It is to the interest of the creditor class just the same as the debtor class of our country that our industrial democracy be saved from wreck and ruin. It will do the creditor class no good to demand their pound of flesh if by so doing our country is brought to universal bankruptcy. If the passage of this resolution will bring about a further rise in commodity prices and a further depreciation of gold as a standard of value, such results will be for the benefit of our creditor class as well as the debtor class and, in fact, will be for the benefit of the whole country.

While the passage of this resolution will not greatly change existing conditions, it may help to depreciate further the value of the gold dollar, because it will constitute a congressional declaration approving the action of the President in taking our country off the gold standard, and at the same time it will aid the Secretary of the Treasury in handling Government finances at this time.

Mr. EICHER. Mr. Speaker, the restoration of equality of purchasing power to all the money of the United States that will be accomplished by the legislation for which we have the privilege of voting today is so pregnant with promise for the attainment of social and economic justice for all the people that it should receive the immediate and unanimous approval of the Congress. As soon as all the currency of the Nation becomes acceptable for all debts and dues, public and private, the mystery of money will dissipate, equal rights will return, and special privileges will rapidly disappear. The relatively constricted and contracted, and easily manipulated gold supply, will be unhorsed from its unholy pedestal as a medium of control of prices and values and will be relegated to its only justifiable function, namely, as a medium for the exchange of commodities and property.

Until recently it was my well-considered conviction that price levels could be sufficiently raised to accomplish substantial justice for the debtor and to revive business and industry by expanding our currency within the limits consistent with the maintenance of a reasonable gold parity. However, I am now abidingly satisfied that the mountain of debt, domestic and international, cannot be scaled to the point of essential liquidation with no other vehicle than a monometallic oxcart inherited from a primitive, unstable, and simpler society. During the history of nations when their resources and credit were more or less shadowy and ephemeral, it is conceivable that a metallic redemption base or bases were necessary to the reasonably acceptable operation of currency systems. And at the present national juncture it is well that we have within our own control such a large proportion of the gold of the world. Inasmuch and as long as gold remains somewhat of an international fetish, such a reserve constitutes a convenient backlog against which we can keep burning the fire of an independent world position in the event of hesitation or delay in the highly desirable program of international cooperation.

But we are a Nation with a proven and stable Government and with resources well-nigh limitless in their wealth-producing capacity. The credit of such a nation will maintain undepreciated sufficient currency to meet the expanding needs of business and commerce and to perform the service of liquidating mutual obligations fairly and honestly and equitably in terms of real wealth, which, after all, includes only those things that sustain life and provide comforts for human kind. We shall need, it is true, further legislation setting up machinery for price stabilization that will be as nearly as possible automatic in its operation. But it need not be feared that without it price levels will rise inequitably, for under existing law the President is limited to a maximum reduction of 50 percent in the event of action by him looking toward the revaluation of gold.

A managed currency, therefore, using in its management a stabilization goal comprising the composite exchange value of the many commodities that have been and will be mankind's necessities from Adam to Gabriel, certainly can be made to work out with more even-handed justice for society as a whole and to accomplish a more equitable distribution of the rewards of industry and of thrift than has the single-commodity gold base with which we have hobbled along and under whose benign operation less than 10 percent of our people have been permitted to acquire upwards of 90 percent of the Nation's buying power.

A Repudiation Congress, the gentleman from Massachusetts [Mr. LUCE] calls us! The Iowa farmer who 2 years ago borrowed some money to buy some corn will this year to pay the debt have to raise from 2 to 3 times as many bushels of corn as he got with the money he borrowed. As late as 2 months ago he would have had to deliver 5 or 6 times as many bushels. Meanwhile, the human demand for corn as a necessity of life did not diminish, but the buying-power demand fluctuated thus wildly. Observe the pic-

ture from that angle before appraising the moralities. If gold were demonetized, the creditor would obviously prefer currency to gold. The creditor having a gold-payment clause in his contract, notwithstanding its abrogation by this law, will on the average receive as much in actual wealth as his dollar bought when he loaned it. That is not repudiation; it is simple justice. A government that could not and did not correct such a palpable wrong would certainly forfeit all right to the favorable opinion of mankind. Are we canceling or reducing war debts? No; we are making possible the otherwise impossible payment of those debts by accepting dollars which our foreign debtors can buy with more nearly the same quantity of goods as they received for our dollars when they borrowed them. That result, also, is justice, but it is more than that—it is good business.

Mr. SMITH of Washington. Mr. Speaker and ladies and gentlemen of the House, the consideration and passage of this most important measure repealing the gold-standard statute of the United States, after but 3 hours of general debate, will furnish further evidence of the fact that this Congress will go down in history for its deeds rather than its speech making. The American people desire action and we are giving it to them instead of emitting a lot of chewed wind on the floor of the House. I confidently believe that when the record of this special session of Congress is written, it will be found that we have enacted in 3 months' time more constructive, beneficial legislation than all the preceding Congresses in the past 20 years. President Roosevelt has proven himself to be a leader of courage and wonderful ability, and we have been his loyal, industrious followers in this new era of liberty and freedom for all the people of America.

I favor this bill for many obvious reasons but principally because it will inevitably and eventually result in the remonetization of silver. In view of the fact that three quarters of the population of the earth employ silver as the medium of exchange, the restoration of the white metal to its rightful and ancient place in the money marts of the world will do much to revive trade and commerce everywhere. It will provide additional money with which to transact business and reopen the silver mines of the West.

Mr. Speaker and my colleagues, I deem it appropriate on this occasion to pay a brief tribute to the memory of one of the greatest statesmen our country has ever produced and a former illustrious Member of this House, William Jennings Bryan, who must look down from his heavenly abode upon our action today with a degree of joy and satisfaction.

A few days after my arrival in the Capital, I visited beautiful Arlington Cemetery, where rest the mortal remains of so many of our heroic dead, and one of the very first mounds I sought for was that of Mr. Bryan, whose greatness comes to be recognized to an increasing extent with the passing of the years. This noble prophet and seer was always in advance of his time and was the first to advocate a Federal income tax, direct election of United States Senators, woman suffrage, publicity of campaign expenses, and free and unlimited coinage of silver in the ratio of 16 to 1, and every one of these reforms has been written into law excepting the last named—the most important of them all—and it now becomes only a question of a brief period of time when it also will be the law of the land. We have witnessed in our day the terribly sad tragedy against which Bryan warned us 40 years ago, "the crucifixion of mankind on a cross of gold."

Mr. Speaker, the enactment of this law is another emancipation proclamation, declaring liberty for 120,000,000 Americans from the thralldom and cruel yoke of gold which has enslaved the human race.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 4494. An act authorizing a per capita payment of $100 to the members of the Menominee Tribe of Indians of Wisconsin from funds on deposit to their credit in the Treasury of the United States.

The message also announced that the Senate had passed, with an amendment, in which the concurrence of the House is requested, the bill (H.R. 5012) entitled "An act to amend existing law in order to obviate the payment of 1 year's sea pay to surplus graduates of the Naval Academy"; that the Senate insists upon its amendment to said bill, requests a conference with the House thereon, and appoints Mr. TRAMMELL, Mr. McGILL, and Mr. HALE to be the conferees on the part of the Senate.

SEA PAY OF SURPLUS GRADUATES OF THE NAVAL ACADEMY

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 5012) to amend existing law in order to obviate the payment of 1 year's sea pay to surplus graduates of the Naval Academy, with Senate amendments, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

Mr. COLLINS of Mississippi. Mr. Speaker, is this bill to nullify a similar provision of the independent offices appropriation bill?

Mr. VINSON of Georgia. Not at all. The independent offices bill may not pass in time to effect this purpose.

Mr. COLLINS of Mississippi. What does this bill do—it gives away 1 year's sea pay, does it not?

Mr. VINSON of Georgia. No; it takes away 1 year's sea pay.

Mr. O'MALLEY. Mr. Speaker, reserving the right to object, I should like to ask the gentleman in what respect the Senate amended this particular bill?

Mr. VINSON of Georgia. I have not the slightest idea. It came over here with Senate amendments, and I am asking for a conference to ascertain, and the House will have full information about the Senate amendments.

Mr. O'MALLEY. I withdraw my objection, Mr. Speaker.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. VINSON of Georgia, DREWRY, and BRITTEN.

STATEMENT BY REPUBLICAN WAR VETERANS OF THE HOUSE AND SENATE ASKING FOR JUSTICE TO DISABLED VETERANS

Mr. FISH. Mr. Speaker, I ask unanimous consent to extend my remarks by including a statement by myself on veterans' legislation.

The SPEAKER. Is there objection?

There was no objection.

Mr. FISH. Mr. Speaker, reports from every section of the country on the effects of the President's regulations under the authority of the act of March 20 show the utter horror of this "new deal" for disabled veterans. All of us Republicans who voted broad powers to the Chief Executive did so in the sincere belief that marked economies could be effected without doing grave injustices to the disabled veterans. However, the regulations under this authority were so drastic and indefensible that every Senator and every Representative in Congress now has scores of specific cases that unmistakably indicate the effect has been utterly brutal.

Thousands of disabled veterans, together with their wives and children, are to be made destitute after they receive their last check on July 1; indeed, the sufferers from these Executive orders include tens of thousands of widows and orphans whose whole economic structure has been built on the Government's pledge that they would be cared for. Most of these disabled veterans and their families will have to depend on local relief agencies already overburdened.

Our reports indicate that the men whose disabilities are traceable to their war service are to be cut on the average of 50 percent, which by no stretch of imagination was intended when we granted the President's request for power.

President Roosevelt stated when he asked for extraordinary power under the Economy Act that he would deal justly, fairly, and humanely with the veterans, which promise has not been lived up to.

We oppose the Congress' adjourning until the President has reversed his position so far as the service-connected cases are concerned, or, upon his refusal to do so, that Congress recall the broad powers given him and refuse to adjourn until liberalizing legislation has been enacted.

DAVID A. REED, of Pennsylvania.
FREDERICK STEIWER, of Oregon.
HAMILTON FISH, Jr., of New York.
J. HOWARD SWICK, of Pennsylvania.
CHESTER C. BOLTON, of Ohio.
HAROLD MCGUGIN, of Kansas.

FARMER-LABOR GOVERNOR IN ACTION—FLOYD B. OLSON, LEADER IN MINNESOTA'S FIGHT FOR POLITICAL AND ECONOMIC INDEPENDENCE—UNITES FARMER-LABOR-VETERAN ELEMENTS IN THEIR BATTLE AGAINST A COMMON FOE

Mr. LUNDEEN. Mr. Speaker, I ask unanimous consent to extend my remarks by including statements made by the Governor of Minnesota on certain public questions.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. LUNDEEN. Mr. Speaker, ladies and gentlemen of the House, under leave to extend my remarks I include statements made by Hon. Floyd B. Olson, twice elected Farmer-Labor Governor of Minnesota, on public questions of the day:

FIRST INAUGURAL MESSAGE OF FLOYD B. OLSON, WEDNESDAY, JANUARY 7, 1931

To the Members of this Legislature of Minnesota, and Fellow Citizens:

Pursuant to the constitution of Minnesota, we are here assembled to permit me, as Governor, to make certain suggestions and recommendations to you with reference to legislation.

I shall not endeavor to discuss all the matters in which we may be interested during your session, but shall confine myself to certain major matters, and shall hereafter from time to time, by special messages, properly call your attention to other matters affecting the welfare of the State.

A majority of the members of this legislative body belong to political parties other than the one with which I am affiliated. I am sure, however, that partisanship will never be permitted by any of us to interfere with what we believe to be the proper and just performance of our duties. You may be sure that I shall never, in any way, attempt to encroach upon your jurisdiction over the legislative branch of the government, and I am confident that you will cooperate with me at all times in the proper carrying on of the affairs of the State.

UNEMPLOYMENT AND PUBLIC WORK

We are confronted at this time with an acute unemployment situation. It is the duty of the State, as the guardian of all its citizens, to do everything possible to alleviate the situation. The most practical means of helping is in the carrying on of public work, which not only will provide employment for persons now idle, but will tend to encourage and stimulate private industry.

For a number of years last past by reason of a governmental policy carried on under the claim of economy, our State institutions are greatly in need of appropriations for the purpose of repair and enlargement. A new office building is also needed for State departments which are now occupying rented space.

The making of these appropriations will result in an increase in State expenditures over those of preceding years. The burden of the previous governmental policy carried on under the claim of economy has fallen upon us. Let us meet the situation frankly and courageously, and provide for these improvements, not only because they are of an immediate necessity but also because they will assist the people of Minnesota in our unemployment situation.

We can also aid in relieving unemployment by enlarging our road-paving program. Paved roads are not only more practical for traffic but their ultimate cost is less than that of the graveled roads.

An enlarged paving program can be financed in a number of ways, including that of issuing bonds under the provisions of the trunk-highway amendment. If a bond issue is passed by your body for road purposes you should provide for a sinking fund for the payment of the bonds, made up of annual payments from the moneys realized from the gasoline tax. The present heavy burden on the taxpayer prohibits, in my opinion, the issuance of road bonds which would be ultimately paid for out of the general tax fund.

Leading American economists of both conservative and liberal tendencies agree that wages must be kept up to a high standard. A law should be passed providing that the wages paid on public work carried on directly by the State, or by contract with the State, must be equal to the highest prevailing scale of wages paid for the particular kind of work performed.

The law should provide for working hours per day, and working days per month similar to the accepted standards prevailing at the time the work is performed in public work carried on by the Federal Government.

Preference should be given to residents of Minnesota in employment for public work. Whenever practical, and whenever the cost is substantially the same, work should be performed by hand rather than by machines, in order to provide for the employment of a greater number of persons.

Preference should also be given to Minnesota products in public work.

In order to help the unemployment situation, the matter of appropriation for public works should be taken up by you at once and determined with dispatch, so that the work may be started promptly.

I suggest that all appropriations be passed at least a week before your adjournment and not be carried over until the closing hours of your session.

TAXATION

As is well known, the present burden of taxation is almost entirely due to local expenditures, as distinguished from expenditures by the State. The matter of local expenditures is, and should be, largely one for local determination, subject to such limitations as the legislature under the Constitution may place upon them.

In that connection I recommend the repeal of all laws limiting the amount of taxes levied by school districts, cities, and villages to a specific amount per capita of the population of such school district, city, or village.

You will undoubtedly earnestly study and consider the problem of the reclassification of property so as to remove the present inequalities of our tax system. I especially urge you to consider the farming population in the matter of tax equalization and reallocation, not only because of the shrinking of farm income but particularly because the farming population is carrying a disproportionate share of the total tax burden.

CONSERVATION

Minnesota, one of the richest States in the Union from the standpoint of natural resources, has no conservation program comparable in any degree with the programs of other States having natural resources. It is imperative that we put into operation at once a program which will not only protect the remaining natural resources but will particularly provide for the restoration of our forests, with a consequent direct benefit to the people of Minnesota resulting from the eventual sale of timber, and also the indirect benefits to our water supply and wild life. In formulating a program we are fortunate in being able to profit by the experience of other States.

I recommend the creation of a State conservation board of seven members, nonpolitical in nature, appointed for definite terms by the Governor, with or without the consent of the senate. The members should be representative of the different parts of our State and of different groups of citizens, and should serve without salary, but be entitled to traveling expenses when traveling in behalf of the State. The conservation board should select a commissioner of conservation, vested with all the powers, rights, and duties of the present conservation department, the department of drainage and waters, as well as those of the State auditor as to lands, timbers, and minerals. The board should select the necessary assistants or deputies to have charge of the divisions of forestry, drainage and waters, game and fish, and such other divisions as the commissioner of conservation may from time to time establish.

An act providing for the payment by the State of a definite sum per acre to counties within which land is or will be set aside for timber purposes under the Auxiliary Forest Law of 1927, should be passed. The money so paid can eventually be restored to the State from the 10-percent yield tax collectible at the time of harvesting the timber.

In conformity with the laws of other States engaged in reforestation, a law should be passed providing for the payment by the State of 5 cents an acre annually to the counties in which State forests are located.

Appropriations should be made at once for the enlargement of the State nursery so that extensive reforestation can be commenced immediately.

A constitutional amendment to enable the State to exchange its scattered lands for those of the Federal Government should be again submitted to the people of Minnesota. If and when such exchanges can be made, I believe the State should reserve title to the minerals in such exchanged land.

Adequate financial support for carrying on the land economic survey is recommended in order to assist in the formulation of a permanent forest policy.

A plan for civil service should be worked out covering employees in the conservation department who perform expert services, or those performing services requiring special training, so as to remove the department entirely from politics.

I recommend that you earnestly study and consider proper means for remedying the present polluted condition of the Mississippi River.

WATER POWER

The conservation commission should be charged with the duty of causing proper persons within the department to appear before the Federal Power Commission in all proceedings wherein application is made for permission to build water-power dams upon waters within the State of Minnesota, and within the jurisdiction of the Federal Power Commission, and there to protect the interests of the people of this State.

The legislature should provide that no dams contrary to the public interest should be built on watercourses within the State without the consent of the legislature first being obtained.

A constitutional amendment should be submitted to the people which will enable the State to control and develop those water-power facilities, watercourses, and other natural resources which still remain a part of the public domain.

A memorial should be sent to the Congress of the United States, requesting that in the building of the 9-foot channel in the Mississippi River, provision be made for the use of the water power (which will be produced because of the reservoirs and dams necessarily constructed to regulate the flow of water in the river) in generating electric current to be sold by the Government to the municipalities adjacent to, and near, the Mississippi River.

PUBLIC UTILITIES

I recommend the appointment of an interim commission for the purpose of proposing a plan for the better regulation of the rates charged and service rendered by public-utility companies.

When the regulation of telephone companies remains under the jurisdiction of the railroad and warehouse commission. I recommend that its supervision over these companies be extended so as to cover investments and expenditures, and that proper appropriations be made for accomplishing that extended supervision.

In the interest of home rule I recommend the repeal of the so-called "Brooks-Coleman" law.

LAW ENFORCEMENT

One of the most serious problems confronting the American people is that of law enforcement. In endeavoring to promote better law enforcement the first consideration is the apprehension of persons committing crimes.

Minnesota has about 2,600 peace officers, 87 sheriffs and deputies, and 87 prosecuting attorneys with assistants. It has a State Bureau of Criminal Apprehension which collects fingerprints, photographs, and other data concerning violators of the law. Attached to the bureau are a number of men who can be sent in any county in the State for police work on the request of the sheriff in that county.

Law enforcement would be greatly improved if the work of these various existing forces could be coordinated. I ask that appropriation be made for the addition of 12 police officers to the department, with salaries equal to the salary now paid to investigators employed by the bureau. In cooperation with the sheriffs and peace officers of the various counties of Minnesota, these men could be detailed, at the request of such sheriffs, to districts within the State for continual service therein, in assisting local sheriffs and peace officers and in bringing about thorough coordination of the work of the law-enforcement officers of each district with the State bureau as a central unit.

Minnesota being the only State in the United States wherein counsel for the defense has the closing argument to the jury, I recommend that the prosecuting attorney be given the right by law to reply briefly to the argument of the counsel for the defense, in conformity with the practice in the Federal courts.

I recommend that county attorneys be given the power to file informations in all criminal cases after the opportunity for preliminary examination has been given the accused in such cases.

To promote the rehabilitation of persons incarcerated in penal institutions, and to provide for a more scientific system of parole, I recommend the establishment of a full-time parole board, appointed by the governor for a definite period of time, and whose membership shall not include the head of any penal institution.

THE INDEPENDENT MERCHANT AND MONOPOLY

The independent merchant is an important factor in the building up of the State as a whole and the localities in which such merchant carries on business. Monopoly, functioning through the so-called "chain-store system", has produced inequalities which injure the independent merchant. I therefore recommend the passage of appropriate legislation designed to remove these inequalities as much as possible.

OLD-AGE PENSION LAW

A number of counties have adopted the old-age pension plan by a popular referendum, indicating to a considerable degree that the people of the State favor the plan. To produce uniformity and to avoid further election expense, I recommend the passage of a compulsory old age pension law, which will apply to all the counties in the State.

ELECTION LAWS

I recommend the passage of a law providing for a uniform primary election ballot which shall contain the names of the candidates of all parties, so arranged as to afford the voter the right and opportunity to vote for candidates for office without disclosing the party affiliation of the voter.

INJUNCTIONS

I advocate the passage of a law which will insure to every person charged with contempt of court arising out of labor disputes, the full constitutional right of trial by jury, and which shall further provide that no injunction shall be issued in a labor controversy until and unless a full and adequate hearing shall first be granted those sought to be enjoined.

The antitrust law of Minnesota should be amended so as to exclude labor unions from the scope of its operation.

I recommend that chapter 285 of the session laws of 1925 providing for the suppression of newspapers be repealed. As the prosecuting attorney of Hennepin County I had occasion to enforce that law in two instances. Its constitutionality was sustained by the Minnesota supreme court. I am convinced that it is constitutional, and as a prosecuting attorney, could not be concerned with its wisdom or lack of wisdom. As the chief executive of the State, however, I occupy a different status. The cases in which the law was used were proper exercises of the operation of the law, but I believe that the possibilities for abuse make it an unwise law. The freedom of speech and the press should remain inviolate, and any law which constitutes an entering wedge into that inviolability is unsafe.

STATE PRINTING PLANT

The experience of other States indicates definitely that a State printing plant can be operated with profit to the State, and I therefore recommend the creation of a State-owned printing plant to supply the needs of the State government and its subdivisions.

I am sure that our relations will always be pleasant, and that we will at all times disregard political considerations, and be concerned only with the general welfare of the State and its people. I shall be glad at any time to receive any suggestions from any member of this legislature upon which I may act in my executive capacity, for the betterment of the State.

While I have been elected as the standard bearer of the Farmer-Labor Party, permit me to assure you and all the citizens of this great State that I shall at all times consider myself the Governor of all the people of Minnesota and shall endeavor to work for the best interests of all of them.

SECOND INAUGURAL MESSAGE OF GOV. FLOYD B. OLSON TO THE LEGISLATURE OF MINNESOTA, WEDNESDAY, JANUARY 4, 1933

We are assembled during the most crucial period in the history of the Nation and of our State. An army of unemployed, some 200,000 homeless and wandering boys, thousands of abandoned farms, an ever-increasing number of mortgage foreclosures, and thousands of people in want and poverty are evidences not only of an economic depression but of the failure of government and our social system to function in the interests of the common happiness of the people. Just beyond the horizon of this scene is rampant lawlessness and possible revolution. Only remedial social legislation, National and State, can prevent its appearance.

The great bulk of our population in Minnesota is made up of farmers and workers. Our prosperity is primarily dependent upon the buying power of the farmer. When he receives an inadequate price for his produce he cannot purchase the products manufactured by capital through the agency of labor. Labor is consequently unemployed, and capital becomes insolvent. The State has no control over the price of farm commodities but can aid the farmer in his present plight by means hereinafter set forth.

The United States has created the greatest industrial system in the history of the world, but that system has concerned itself almost entirely with profit, and has been blind or selfish insofar as the welfare of the mass of the people is concerned. That blindness and selfishness have caused the impoverishment of the consuming public and the consequent downfall of industry.

The unemployment of millions of people through the lack of a constructive economic and governmental policy has not only decreased the use of manufactured products but has decreased the consumption of farm products. The increased surplus of farm products thus created has contributed to the lowering of the market price of farm commodities to a point below the cost of production.

These conditions make it imperative for us to courageously enact and approve whatever remedial legislation is within our constitutional powers.

AGRICULTURE

The farm problem resolves itself into (1) commodity prices, (2) mortgage, (3) interest, and (4) taxes.

The remedy for the present situation, existing not only in Minnesota but all over the United States, lies either through inflation or through cancelation of a substantial part of debts.

The condition of the Minnesota farmer is ably and succinctly stated in Special Bulletin No. 157 of the Agricultural Extension Division of the Department of Agriculture, University of Minnesota:

"The burden of farm debts today as compared to former years might be illustrated in terms of the average mortgage debt per mortgaged farm in Minnesota, which, according to the United States census of 1930, was $4,734. Figuring interest at 5½ percent, the annual interest payment on this average debt per farm is $260. On the basis of the average farm price of wheat in Minnesota in 1919, it required only 116 bushels of wheat to pay this interest; in 1925 it required 173 bushels; and at the present farm price of 35 cents a bushel, 743 bushels are necessary. Similarly, in terms of hogs, to pay the $260 in 1919 the farmer had to sell only seven 250-pound hogs; in 1925 it required about 10 head, and at the present price of $3 per hundredweight the farmer must sell 33 hogs. The farmer selling butterfat could pay this interest with 433 pounds in 1919, with 591 pounds in 1925, but at the price of 22 cents that has prevailed recently it required 1,182 pounds, or the total production of about six average cows."

The division estimates that 60 percent of Minnesota farms are mortgaged.

You are without constitutional authority to enact laws altering the terms of any existing mortgages or extending the period of redemption after foreclosure, but you can assist agriculture in some respects with reference to its indebtedness.

The Rural Credit Bureau of Minnesota is the owner of about 12,000 mortgages, of which about 3,000 have been foreclosed. Because of the decline in farm-land values and because of excessive amounts loaned by the bureau upon farms during past administrations it will become necessary under the present laws governing the conduct of the rural credit bureau to foreclose a great many more mortgages.

The rural credit bureau is restricted as to the period of time which it may permit to elapse between delinquency and foreclosure. That period should be extended to 2 years.

Hundreds of loans made in the past are in amounts in excess of the present value of the farms upon which mortgages were given to secure the loans. Foreclosures in those cases is inevitable, with resultant loss to the State and probable tenant farming, with the State acting as landlord.

To avoid this situation the rural credit bureau should be given authority to adjust the principal owing by reason of these loans so as to enable the mortgagor not only to pay the State the reduced amount of principal but also to retain his farm.

With such authority given to the rural credit bureau, the State could take the lead in bringing about an adjustment of mortgage indebtedness, both as to State loans and private loans. It can also set an example to private mortgagees in the deferring of foreclosure proceedings during the period of this depression.

The rural credit bureau has been the means of keeping down the rate of interest charged on farm mortgages, is extremely necessary to the farmer in this time of need, and its operation should be continued without any impediment.

If and when foreclosure proceedings are brought upon real-estate mortgages in this State, both rural and urban, the mortgagor should be protected against eviction. Because of the great emergency existing you have the authority, and should enact a law permitting an occupant mortgagor to continue to occupy the mortgaged premises subsequent to the expiration of the period of redemption, upon condition that such occupant mortgagor agree to pay a fair and reasonable rental value upon the property.

The imposition of penalties for nonpayment of taxes on real estate by January 1933 should be abated until March 1, 1933.

I shall discuss taxation generally under a general subdivision.

Pending the revision of the tariff against the importation of foreign oils used in the manufacture of products entering into competition with domestic dairy products, I recommend the passage of a law imposing a tax upon the manufacture and sale of oleomargarine.

LABOR

Unemployment creates misery among those unemployed; adds to the burden of taxpayers because of the necessity of feeding, housing, and clothing the unemployed and their dependents; and injures business through the loss of buying power in those unemployed. To remedy this condition in the future you should enact a compulsory unemployment-insurance law. The law should provide for an assessment of at least 3 percent, and preferably 4 percent, upon the pay roll of all employers employing a minimum of a certain number of employees, with proper exemptions as to farm laborers, domestics, and others. The cost should be borne by the employer as a necessary expense of business operation. The act should take effect not later than July 1 next; a year should elapse for the building up of reserves, and benefits then be payable. No part of the reserve nor of the expense of administration should be borne by the taxpayers.

An excellent report on unemployment insurance, after considerable research work, has been made by Profs. A. H. Hanson and M. G. Murray under the direction of Dean R. A. Stevenson, of the School of Business Administration of the University of Minnesota, and a proposed bill prepared. Using their proposed bill as a basis I have prepared a bill expressing my views, which, with your permission, I will submit to you for such consideration as you believe it merits.

Unemployment should also be relieved through a law compelling shorter working hours per day.

I recommend the passage of an anti-injunction law modeled upon the so-called "Norris-LaGuardia Federal anti-injunction law."

TAXATION

It is essential that every citizen, and particularly the common citizen, be relieved of a part of the present tax burden. That may be accomplished by the reduction of public expenditure and by shifting the burden of taxation from those least able to pay to those having the means and ability to pay. Only a small proportion of the tax collected on real estate in Minnesota is contributed to the State. The State should, however, reduce its expenditures not only to relieve the tax burden, however slight that relief may be, but also to set an example to other tax-levying units of government.

A budget will be submitted to you by the commission of administration and finance setting out in detail expenditures of the various departments of the State government. Possible reductions in those expenditures will also appear.

It is a practice in this country in any retrenchment program to first cut wages. That apparently is industry's only solution of our vexing economic depression. Industry is going through frightful contortions—presenting a strange anomaly. On the one hand it is preaching the doctrine of spending, the same as it preached a few years ago the doctrine of thrift. On the other hand it is retrenching, reducing wages, lowering the standard of living, destroying buying power, and throwing more men and women on the streets to shift for themselves and become the object of charity. Just how that is going to solve our economic problem is beyond understanding. Its only result can be to reduce the purchasing power of the masses still further, increase the army of unemployed, and generally aggravate conditions.

The cutting of wages and the consequent decrease of buying power causes further cuts in commodity prices. When commodity prices drop, wages are again slashed, and the process continues interminably, each time bringing us to new depths of depression until we are apparently on a downward journey into a bottomless pit.

Our State government is in effect a business institution. It should not subscribe to the principle of wage reduction, because to do so would be to subscribe to a fallacy. We could not with honor do so.

Conditions have forced on the government, however, the need for retrenchment, which must be effected without the curtailment or crippling of important governmental functions. We cannot overlook the plight of the taxpayer, whose capacity to pay has been sorely affected in the last few years.

I am not opposed to the reduction of salaries of all State officers and employees in the high-salary brackets, but I am opposed to the reduction of the salary of those in the lesser salary brackets. Such cuts as you will necessarily make in departmental appropriations should be made in bulk. Provision can then be made within the several departments for pay-roll reduction through the furlough and payless vacation plans, rather than through actual reduction of wages and salaries. In that way the standard of pay can be maintained.

There is another objection to actual reduction of salary. When salaries once are cut it is a long, tedious, and sometimes bitter process before they are restored to their proper levels, even though economic conditions have righted themselves. Wage increase never keeps pace with business improvement. It invariably lags behind.

I am also opposed to any reduction in the amount of State school aid granted at the last session of the legislature.

We operate in Minnesota under what is known as "the general property tax." Most revenue for government is raised by a levy on real property.

Despite the fact that every advanced student of taxation recognizes this method as unsound economically and unjust morally, and for all practical purposes obsolete and antiquated, we cling to it as if it were reverence for old age.

With practically every civilized nation on the globe having discarded the system, predatory wealth in America, which sees in the income tax an obstacle to the continued concentration of wealth, has been able to maintain the general property tax as the basic principle and corner stone of our tax system.

The alarming increase in tax delinquencies is the stark warning that the system is unsound.

The cost of government is assessed against those who are least able to pay instead of on those who can best afford to pay. It penalizes the man who owns his homestead, his farm, and who invests in real property. Real estate today is a drug on the market, largely because of the heavy tax burden that is imposed upon it.

A government that blindly continues to make those who can least afford to pay bear the brunt of the burden is building a house of glass and laying a foundation in quicksand.

A tax on net income is fundamentally and scientifically sound. It cannot take from one something that he does not possess—ability to pay. The general property tax does that very thing. Inability to pay general taxes on nonproductive property often is confiscatory.

The income tax is the most just tax thus far devised because it is the most equable tax; it is based on ability to pay. No nation or State that has adopted it has repealed it. No political party today would dare advocate repeal of the Federal income tax.

Successful government underlies successful incomes. There can be no logical reason why successful incomes should not support the government that makes these incomes possible.

Under the present system there are many forms of intangible wealth that escape taxation entirely. Not only that, but this intangible wealth is in total our greatest wealth, or token of wealth.

The income tax reaches people who have no real property and who do not contribute toward the support of their government. These people enjoy incomes accruing from that property, while that property is carrying a tax burden all out of proportion to the load that it should carry.

Much of the tax burden today rests upon the primary producers, having been passed on as an overhead through the channels of trade.

We are gradually reaching a point where real property cannot give up the tax moneys that is demanded of it. It must receive relief.

Property values are depreciating. An ever-increasing number of home owners and farmers are, through tax delinquency and mortgage foreclosure, losing their homes and their farms.

We should enact and approve a statutory graduated income tax. I have no doubt that we have the constitutional power to do so. Such income tax must be a definite replacement tax and serve to shift part of the burden of the tax now imposed upon real property. I am opposed to an income tax law which permits income taxes to be offset against property taxes, or vice versa, because it discriminates in favor of the rich. I favor the use of the income tax to replace part of the real-estate tax upon homesteads. This

could be accomplished by reducing the percentage of assessed valuation upon which the real-estate tax is levied on homesteads. I will, however, approve any income tax law which definitely and certainly replaces a part of the tax upon real property, except as an offset.

I advocate an increase in the percentage rate of gross-earnings taxes upon public utilities. They should pay the same amount of tax under the gross-earnings tax system as they would be obliged to pay if they were subjected to a property tax. They now pay considerably less. If they were subjected to a property tax and compelled to pay on the basis of valuation permitted them for rate-making purposes, they would pay a great deal more than they now pay in the form of gross-earnings taxes.

I recommend a graduated income tax upon chain stores, the proceeds of such tax to be remitted to the counties in which it is collected, after deducting the cost of collection; the amount so returned to become a part of the poor-relief fund of the various counties.

I favor a substantial increase in the license tax upon common carrier and contract trucks and busses using the public highways of the State.

I am willing to approve a reduction in motor-vehicle taxes upon privately owned motor vehicles, but I believe the real-estate taxpayer, a substantial proportion of whose taxes are used for the building of local roads, can secure greater relief through the taking-over of the secondary road system of the State by the State highway department and charging such department with the building and maintenance of such secondary road system. In that way the local expense of construction and maintenance of roads, payable by local property taxes, can be reduced and the cost of highways continue to be paid by those who use them.

I am opposed to the repeal of the 1-mill tax for State road and bridge fund until provision has been made for the taking-over by the State of the secondary road system of the State.

CONSERVATION

The conservation of natural resources in a State like ours, which still derives most of its wealth from its soil, forests, mineral deposits, and waters, is of the utmost importance to the people and deserves earnest and careful consideration in all its aspects. All phases of conservation work are important—reforestation, development of State parks, propagation of fish and game, and control of erosion and stream flow—all these must have a definite place in our conservation program.

Two years ago the administration of our natural resources was reorganized and unified under a conservation commission of five citizens, which acts as a policy-making body, and a conservation director, who is the executive head of the conservation department.

Minnesota is one of the few States in the Union which has brought together under one administration practically all its natural resources. In most of the States these activities are divided among several State agencies. Two years is a short period to test a new principle in administration of our natural resources. Yet within this short time some very definite progress has been made in shaping the conservation policies of the State.

I believe in the principle of such a unified administration of our natural resources under the guidance of a nonpolitical conservation commission made up of public-spirited citizens. This commission should be continued and given all possible encouragement and help in developing policies vital to the welfare of our State. I am sure that the conservation commission will in the course of time bring greater efficiency and economy to the unified control over our natural wealth.

The factors governing the use and development of our natural resources are so interwoven that they must be dealt with as a correlated unit if the greatest efficiency and economy are to be obtained. Forests, recreation, land use, fish and game, and waters are integral parts of the natural wealth of the State, and, therefore, need to be handled as a whole. The propagation of game is closely connected with the character of the forest cover. The propagation and maintenance of brook trout, for instance, is predicated on the presence of cool streams. The temperature of the water in the streams depends upon the underground feeding of the streams, the presence of springs, the shading of streams, and all that is affected by the presence of forests.

Similarly, recreation is closely interwoven with green forests, particularly bordering the shores of lakes and streams. The water level in the lakes and in the streams, although subject to fluctuations with dry and wet cycles, is greatly influenced by the presence or absence of forests.

Forest fires are not only an enemy of the forest but are also a direct enemy of our game. Fire destroys the nesting grounds of many of our game birds, kills deer, and generally upsets the balance of nature. The connection between commercial forests and wood-using industries is self-evident. If all the natural wealth of the State, embraced in its land, forests, lakes, and streams, is to be properly developed, it must be under a single unified control.

There are other advantages of unified control of natural resources. Under the present conservation commission the activities of the different field forces can be more economically utilized. It seems to me that game wardens, at times of fire emergency at least, might be used for fire protection and that forest rangers might be used not only for fire-protection work but also for the protection of game, supervision of timber sales, and for tourist camps and recreational development. Instead of maintaining separate and distinct field forces the same field force can perform various conservation duties, such as game protection, fire protection, timber growing, and so on.

One of the greatest drawbacks in developing a permanent field personnel is the difficulty encountered by the conservation department in providing enough work for its permanent staff of rangers and game wardens during the winter months. By combining some of the duties of the field force a larger permanent force could be kept all the year round, and this means a more efficient, better-trained, and loyal force.

Unified control of all the natural resources should also mean greater economy. Instead of setting up several overheads, the same organization with one overhead can cover a larger field of activity at less cost to the State. The danger of duplication, of developing friction, and even inimical attitudes between departments whose activities are closely related, is also hereby largely avoided.

There has been some criticism directed at the conservation commission for laying too much emphasis upon fish and game problems as compared with fire protection, reforestation, and similar forest problems. The remedy against overemphasis of fish and game, or other less essential phases of conservation, lies in closer tying together these activities and assigning to each its proper place in the general plan of development. The overemphasis on fish and game is also brought about by the fact that the fish and game activities are financed by the revenue from fish and game licenses, with the result that there is a natural feeling among sportsmen that these funds should be used exclusively for fish and game purposes. They forget that without protection of our forest against fire, without maintaining and improving our forests, there would be very little game.

In my opinion, the fish and game funds derived from licenses should also be used in part for other conservation activities without which the fish and game resources would be jeopardized. It would be desirable, in my opinion, that all funds, whether from fish and game licenses or other revenue, should be turned in to a general conservation account, budgeted for the different conservation activities in accordance with the needs. In this way we would have a more uniform conservation program and avoid the possibility of developing one phase of conservation at the expense of another which is of equal or greater importance.

In order that all natural resources may be properly administered by the conservation department, lands and minerals and all appropriations therefor should be placed under the exclusive jurisdiction of the conservation commission.

Above all, however, we should be concerned with the conservation of human values—with restoration to our northern country, which was once the richest part of the State, of its natural wealth and its economic self-sufficiency. Conservation must aim at betterment of human life. If it fails to do that, conservation is mere sentiment—a beautiful sentiment—but of no great social significance.

A planwise use of our land, particularly in the northern part of our State, for purposes for which the land is best suited must lead to economic rehabilitation of our cut-over regions, bring permanent reduction in taxes, and effect permanent savings in governmental cost. The per-capita cost of government in the cut-over regions is about $81, compared to a per-capita cost of about $46 in the southern counties, where land has found its proper use and land settlement is compact. The reason for high governmental costs in the northern counties is largely haphazard settlement, which requires extensive roads, maintenance of separate small schools, and other governmental services. The terrific tax burden that results falls not only on local communities but on the State at large.

If by proper land utilization we can concentrate land settlement on the best agricultural land, and that unsuited to agriculture be kept in forests, selectively cut from year to year, where there will be no roads to build, no schools to maintain, and but a comparatively small cost for fire protection, I do not see why the cost of government in the northern counties cannot be brought eventually to about that of our southern counties.

That means an opportunity for tax reduction on a big scale. Here would be real and substantial reduction. With a population of over 420,000 in the northern counties, it would mean a saving of about $15,000,000 a year accomplished, not at the expense of any governmental function, and it will provide our citizens of the north with better schools, improved roads, and more of modern necessities.

I believe there is considerable justification for this State to assist the northern communities in getting a "new deal"—liquidating the mistakes of the past and rebuilding their natural resources. I am particularly anxious, however, that the assistance which the State shall give shall be entirely constructive and shall not help to perpetuate a condition which is economically unsound. I am not altogether convinced that the relief offered distressed drainage districts and, for that matter, some of the regular school and road aid helps to correct the fundamental difficulties in the cut-over region.

This year, under the terms of section 2139-2 of Mason's Minnesota Statutes of 1927, the State will acquire through process of tax forfeiture nearly 7,000,000 acres of land in the northern counties, the land to be held in trust for the taxing units. I want to emphasize to this body the undesirability of indiscriminate disposal of this public property, thus opening the door for a repetition of the unfortunate colonization schemes of the past. A large share of the present economic difficulties, particularly tax delinquency, is a result of haphazard settlement in earlier years. Much

land unsuited to agricultural development was taken up and many communities have been able to exist only with the help of large public subsidies. A loose land-disposal policy will tend to perpetuate and aggravate these unsatisfactory conditions.

On the other hand, I do not recommend the immediate "locking-up" of this vast area in public forests or game refuges without considering the need for or adaptability of the land. Rather, there should be a broad classification made of the land to determine the use to which it is best suited. The disposal should be determined in the light of this classification, through the cooperation between the counties and the State. In order that this problem may be treated in a broad and impartial way, I have appointed a special land-utilization committee, which serves without pay, and which is authorized to look into the entire question of land use. This committee, which is headed by Dr. Coffman, president of the university, has held a number of open hearings throughout the northern part of the State, amassed a large amount of evidence, and is now preparing its report, which I shall make available to you at a later date.

Meanwhile, the land-utilization committee has prepared a preliminary progress report, dealing particularly with the application of the law relating to the reversion of forfeited land to the State. These recommendations have been prepared after careful study by specialists in the field of land economics and deserve your earnest consideration in any attempt to interpret or amend the law to meet the tax-delinquency situation. These recommendations are submitted to you for your information.

PUBLIC UTILITIES

Notwithstanding the fact that commodity prices and wages have dropped and are continually dropping, utility rates remain up, and in many instances increase. This is due in part to the fact that such rates are protected by law, the utility company being permitted a rate which will earn or tend to earn a substantial net percentage of profit upon its capital investment. Through the manipulations of pyramided holding companies, this capital structure has been gradually increased, without any real financial investment, except on the part of credulous purchasers of stock, with a consequent increasing burden upon the consumers and users of the service furnished by public-utility companies.

The only protection and remedy for this condition is in stricter government regulation, and in some cases government ownership. I recommend that you submit to the people of this State a proposed amendment to our constitution that will permit the State of Minnesota to build and operate district power plants within the State and to sell electricity generated therein to municipalities and to the public.

In order to secure more industries and bring about the local manufacture of farm products and other raw materials produced in Minnesota, cheap power is necessary. To secure this the people must own a transmission system connected and interconnected with the available source of electrical energy. A network of transmission lines would make electrical energy available to every city and village at low cost. Power can be secured from the many dams now built or to be built on the Mississippi River.

Many municipalities within the State of Minnesota own and successfully operate power plants. I recommend the passage of a law permitting cities, towns, and villages now or hereafter owning power and light plants to sell electric current to purchasers thereof beyond the boundary lines of such cities, towns, and villages, so that farmers and others may have the benefit of cheaper electricity.

Authority and financial means should be given the railroad and warehouse commission to initiate investigations into rates charged by telephone companies in Minnesota.

The railroad and warehouse commission should be given authority to prohibit capital expenditures by public utilities operating within the State, except where regulated by local franchise; and to prohibit the sale of stock outside the boundaries of Minnesota by public utilities, unless permission is first applied for and granted by the railroad and warehouse commission.

I shall forward you a special message at a later date concerning improvement in the so-called "blue sky law" of the State of Minnesota.

The Brooks-Coleman law should be repealed.

GENERAL WELFARE

Because of the present inadequate protection of the aged and infirm I recommend the passage of an adequate State-wide old-age pension law.

The State of Minnesota from the beginning of statehood has accepted the principle of local responsibility for poor relief by directing the counties, or the cities, villages, and towns, to provide aid to those persons who because of unfortunate circumstances have been unable to secure food, clothing, shelter, and other necessities of life. This system, supplemented by the generosity and good will of private individuals, churches, and societies, has, until the year 1932, proved satisfactory and self-sufficient. Up to this time our local governments, self-reliant in their obligations and considerate in their service to their own people, have been able to meet adequately the local demands.

However, in the stress of economic conditions of the last 2 years many of these local communities, particularly in the larger urban centers of population and in the northern areas of the State where unemployment and distress have been most severe, have been overburdened in their valiant and sustained efforts to attend to local relief. In their efforts to administer to the needy under present laws, approximately 20 of our counties during the year 1932 have exhausted all relief funds and resources, even to the point of impairing credit.

To remedy this situation supplemental relief has been given by the State to various communities therein through moneys obtained from the Reconstruction Finance Corporation of the United States. That money has been distributed in the form of direct relief under the direction of a relief administrator appointed by me and the State board of control, and upon the terms and conditions prescribed by the Reconstruction Finance Corporation.

The money so borrowed from the Reconstruction Finance Corporation under the terms of Federal law is to be deducted from future sums given by the Federal Government to the State of Minnesota for aid in highway construction.

Each county of Minnesota securing these advances from the State has promised to repay the sums advanced. If a future legislature desires, it may provide that such sums so advanced for relief purposes may be deducted by installments from the moneys allocated by the State from its road and bridge fund to the several counties.

The State executive council now has authority to appropriate and expend moneys to relieve persons suffering by reason of action of the elements. The power so conferred should be extended to include relief for persons suffering from economic causes, which are as much beyond their control as elemental causes.

In a great many cases local communities could aid themselves if certain State laws restricting their power to borrow money for public-relief purposes were repealed. This should be done by you.

For the foregoing and other reasons the per-capita tax limitation should also be removed.

All the nations of the world are seeking a common understanding, outlawing war, and bringing about disarmament. Despite the universal desire of the human race for peace, we still have the militarists, the war-mongers, and the professional Junkers among us who are constantly advocating increased armament, and who would favor a conscripted Army and Navy if they dared. Compulsory military service in time of peace is contrary to all American ideals and principles. Private institutions have a right to maintain a military cadet system, but a compelled drilling of students in public institutions of learning is not only contrary to the objects of peace, but is unfair to them from an American standpoint. You should pass a law abolishing compulsory military drill in all publicly supported institutions of learning in the State of Minnesota. There is no Federal law compelling military drill in land-grant or other colleges of the United States.

The State of Minnesota, for the purpose of electing Members of Congress, should be redistricted upon a fair and equitable basis.

The cities of Minneapolis and St. Paul have substantially agreed upon a bill providing for the creation of a metropolitan drainage area, and the disposal of sewage from those cities, now being dumped in the Mississippi River. I strongly urge the passage of a proper bill in order to hasten the cleaning-up of the river.

In the event that Congress legalizes the manufacture, sale, and transportation of beverages containing more than one half of 1 percent of alcohol by volume, such beverages could be manufactured, sold, and transported in Minnesota without restriction under the present laws of this State.

Anticipating such congressional action you should provide for the strict control by the State of the manufacture and sale of such beverages.

Responding to the Governor's plea for lower interest rates in the refinancing of farm mortgages the following joint resolution was passed by the Legislature of Minnesota:

Joint resolution to the House of Representatives and Senate of the United States concerning national legislation providing for refinancing of agriculture loans at lower rates of interest

(House File No. 1954, Resolution 19)

Be it enacted by the Legislature of the State of Minnesota:

Whereas an emergency exists in this State whereby large numbers of farmers therein have lost or are losing their life's earnings for failure to meet interest payments through no fault of their own, with present conditions and high interest rates continuing, that such an emergency will continue for an indefinite time unless remedied by national legislation, providing for refinancing of farm loans at lower interest rates; and

Whereas, due to the emergency now existing, the interest of both borrowers and lenders on farm lands within this State are mutual, that interest rates are so high and price levels so low that borrowers are unable to pay existing rates and lenders are unable to collect, due to the situation thus created; and

Whereas it is the desire of the legislature of this State that occupying farm owners be permitted to refinance farm loans at lower interest rates, making possible for them to remain in their homes, and inasmuch as there is now pending a refinancing bill in the Congress of the United States which provides for administration methods of financing and reduction of interest rates to 4½ percent: Therefore be it

Resolved by the Legislature of the State of Minnesota, That we regard such rates as provided for in this refinancing measure as too high to be of sufficient value to the farmers of Minnesota at

this time, and therefore we urge the Congress of the United States to lower the interest rate provided for in this bill to 3 percent per annum.

CHAS. MUNN,
Speaker of the House of Representaitves.
K. K. SOLBERG,
President of the Senate.

Passed the house of representatives the 11th day of April 1933.

FRANK T. STARKEY,
Chief Clerk House of Representaitves.

Passed the senate the 10th day of April 1933.

G. H. SPAETH,
Secretary of the Senate.

Approved April 15, 1933.

FLOYD B. OLSON,
Governor of the State of Minnesota.

Filed April 15, 1933.

MIKE HOLM,
Secretary of the State of Minnesota.

To stop foreclosures and evictions in the State of Minnesota, the Governor issued an executive order.

EXECUTIVE ORDER

Whereas many persons are at present unable to pay interest or principal payments due upon mortgages given by them upon their homes, particularly persons engaged in agricultural pursuits, because of an economic depression, the causes of which and the remedies for which are beyond their control; and

Whereas as a consequence thereof mortgage-foreclosure proceedings are being had throughout the State of Minnesota upon the homes of such persons; and

Whereas many persons are unable for the same reason to pay interest or principal payments due upon notes secured by chattel mortgages upon furniture and upon livestock, agricultural produce, and farm machinery; and

Whereas many of such persons and many other persons sympathetic to the plight of such persons about to lose their homes and personal property through such foreclosure proceedings have undertaken by force to restrain such foreclosure proceedings; and

Whereas such attempted restraint is the act of persons otherwise obedient to law and order and otherwise desirous of upholding the Constitution and laws of the United States and of the State of Minnesota; and

Whereas under the constitution of Minnesota it is the duty of the Governor to "take care that the laws be faithfully executed"; and

Whereas it would be unwise and unjust in this present emergency to use the armed forces of the State of Minnesota to compel such foreclosure proceedings as may be instituted or are now instituted against such properties; and

Whereas the Legislature of the State of Minnesota is now assembled and has the power and authority, by adequate legislation, to prevent injustice in such foreclosures by altering the procedure now prescribed for foreclosures:

Now, therefore, it is hereby ordered that each and every sheriff and each and every constable and police officer of the State of Minnesota refrain and desist until May 1, 1933, or until further order, from foreclosing or attempting to foreclose any mortgage upon any of the following properties situate in the State of Minnesota, to wit:

Real estate upon which the mortgagor has his residence.

Furniture and household goods used by a householder mortgagor.

Farm machinery and livestock in use and possessed by a mortgagor actively engaged in farming.

Agricultural produce in the hands of the producer thereof.

FLOYD B. OLSON, *Governor of Minnesota.*

Dated February 24, 1933.

The following bill was passed by the Minnesota Legislature and approved by Governor Olson March 2, 1933:

House File No. 1279, a bill for an act providing for the postponement of certain real-estate mortgage-foreclosure sales and validating the acts of sheriffs in postponing certain real-estate mortgage-foreclosure sales

Be it enacted by the Legislature of the State of Minnesota:

SECTION 1. Any sale upon the foreclosure of a mortgage upon real estate, either by action or by advertisement, which has heretofore been advertised or which may hereafter be advertised to be held at any date subsequent to the passage and approval of this act and prior to May 1, 1933, may be postponed for a period of not to exceed 90 days to a date subsequent to April 30, 1933, by the sheriff of the county in which such sale is advertised to be held, without the publication of a notice of such postponement in any newspaper, provided, however, such sheriff shall post a notice of such postponement at one of the entrance doors of the courthouse of the county where the sale was originally advertised to be held, at least 3 weeks prior to the date to which said sale shall be postponed.

SEC. 2. In all cases where any sheriff has heretofore and subsequent to February 23, 1933, postponed any such mortgage foreclosure sale, the said sheriff may again postpone the sale, provided, however, that the date to which said sale is finally postponed shall be subsequent to April 30, 1933, and shall not be more than 90 days from the date upon which said sale was originally advertised to be held, and provided further, that the said sheriff shall post a notice of such final postponement at one of the entrance doors of the courthouse of the county where the sale was originally advertised to be held, at least 3 weeks prior to the date to which the said sale shall be finally postponed.

SEC. 3. Any postponement heretofore made by any sheriff of any such mortgage foreclosure sale, without the publication of a notice of postponement in a newspaper, is hereby validated and is hereby declared to be legal and binding in all respects.

SEC. 4. If any section or part of this act shall be declared unconstitutional or invalid for any reason, the remainder of this act shall not be affected thereby.

The Farmer-Labor Party and our Governor have repeatedly urged that the legislature act on the money question and public works, and the House of Representatives of the State of Minnesota passed the following resolutions:

Resolution

Whereas the present system of distribution has proven itself inadequate to meet the needs of a civilized race and has collapsed; and

Whereas the present Federal Reserve Banking System has failed to function in this emergency, and the entire Government has practically abandoned the gold standard as a basis of money; and

Whereas the problem is entirely a national one, and not a problem of tax reduction, wage cutting, or tax revision; and

Whereas the State of Minnesota or any other State alone is powerless to meet the emergency; and

Whereas the Congress of the United States, through past actions, has allowed the Federal Reserve Banking System, in reality an organization of private institutions, to loan the credit of the Nation, and has delegated to one man, namely, the Secretary of the Treasury, the power to dominate the monetary system of the Nation; and

Whereas the credit of the people of this Nation and consequently their buying power has been practically destroyed by the Federal Reserve Banking System deflation policy; and

Whereas some emergency measure must be effected in order to avert internal strife and disorder until a new economic system can be worked out and accepted by the people; and

Whereas the Constitution of the United States has bestowed upon Congress the obligation to coin the money and establish the value thereof; be it further

Resolved, That we, the House of Representatives of the State of Minnesota, do hereby memorialize the Congress of the United States to immediately proceed to carry out the obligation placed upon them by the Constitution, namely, to issue the money and establish the value thereof; and be it further

Resolved, That Congress extend to the several States of the Union the same power formerly extended to the Federal Reserve Bank in the matter of loaning money, and issue directly to the said States on the security of the natural resources of such States money to be loaned or issued directly to the people through such agencies as the State of Minnesota has created and are suitable thereto or which may be created in the future and which are suitable for this purpose; and be it further

Resolved, That the Congress of the United States, by proper legislation, as soon as possible, liquidate all the present national banks of issue and establish in their stead Government-owned and controlled banks; and be it also

Resolved, That a copy of this resolution be sent to each of the two Senators from Minnesota, to each Congressman from Minnesota, to the Secretary of the Treasury, to the Governor of the State, to the commissioner of banks and banking of the State of Minnesota, and also to President Roosevelt.

CHAS. MUNN,
Speaker of the House of Representatives.

Adopted by the house of representatives the 13th day of March 1933.

FRANK T. STARKEY,
Chief Clerk, House of Representatives.

Resolution

MARCH 4, 1933.

Whereas there is to be a conference of Governors in Washington called by President-elect Franklin D. Roosevelt and which is to be held upon the 5th and 6th of March 1933;

Whereas this conference of Governors is called to discuss questions of national import in regard to the present depression with the hope that this conference will work out some plan for Federal relief;

Whereas the economic condition of the Nation is in a perilous situation, necessitating federalization of unemployment relief;

Whereas Gov. Floyd B. Olson, of the State of Minnesota, has constructive ideas concerning unemployment insurance;

Whereas it is the belief of this legislature that the National Government should set up a national plan of unemployment insurance because unemployment insurance can better be worked out on a Federal plan than on a local one;

Whereas any plan of unemployment insurance could only take effect in the future; and

Whereas the interests of the workers and the farmers are in many States synonymous in that the increased purchasing power of the workers enables them to buy and consume the farmers' products, thereby relieving the farmer as well as the worker of economic distress: Now therefore be it

Resolved by the House of Representatives of the State of Minnesota, That in addition to the Federal unemployment-insurance system proposed, the council of Governors is hereby urgently and respectfully requested to recommend to the new President-elect, Franklin D. Roosevelt, that a system of public works be commenced immediately by the new administration, to be prorated amongst the several States on a basis of population, and that no less sum than $3,500,000,000 be appropriated for such purpose; be it further

Resolved, That Floyd B. Olson, or his representative at said conference, be requested to object to any further appropriations to the Reconstruction Finance Corporation to the purposes of the past administration, and that Gov. Floyd B. Olson or his representative at said conference is hereby further requested to urge that further use of our Federal public money shall be for the assistance of labor and the farmer whose suffering is the greatest and upon whose prosperity the national well-being depends; be it further

Resolved, That a copy of this resolution be forwarded to President-elect Roosevelt; Floyd B. Olson, Governor of the State of Minnesota; newly elected Members of Congress from Minnesota; Senators Henrik Shipstead and Thomas D. Schall; and to the Governors of all the States.

The Minneapolis Tribune of April 11, 1933, reports that Governor Olson's unemployment-insurance measure passed the House of Representatives of the State of Minnesota.

Following is a statement which appeared in the Minneapolis Journal in the month of April 1933:

OLSON ASSAILS FARM TAXES—LEVIES ARE "HANG-OVER FROM PIONEER ERA", HE TELLS UNIVERSITY FARM SENIORS

Gov. Floyd B. Olson struck at taxes on farm lands as "a ludicrous and tragic hang-over from the pioneer era" in an address before a graduating class of 64 students at the university school of agriculture last night.

Economists and forward thinking statesmen should see to establishment of income taxes hitting at the higher brackets, he said, easing the levy which now bears so heavily and increasingly on farm lands.

Another statement appeared in the Minneapolis Tribune March 25, 1933, on the State income tax bill advocated by Governor Olson:

STATE INCOME TAX BILL IS PASSED BY HOUSE 102 TO 11

The statutory income tax, with a replacement feature that its author estimates will save propertyowners of the State about $4,000,000 annually, was passed Saturday by the Minnesota house, 102 to 11.

The tax, estimated to net the State about $5,000,000 annually under present-day conditions, is one of the major planks in the Farmer-Labor Party platform, and carries exemptions of $1,200 and $2,000, respectively, for single and married persons, with $250 allowed for each dependent.

Under the replacement feature revenue derived from the tax would care for several tax levies which would be permanently removed from the assessments against general property in the State.

Here is a statement from the Washington Daily News of April 13, 1933:

MINNESOTA GOVERNOR THREATENS TO SEIZE WEALTH TO AID POOR—OLSON SAYS HE WILL INVOKE MARTIAL LAW AND WARNS HE IS MAKING HIS "LAST APPEAL"

ST. PAUL, MINN.—Martial law and confiscation of property in Minnesota are threatened by Gov. Floyd B. Olson unless the State legislature acts on relief legislation.

The Governor told several hundred "bonus marchers" that "if the legislature does not provide for the sufferers, and the Federal Government refuses aid because the State has refused to act and local communities become unable to care for their own, I shall invoke the powers that I hold."

The Governor said he would declare martial law. He said many people fighting relief measures because they possessed wealth "will be brought in by the provost guard" and "will be obliged to give up more than they are giving up now."

He said he was "making his last appeal", and if the legislature failed to act on relief measures, martial law would follow.

Governor Olson blamed the State senate for holding up a bill that would permit communities to expand their bond issues and provide relief.

The Washington Times also featured Governor Olson's speech to the relief marchers:

"ARMED RELIEF" THREATENS IN MINNESOTA—GOVERNOR PROMISES TO CONFISCATE WEALTH IF LEGISLATURE FAILS TO ACT

ST. PAUL, MINN., April 13.—Members of the State legislature today carefully weighed the ultimatum of Gov. Floyd B. Olson in which he threatened to declare martial law and confiscate wealth for relief purposes unless the legislature takes action.

In addressing several hundred relief marchers on the steps of the State capitol, Governor Olson said he was "making a last appeal" and that unless such legislation for relief is passed, he would declare martial law and bring in by provost guard "people now fighting the legislation because they happen to possess considerable wealth."

ATTACKS STATE SENATE

The Farmer-Labor Governor expressed the hope that "the present system of government go right down to hell" if it fails to prevent repetition of existing conditions."

Governor Olson directed his attack against the "conservative" State senate as well as other legislators, charging that measures to provide immediate relief were being held up. The legislature will adjourn here April 19.

He told his audience:

"A bill which would permit local communities to take care of their own situation by lifting the tax restrictions and permitting them to issue bonds for relief work is being held up so far as I know in the Senate."

The Governor threatened possible martial law after stating that there is immediate need for funds to provide food and shelter for the needy. He said:

"I am making a last appeal to the legislature. If the legislature, and the senate in particular, does not make ample provision for the sufferers in the State, who through no fault of their own are in that condition, and the Federal Government refuses to aid, as it properly may because of the refusal of the State legislature to handle the situation, and the communities become unable to take care of the people, I shall invoke the powers I hold and I shall declare martial law.

"TO STAMP OUT MISERY

"People who are now fighting the measures because they happen to possess considerable wealth will be brought in by provost guard and be obliged to give up more than they would now. As long as I sit in the Governor's chair there is not going to be misery in the State if I can humanly prevent it."

Another article appeared in the Washington Herald of April 14, 1933:

GOVERNOR DEMANDS FUNDS TO AID NEEDY

ST. PAUL, April 13.—In a fiery message to the legislature Gov. Floyd B. Olson today asked for authority to use the State's cash and credit in the unemployment-relief emergency, as an alternative to his threat to declare martial law and confiscate wealth "if necessary for the State to take care of its own."

Governor Olson warned that the Reconstruction Finance Corporation has indicated it will cease to advance funds "unless the State takes some steps to assist in caring for its own people."

The platform of the Farmer-Labor Party of Minnesota was advocated and presented to the voters of that State by the Governor in the 1932 campaign:

FARMER-LABOR PLATFORM OF MINNESOTA

PREAMBLE

The Farmer-Labor Party in convention assembled reiterates its faith in the producing classes of our people and we believe that the common people will eventually be able to work out their own salvation.

The capitalistic system is on trial for its life, and the common people must work out a new order of things, set up a new social system under which every man and woman will be guaranteed the right to work and produce that he may enjoy the fruits thereof. We believe that this Nation cannot endure half fed and half starved, half employed and half idle, and that every worker shall be guaranteed the right to enjoy the fruits of his or her own labor.

That the Farmer-Labor Party of Minnesota might do its share toward the working out of a new and just social order, we adopt as our platform for 1932 the following proposals:

1. We demand the passage of the Frazier bill, now pending in Congress, which provides for the liquidation and the refinancing of the farmers' debt at the rate of 1½ percent interest and 1½ percent amortization payment.

We believe that agriculture is entitled to at least as much consideration at the hands of the Federal Government as has already been extended by the Republican administration to banking groups and foreign nations.

2. We endorse the Agricultural Marketing Act and demand its retention. We also demand that Congress make available as a part of the Marketing Act the debenture and the equalization fee in dealing with the exportable surplus of farm products.

3. We renew our loyalty to the principle of home rule and declare, among other things, for the immediate repeal of the iniquitous Brooks-Coleman law.

4. Notwithstanding a clear mandate from the people that the remaining natural resources of this State be conserved under the jurisdiction of a conservation commission, certain Republican State officers are retaining the control of those affairs and sacrificing the public interest in order to perpetuate political and selfish appointments. One of the results of this is that our undeveloped resources are rapidly being taken from the people and exploited by a gigantic lumber industry and millions of idle acres of delinquent lands are being left from useful, tax-producing uses.

If given control of the government of Minnesota, we pledge the people of this State to submit to them an amendment to our constitution that will permit the introduction of the Ontario system of development and administration of electric power and

light, thus making electricity—the source of power of the future—man's servant and helper, and not his oppressor and master, as is now the case.

We also pledge our farming population and electrical consumers to enact legislation permitting cities, towns, and villages now owning power and light plants to sell current freely to farms, smaller towns, and villages.

5. The communities of the North, dependent upon the iron-mining industry, are under the heel of an oppressive steel corporation that has foisted iniquitous per-capita limitation laws upon those laboring classes who are dependent upon the mines and communities for their subsistence.

We declare unalterably for the repeal of all such per-capita limitation laws and to safeguard against future legislation that destroys that sacred prerogative of home rule.

6. We deplore the unnecessary delays in the construction of the St. Lawrence waterway and the proper development of the inland rivers touching this State.

We demand immediate constructive action on the part of our Government to develop these inland waterways and to bring the ocean to our land-locked harbors.

7. We favor the establishment and operation of a State-owned printing plant.

8. Big business today seeks to control the nomination of candidates of various political parties through a campaign of fear and coercion, resulting from the voter having to call for his primary ballot.

We declare again for the consolidated primary ballot law that will prevent these abuses, so that the names of all primary candidates of all parties may appear on one uniform ballot.

9. Millions of industrial employees are out of employment, due to no fault of their own.

We demand laws that will provide adequate Federal and State unemployment insurance. Rapidly merging industrial corporations that have benefited tremendously through labor-saving machinery must bear the burden of this protection.

10. Because of the present inadequate protection of the aged and infirm, we hereby demand that legislation be enacted providing for an adequate State-wide old-age pension.

11. We advocate a graduated progressive income tax and demand that the proceeds of such tax be used to reduce the present tax burden of the farmer and the small-home owner.

12. The farmers of this State must have legislation that will provide an adequate tax upon the manufacture and sale of oleomargarine, and we declare as a part of our agricultural policy for the speedy enactment of such legislation.

13. We will renew our effort to enact legislation that will impose a graduated tax and special license upon those chain institutions that are destroying the business of thousands of our Minnesota merchants and independent bankers.

14. The service men who defended this country in the trying days of war are not being given fair consideration at the hands of a reactionary national administration.

We demand the immediate cash payment of all soldier bonus claims, to be financed by the issuance of Treasury notes and not to be dependent upon a bond issue.

15. We submit to Minnesotans that the declaration of the last Republican State convention to reduce State expenditures in the amount of $5,000,000 is utterly unwarranted and demagogic in the light of the Republican Party's control of all of the agencies of the State government for a period of nearly 75 years, which control, for political reasons, imposed necessary expenditures upon the present administration in order to care for feeble-minded and other unfortunate wards of the State.

We declare that the present taxes for State purposes are based on appropriations made by a Republican legislature and that under the law as now constituted the Governor is without authority to reduce any such appropriations. We further advocate as a remedy for this condition that a law be enacted granting the Governor the power to reduce appropriations, subject to a review by the legislature in seasonable time.

16. Special interests are fast influencing the activities of some of our legislators. We advocate a law that will compel the registration and regulation of all lobbyists having occasion to attend legislative sessions.

17. Until the time comes when farm loans will be taken over by the Federal Government, under a law like the one proposed in the Frazier bill, we believe that the State funds which have heretofore been invested in State highway bonds and big banking investments should be preferably used for the purpose of financing loans to farmers through the rural credit bureau, the retention of which we demand. We favor restoring State-owned farms to the tax rolls of the communities wherein they are situated.

18. We favor the principle of the initiative and referendum, believing that this Government should again be returned to the people.

19. The Government must meet its responsibility in caring for the millions of unemployed laborers in industry who walk the streets of our cities and smaller towns vainly seeking for a chance to eke out an honest livelihood. A protracted and deplorable unemployment crisis which is the creature of a regime of governmental blundering and reactionary distortion, reflects itself in the earning power of every farmer and laborer in the State of Minnesota. The emergency must be met, and no superficial construction of governmental post offices alone will return these millions into paths of permanent prosperity. We believe that in meeting this emergency a unified and adequate plan of reduced working hours should be undertaken to help alleviate this present deplorable condition.

To the accomplishment of which we urge the support of the entire State ticket and the election of progressive representatives in Congress and the lower house of our legislature.

This letter, written by Governor Olson, was delivered to the President at the Conference of Governors called by President Roosevelt in March 1933:

MY DEAR PRESIDENT: Permit me to congratulate you on your most excellent inaugural address and your keen grasp of the seriousness of our economic crisis. I am sorry that banking conditions in Minnesota made it necessary for me to return home after having started out to attend the Conference of Governors.

I am strongly inclined to the belief that what we are suffering from today is not a depression at all, in the generally accepted use of the term, not one of the customary ups-and-downs of business, but a condition brought about, and naturally so, by an essentially faulty social and economic order.

Our method of distributing wealth is wrong, as witness our inability to utilize the products of the machine for the benefit of the great masses of our people. To say that the industrial and business paralysis is caused by overproduction, by the creation of too much wealth, is in itself an admission that our entire economic structure rests on an error, a house built on a foundation laid in quicksand.

In this crisis, the absence of constructive thought from our leaders in industry would present an element of humor, in view of their previous attacks upon Congress, were it not for the tragedy of having heretofore intrusted our material destinies to them. While it is obvious that the standard of living of the average man and woman must be raised if we are to consume the products of the machine, these leaders have further aggravated conditions by slashing wages and beating down our living standard. And now, with failure so plainly writ for them, they are praying to that same Congress to show them the way out.

It is time that we scrap our industrial and financial leaders. No salvation to the country can come from them. It is time that our economists, who should know what is wrong with the patient, speak out frankly. Let them forget that they have jobs. Let them say some of the things out loud that they are now saying in subdued whispers or merely thinking.

If the so-called "depression" deepens, I strongly recommend to you, Mr. President, that the Government take over and operate the key industries of this country. Put the people back to work. If necessary to relieve public suffering, the Government should not hesitate to go as far as to conscript wealth. The welfare of the public is paramount to all considerations.

Banks have not been operated for the benefit of depositors. The interests of speculative borrowers have been of greater importance. The financial structure of the private money changers became paralyzed on March 4. In fact, if not in law, we are now off the gold standard, which constituted their financial religion. The country is under no obligation to the money changers. Let us rescue the depositors. Stricter regulation, confinement to a regular banking business, and full or partial guaranty of deposits by the Government will accomplish this.

You will pardon me for departing from the outline of your letter. I was inspired to do so by the fearless, plain speaking in your inaugural address.

I submit to you the following recommendations concerning matters within the scope of the agenda outline in your letter of invitation to the conference.

Federal unemployment insurance for concerns doing interstate business, or a Federal tax upon the merchandise of manufacturers in States that have no unemployment insurance law which is shipped into States that have such laws. I do not believe that the present Supreme Court, under present conditions, would follow the child-labor decision.

Employers who come under the provisions of an unemployment insurance law should have the right to deduct a substantial part of the insurance paid out from their income tax, as proposed by Senator WAGNER.

The terms of the Reconstruction Finance Corporation Act should be enlarged so as to provide, in the use of funds advanced to the States, employment of those out of work who are potentially but not actually "breadliners." As the present law has been interpreted, employment can be given only to those entitled to a dole and only in an amount equal to such dole during a given period.

The Government should not attempt to balance the Budget by reducing the wages of Federal employees, as this would have a tendency to induce private business to do likewise.

Allocation of Federal funds for reforestation, afforestation, and similar purposes in the various States should not be made on the basis of the extent of Federal public domain in the State, as proposed, but rather on the basis of population, unemployment, and conservation needs.

The Federal gasoline tax is an overlapping tax and in reality takes away from the States a source of revenue. From July 1, 1932, to January 1, 1933, the amount of such tax collected was $62,831,826, while the agricultural appropriation bill for the next fiscal year carries only $35,000,000 for the Bureau of Public Roads. The tax should be abolished or, if continued, paid out as direct Federal aid to the States or set up as a balance against the Reconstruction Finance Corporation loans.

The Government should refinance farm mortgages and agricultural drainage bonds at a low rate of interest and over a long period of time by the issuance of currency backed by land security instead of gold.

Legislation should be enacted restricting farm-commodity production, extending a subsidy through a processing tax based on a differential between the buying power of agricultural products and industrial products instead of upon tariff rates.

The Government should undertake the regulation of interstate sale of stocks and securities. This would prevent the perpetuation of the frauds of the past and the pyramiding of stocks and securities of holding companies. This would also operate as a means of holding down utility rates by dealing a blow at watered capital.

I hope, Mr. President, that your administration will find the solution to the pressing problems of today and wish it success and godspeed.

Sincerely,

FLOYD B. OLSON,
Governor of Minnesota.

The Farmer-Labor voters of Minnesota are building the foundation for a new national party. We are glad to present to the people of America the inaugural messages and statements of our Governor and the principles and platform upon which we stand.

EDUCATION AND OUR PUBLIC SCHOOLS

Mr. JONES. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing an address by the gentleman from Illinois [Mr. GILLESPIE] to the high school graduating class at White Sulphur Springs, W.Va., on Education and Our Public Schools, on May 25, 1933.

The SPEAKER. Is there objection?

There was no objection.

Mr. JONES. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address of Hon. FRANK GILLESPIE, of Illinois, to the high-school graduating class, White Sulphur Springs, W.Va., May 25, 1933:

Ladies and gentlemen, this is my native heath. Forty years ago, a young man, I went out from my parental home in this place to abide in another imperial State of the Union. I now have pleasure in being afforded an opportunity to speak to this graduating class in the presence of such a splendid audience upon the subject assigned to me.

I am much obliged to my kinsman, Kenneth Gillespie, president of the Rotary Club; Hon. William B. Hines, Hon. A. E. Huddleston, and other friends for the kind reception given me today and for transmuting this rotary and commencement day into a genuine old-time homecoming and reunion.

"O'er scenes like these my memory wakes
And fondly broods with miser care;
Time but the impression deeper makes
As streams their channels deeper wear."

A little while before I came to the platform I was told that there is here one vacant chair. A fortnight ago one of the best-loved members of this class fell asleep. Her name was "Fey"—Fey White. She was a beautiful girl, industrious and ambitious, who merited and received the highest grades of any in her class. None were jealous or envious of her, for she was loved by all; but before she could reach the goal—the stone that marks this commencement day—to which she looked forward with so much of joy, she fell asleep and left a lonely spot against the sky of this class and the many who admired and loved her all of her brief life.

I saw somewhere this thought expressed—maybe that death gives all there is of worth to life, and that death treads from out the paths that lie between our hearts, the weeds of selfishness and hate, and if those we press and strain within our arms could never die, maybe that love would perish from the earth, and I had rather live in a world where death is king and where love is than to have eternal life where love is not.

I have a solemn pride tonight in celebrating with you the memory of this beautiful girl. Her classmates and companions and this community will ever hold her in affectionate memory.

INTRODUCTION

On this commencement day of the old White Sulphur High School, we are come to salute the class of '33, to pay our tribute of respect to the principal, Miss Florence Smith, and her corps of fine teachers; to express our loyalty to the school and our high appraisal of the value of education and our public schools.

Class of 1933, we salute you; this community honors you.

Interesting it would be, but time will not permit even a brief history of your wonderful school.

Through the years I have seen from a distance, with pride and deepest interest, the tremendous progress the White Sulphur High School has made. From a humble beginning it has steadily risen to credit and high rank among the schools of the State and Nation; and, therefore, the diploma conferred upon you tonight is of real value.

Within these 40 years many changes have come over the world; great progress has been made. These 40 years have brought more changes to the world than any other equal period of time. All uncalled there come across the mind the matchless lines of Tennyson:

"Let the great world spin forever
Down the ringing grooves of change."

Moral, political, commercial, and social life have all been affected by these changes.

Into the commercial world came the automobile with its gasoline-driven engine, came the electric street car and the telephone, and crowding on came wireless telegraphy, swiftly followed by the radio, the greatest discovery of all, the most marvelous invention that ever leapt full-fledged Minerva-like from the brain of inventive genius, making artistic and scientific application of the forces of nature—a touch of nature that makes the whole world kin.

I have only cataloged a few of the inventions and discoveries. I have made no mention of ships of the air that carry our commerce and mails as on eagle wings above the clouds, nor of that demon down under the sea—the submarine—that swiftly bears our commerce on its way far below old ocean's surface wave.

God made man in his own image and gave him dominion over the earth, and slowly but surely man is taking unto himself that grant of power and dominion for the good of man.

He has chained the lightning, that writes the will of God upon the heavens, and has enslaved it to do his bidding.

For critical, creative, or educational purpose—that is, to criticize, tear down, to create, entertain, instruct, or educate the artist, the musician, the scientist may exploit that wondrous instrument—stand before the radio and on the instant his words or tones and the harmony he produces are heard around the world. The radio has come to make near neighbors of all the children of men, the children of God, and one may speak to the Antipodes as conveniently and instantly as to a next-door neighbor.

There is today a more urgent call for men and women of character, honesty, and ability than ever before. The political and economic world today is crying aloud for leaders of culture, worth, probity, and honor.

NUMBER ENROLLED

Twenty-eight millions of children are enrolled in our American schools. It has been said if they were placed in a line four abreast and 3 feet apart this line would extend from New York to San Francisco and there would be enough children left over to form a similar line from Chicago to New Orleans. These children make up a fourth of the population of the United States, and the children in number are equal to the population of New York, California, Louisiana, and Illinois. Within a quarter of a century these children and their families will make up the numbers that control the State and the Nation.

The present generation as a controlling force will then be off the political and governing stage.

A century and a half ago our fathers built here a new Nation—the first Republic—and rested the superstructure thereof upon a broad foundation, the heart power, and brain power of a great people.

Nineteen hundred and fourteen came the World War, and most of the Christian nations of the world found themselves again at each other's throats—in the bloody and tragic, primitive, heathen court of trial by physical combat—trial by battle.

A vainglorious European emperor would at last circumscribe and abridge our rights, and it was then that our country crystallized into an army 4,000,000 of American boys and sent them forth, in the uniform of the Republic, to teach the world all o'er again how commonplace it is to die for liberty.

Then within 1 short year victory, as it always has, perched upon our banner. Crowns crumbled, and kings and queens laid down their scepter's wand, and many autocratic governments were transformed into republics.

EDUCATION IN DEMAND

This hour demands educated men and women, cultured in our high schools and colleges.

Every person receives at least two educations, one from the academic schools and the other in the school of experience.

EDUCATION

We first should agree on a definition.

Education is something that fits a man to take his place in the world. An educated man has been instructed in morals, as well as in the arts and sciences.

Wisdom I define as the art of properly applying knowledge. Solomon said, "Happy is the man that findeth wisdom and understanding."

Education has been defined as a process that fits a man to perform justly and skillfully public duties or private offices.

It has been defined as a high word and the preparation for knowledge.

AN EDUCATED MAN MUST POSSESS

The educated man is wise, courteous, tolerant, loyal, ambitious, courageous, cultured, and humorous.

GET WISDOM THEN

The wise man is courteous, tolerant, loyal, ambitious, courageous, humorous, and his whole life is broadened and his culture, it is said, embodies seven things.

TOLERANCE

The educated man, the cultured man, the man of wisdom, is always tolerant. He is cultured enough and has intelligence to see the other man's point of view and to recognize the right of that man to his own honest views.

Burke said that he would make toleration a part of religion.

A great philosopher hearing a man make an assertion said to him, "I do not believe one word you say, but I would fight to the death to maintain your right to say it."

Mark Twain once humorously said, "Nothing so much needs reforming as other people's habits", and what Mark Twain humorously said describes precisely an intolerant man—a selfish man.

John Billings said that he had studied for 20 years to find the best place for a carbuncle. When asked if he had found it he replied, "On the other fellow's neck."

The intolerant man never respects the rights or opinions of another and never is or can become an educated man.

The intolerant or bigoted man is a man without wisdom.

All our wars are the result of intolerance—an attempt to put the carbuncle on the other fellow's neck.

The Pharisees were intolerant.

The rich are intolerant of the poor, and the poor intolerant of the rich. Intolerance has been one of the greatest curses of the earth.

LOYALTY

If there were universal loyalty, the troubles of the world would be solved.

Loyalty to God and man, loyalty to truth and right; then would follow the millennium.

AMBITION

One's ambition must be a worthy ambition, or it will become a curse.

You may be startled, disappointed, and surprised, for the major thing that I here want to impress on this fine class is to avoid selfish ambition—ambition as the word is ordinarily used and as its meaning is commonly understood.

I bid this class in the language of Shakespeare's Cromwell:

"Fling away ambition:
By that sin fell the angels; how can man then,
The image of his Maker, hope to win by it?
Love thyself last; cherish those hearts that hate thee;
Corruption wins not more than honesty.
Still in thy right hand carry gentle peace,
To silence envious tongues. Be just, and fear not:
Let all the ends thou aim'st at be thy country's,
Thy God's, and truth's * * *."

COURAGE

Courage, true courage, is the foundation of all the progress the human race has made.

The coward is neither educated nor wise and is always athwart the path of progress. The coward dies a thousand deaths before his time; the valiant never taste of death but once.

The coward has not the courage of his own opinions. The coward could not understand Emerson's meaning when he said one is a majority on the right side.

We all understand what Shakespeare meant when he said courage mounteth with occasion.

A coward always appears to be brave when he is in the limelight, when he thinks he is in the majority and his courage mounteth with occasion.

Columbus had courage. He was about the only man in his time who believed the earth is round, and because of this belief, all alone he pioneered a pathway over which the human family shall travel for all time to abide in a new and better world.

Humor is the torch that lends light to the mind. If you can see the humorous side, if you can legitimately laugh at or about a thing, you understand that thing. If one possesses a sense of humor, he may meet the vicissitudes of life with greater fortitude. A sense of humor gives one the ease and good nature necessary to form correct judgment on occasions.

Imagination is the greatest gift to man.

The imagination marks the difference between man and the brute kingdom.

Imagination gives one the power to put himself in the place of another. Of this gift justice was born.

Shakespeare's greatest eulogist said of him:

"Shakespeare was the greatest man who ever lived and wrought of words the statues, pictures, robes, and gems of thought, who ever touched this grain of sand and tear we call the world.

"He was an intellectual ocean whose waves touched all the shores of thought, and from which now the isles and continents of thought receive their dew and rain.

"The imagination had a stage within his brain whereon were set all scenes which lie between the morn of laughter and the night of tears, and where the players bodied forth the false and true, the deeps and shallows, and all the mysteries of universal life."

Shakespeare had the gift of imagination beyond all other men and did hold the mirror up to nature.

SMALL THINGS

To this class I say despise not the day of small things. Be wholesomely ambitious, but avoid that vaulting ambition that o'erleaps itself and certainly falls down.

COMMON THINGS

"When thou art invited to a feast sit not down in the highest seat."

Be content to make the best of the position where you find yourself stationed and environed withal.

Remember always that nothing that God hath created is common. I marvel more at just the common things, the majesty, the courage, the fidelity, the loyalty and culture of just the common men than I do at kings.

I do not like the phrase "the common people."

Why call any common?

Call not that common which God hath made in His own image and given dominion over the earth.

None are lowly born. None are common. All are of miraculous birth.

COMMONPLACE

"A commonplace life," we say, as we sigh;
But why should we sigh as we say?
The commonplace sun in the commonplace sky
Makes up the commonplace day.
The moon and the stars are commonplace things;
And the flower that blooms and the bird that sings.
But dark were the world and sad were our lot,
If the flowers had failed and the sun shone not.
And God, who studies each commonplace soul,
Out of commonplace things makes His beautiful whole.

WASHINGTON

Washington's name was written upon no college scroll, and yet he was in the truest sense an educated man. He was courteous, tolerant, loyal, ambitious, more than courageous, and was a wise man of the broadest vision. Patrick Henry said of him for personal knowledge of things and for wisdom that Washington stood head and shoulders above any man on the floor of the First Continental Congress.

Washington was the greatest man who has lived in the last 2,000 years. Compare him with Alexander the Great, Hannibal, Julius Caesar, and Napoleon.

Alexander more than 300 years before this era conquered the world for ambition and died in a drunken debauch proclaiming himself a god, with the world laughing at his absurd claim.

Hannibal, 200 years afterward, a mere boy, led to the altar to swear eternal vengeance against Rome. When he grew to manhood's estate he began a great war with the Roman people and maintained himself for over 20 years with a hostile army on Roman territory. He was finally overcome by the Romans and had to flee for his life and became an outcast and died by poison administered by his own hands, a fugitive from his own country.

Then came Julius Cæsar, 50 years before the Christian era, who conquered a licentious and debauched government and after establishing law, order, and justice died by assassination in the house of his supposed friends.

Next came the great Napoleon, the greatest soldier of the modern world. He, too, conquered all of Europe, but at the zenith of his power he met defeat, was seized by the enemy, sent to a lonely island of the sea where he died of a broken heart beating his broken wings against the barren rocks of St. Helena.

The American Revolution rested upon the courage and the military genius of Washington.

He stepped from his baronial home in Virginia, and on horseback passed through the long wilderness from Mount Vernon to Cambridge, took charge of a ragged colonial Army and never saw his home again for 6 long years.

They fought at Lexington, at Concord, and Bunker Hill. They fought and fought until they drove the British from the city of Boston. They fought at Long Island, they fought on the Delaware, they fought at Brandywine and at Monmouth. They fought along the valleys of great rivers and in the swamps, and upon the mountain sides. They fought in the North and they fought in the South. They fought until Yorktown was achieved and until 12,000 colonial men laid down their lives and until two hundred millions in money was sunk in the cause of liberty.

Our liberty has been purchased at the sacrifice of life and at the expense of a treasure so great that the finite mind cannot comprehend.

We have been engaged in 6 principal wars, 110 conflicts, and nearly 9,000 battles. More than a million and a quarter of men have laid down their lives to build and defend the mighty walls of this Republic.

Washington put his hand to the plow and did not look back until Cornwallis surrendered and a new Nation—a new Government upon a new principle was erected.

CLOSING

In closing I give to you familiar but classic advice. You may be familiar with the words but I give them emphasis:

"* * * Look thou character. Give thy thoughts no tongue,
Nor any unproportion'd thought his act.
Be thou familiar, but by no means vulgar.
Those friends thou hast, and their adoption tried,
Grapple them to thy soul with hoops of steel,
But do not dull thy palm with entertainment
Of each new-hatch'd unfledged comrade. Beware
Of entrance to a quarrel; but being in,
Bear 't, that the opposed may beware of thee.
Give every man thy ear, but few thy voice;
Take each man's censure, but reserve thy judgment.
Costly thy habit as thy purse can buy,
But not express'd in fancy; rich, not gaudy:
For the apparel oft proclaims the man;
Neither a borrower nor a lender be:
For loan oft loses both itself and friend,
And borrowing dulls the edge of husbandry.
This above all: to thine own self be true,
And it must follow, as the night the day,
Thou canst not then be false to any man."

Our American schools will rid the earth of discourtesy, intolerance, disloyalty, selfish ambition, lack of courage, ill humor, and injustice.

More than a century and a half ago friendly and hostile observers saw our forefathers launch our strange, new, tiny ship of state. Many said she could not ride the waves of such a stormy, tempestuous political sea; but aboard that little craft were seasoned mariners—Washington, Jefferson, Hamilton, Madison, and others; but of that crew none was a more dauntless navigator than that Columbus of political seas—George Washington, of Virginia.

Ours is now about the oldest Government in the world, and its permanence and persistence is indemnified and secured in perpetuity to our children because of the general education of the people through the medium of our American schools.

In this security we shall escape from the present dungeon of despair, and once again prosperity will be restored to all, and we will be and continue to be the happiest, the freest, and the most prosperous nation on the earth.

DISPENSING WITH CALENDAR WEDNESDAY

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that business in order on Calendar Wednesday be dispensed with.

The SPEAKER. Is there objection?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, Mr. GAVAGAN (at the request of Mr. KENNEDY of New York) was given leave of absence, on account of illness in his family.

ADJOURNMENT OVER

Mr. BYRNS. Mr. Speaker, it was expected that we would have the report on the railroad bill at an early date. It is evident now that if we were to meet tomorrow we would probably have Wednesday or Thursday when there would be no business before the House. So I think it would be proper that the House take a day off tomorrow, as there are many Members who have engagements to speak on Decoration Day and others who want to attend services on that day. Therefore I ask unanimous consent that when the House adjourns today it adjourn to meet on Wednesday next.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

Mr. MARTIN of Massachusetts. Reserving the right to object, will the gentleman tell us what will be the program on Wednesday?

Mr. BYRNS. The farm credit bill, for which consent has already been given.

Mr. MARTIN of Massachusetts. Any other legislation?

Mr. BYRNS. No.

Mr. O'CONNOR. Reserving the right to object, does the gentleman think that it would be better to meet at 11 o'clock on Wednesday?

Mr. BYRNS. The farm credit bill is rather long, 36 pages in it. If it should become apparent that it ought to be finished Wednesday, it would perhaps be better to meet at 11 o'clock. I will add that to my request.

Mr. RAYBURN. Reserving the right to object, I want to make a statement. The Committee on Interstate Commerce tomorrow will begin consideration of the railroad bill in executive session. Our committee never sits during the sessions of the House. We are hopeful that if we can get tomorrow and Wednesday morning we can report the bill and have it for consideration Thursday and Friday.

If the House should meet at 12, we can get that extra hour and we can report the bill so that it can be considered on Friday and Saturday.

Mr. BYRNS. I think that can be obviated by giving the committee the right to sit on Wednesday during the session of the House.

Mr. RAYBURN. But the committee will not do it.

Mr. MARTIN of Massachusetts. I think the committee would want to sit and hurry up adjournment.

Mr. BYRNS. Between the hour of 11 and 12 there will be nothing but general debate.

The SPEAKER. Is there objection?

There was no objection.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly, the House under its previous order (at 6 o'clock and 15 minutes p.m.) adjourned until Wednesday, May 31, 1933, at 11 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

82. Under clause 2 of rule XXIV, a letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated May 23, 1933, submitting a report, together with accompanying papers and illustrations, on a preliminary examination and survey of Compton Creek, N.J., authorized by the River and Harbor Act approved July 3, 1930 (H.Doc. No. 58), was taken from the Speaker's table, referred 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. JONES: Committee on Agriculture. H.R. 5790. A bill to provide for organizations within the Farm Credit Administration to make loans for the production and marketing of agricultural products, to amend the Federal Farm Loan Act, to amend the Agricultural Marketing Act, to provide a market for obligations of the United States, and for other purposes; with amendment (Rept. No. 171). Referred to the Committee of the Whole House on the state of the Union.

Mr. SWANK: Committee on Flood Control. H.R. 5665. A bill authorizing the control of floods in the Salmon River, Alaska; without amendment (Rept. No. 172). Referred to the Committee of the Whole House on the state of the Union.

Mr. WHITE: Committee on the Public Lands. H.R. 5239. A bill to extend the provisions of the act entitled "An act to extend the period of time during which final proof may be offered by homestead entrymen", approved May 13, 1932, to desert-land entrymen, and for other purposes; with amendment (Rept. No. 173). Referred to the Committee of the Whole House on the state of the Union.

Mr. CONDON: Committee on the Judiciary. S. 1581. An act to amend the act approved July 3, 1930 (46 Stat. 1005), authorizing commissioners or members of international tribunals to administer oaths, etc.; without amendment (Rept. No. 174). Referred to the House Calendar.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Claims was discharged from the consideration of the bill (H.R. 5668) authorizing the relief of the McNeill-Allman Construction Co., Inc., of W. E. McNeill, Lee Allman, and John Allman, stockholders of the McNeill-Allman Construction Co., Inc., and W. E. McNeill, dissolution agent of McNeill-Allman Construction Co., to sue in the United States Court of Claims, and the same was referred to the Committee on the Judiciary.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. SABATH: A bill (H.R. 5820) to authorize the acquisition of land for a mail-service airport in the city of Chicago; to the Committee on Public Buildings and Grounds.

By Mr. PATMAN: A bill (H.R. 5821) to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary in 1936 of the independence of Texas, and of the noble and heroic sacrifices of her pioneers, whose revered memory has been an inspiration to her sons and daughters during the past century; to the Committee on Coinage, Weights, and Measures.

By Mr. LEA of California: A bill (H.R. 5822) to amend sections 116 and 22 of the Revenue Act of 1932; to the Committee on Ways and Means.

By Mr. MOTT: A bill (H.R. 5823) to authorize the purchase by the city of McMinnville, Oreg., of certain tracts of

public lands and certain tracts revested in the United States under the act of June 9, 1916 (39 Stat. 218); to the Committee on the Public Lands.

By Mr. GIBSON: A bill (H.R. 5824) to authorize an increase in the number of directors of the Washington Home for Foundlings; to the Committee on the District of Columbia.

By Mr. KENNEY: A bill (H.R. 5825) to provide for a preliminary examination and survey of a waterway to connect the Hudson and Hackensack Rivers; to the Committee on Rivers and Harbors.

By Mr. McLEOD: A bill (H.R. 5826) to authorize disposition of surplus revenue funds of the District of Columbia by the Board of Commissioners of the District of Columbia for necessary public projects; to the Committee on the District of Columbia.

By Mr. BLAND: A bill (H.R. 5827) to authorize the grant of a right of way to the York River Bridge Corporation over certain Government lands within the Colonial National Monument, Va.; to the Committee on the Public Lands.

By Mr. SCRUGHAM: A bill (H.R. 5828) to amend section 36, part 4, of the Emergency Farm Mortgage Act of 1933; to the Committee on Agriculture.

By Mr. KNUTSON: A bill (H.R. 5829) granting the consent of Congress to Joseph Mirau to construct a bridge across the Mississippi River; to the Committee on Interstate and Foreign Commerce.

By Mr. CARY: A bill (H.R. 5830) to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Owensboro, Ky.; to the Committee on Interstate and Foreign Commerce.

By Mr. SABATH: Resolution (H.Res. 162) providing for the consideration of House Resolution 110; to the Committee on Rules.

By Mr. WILCOX: Resolution (H.Res. 163) authorizing the Committee on the Judiciary to investigate the official conduct of Judge Halsted L. Ritter; to the Committee on the Judiciary.

By Mr. TINKHAM: Resolution (H.Res. 164) providing for the investigation of the business relations of Norman H. Davis with international banking and international business interests and his relations with any organization or foundation which expends money to influence the foreign policy of the United States; to the Committee on Rules.

By Mr. WHITE: Resolution (H.Res. 165) providing for the consideration of H.R. 5239, a bill to extend the provisions of the act entitled "An act to extend the period of time during which final proof may be offered by homestead entrymen", approved May 13, 1932, to desert-land entrymen, and for other purposes; to the Committee on Rules.

By Mr. CELLER: Resolution (H.Res. 166) providing for the consideration of House Resolution 110; to the Committee on Rules.

By Mr. AYERS of Montana: Concurrent resolution (H. Con.Res. 20) for the appropriation of $75,000 to further the Senate investigation of banking and investment companies under Senate Resolution 70; to the Committee on Accounts.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. AUF DER HEIDE: A bill (H.R. 5831) for the relief of Hugo Luckmann; to the Committee on Claims.

Also, a bill (H.R. 5832) for the relief of Lena Dumbleton; to the Committee on Claims.

Also, a bill (H.R. 5833) for the relief of James A. McDonough; to the Committee on Military Affairs.

Also, a bill (H.R. 5834) for the relief of William J. Tattan; to the Committee on Naval Affairs.

By Mr. BLACK: A bill (H.R. 5835) for the relief of Ward J. Lawton, special disbursing agent, Lighthouse Service, Department of Commerce; to the Committee on Claims.

By Mr. DINGELL: A bill (H.R. 5836) for the relief of Albert H. Schlieman; to the Committee on Military Affairs.

By Mr. DUNCAN of Missouri: A bill (H.R. 5837) to enroll certain persons on the citizenship rolls of the Cherokee Tribe; to the Committee on Indian Affairs.

By Mr. IMHOFF: A bill (H.R. 5838) granting a pension to Mary M. Callen; to the Committee on Invalid Pensions.

By Mr. LUNDEEN: A bill (H.R. 5839) for the relief of Harry Fagen; to the Committee on Claims.

By Mr. REECE: A bill (H.R. 5840) granting a pension to Gideon H. Morgan; to the Committee on Pensions.

By Mr. SHOEMAKER: A bill (H.R. 5841) for the relief of dependent heirs of Charles P. Sommers, deceased; to the Committee on Claims.

By Mr. SUMNERS of Texas: A bill (H.R. 5842) for the relief of J. H. Knott; to the Committee on Claims.

By Mr. VINSON of Kentucky: A bill (H.R. 5843) granting an increase of pension to Harlan C. Allen; to the Committee on Pensions.

Also, a bill (H.R. 5844) for the relief of Larkin Ray; to the Committee on Military Affairs.

By Mr. WILCOX: A bill (H.R. 5845) for the relief of M. W. Hutchinson, to the Committee on Claims.

PETITIONS, ETC.

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

1217. By Mr. BUCK: Petition of the State of California, through its legislature, urging the President and the Congress of the United States to adopt, as part of an emergency unemployment-relief program, a plan for the construction of worthy public projects and to include therein the construction of the Central Valley project of the California State water plan; to the Committee on Ways and Means.

1218. Also, petition of the Legislature of the State of California, urging the Congress of the United States to adopt legislation providing for Government use of American-grown rubber; to the Committee on Agriculture.

1219. Also, petition of the Senate and Assembly of the State of California, urging the President and the Congress of the United States to adopt, as a part of the emergency unemployment-relief program, a plan for the completion of worthy public projects, and to include therein the construction and maintenance of roads and highways; to the Committee on Ways and Means.

1220. Also, petition of the Legislature of the State of California, urging the Congress of the United States to enact legislation providing for relief of California Indians; to the Committee on Indian Affairs.

1221. Also, petition of the Legislature of the State of California, urging Congress to enact legislation prohibiting the importation of crude petroleum and crude petroleum byproducts; to the Committee on Ways and Means.

1222. By Mr. BEITER: Petition of Common Council of the City of Buffalo, N.Y., soliciting cooperation of Congress to open negotiations with the Reconstruction Finance Corporation or any other Federal authorities for a sum of money sufficient to launch a public-works program; to the Committee on Ways and Means.

1223. By Mr. DONDERO: Resolution of the Gaelic League of Detroit, Mich., protesting against a further reduction of the debts due the United States of America by foreign governments, and urging that in the event payment be made in specie other than gold, that payments be made in accordance with such rules and under such conditions that paying in this other specie will not in any way militate against the interests of or place the debtor nations in a more advantageous position than that now occupied by the citizens of the United States, etc.; to the Committee on Foreign Affairs.

1224. Also, resolution of the Board of Supervisors of Oakland County, Mich., urging that the Congress of the United States direct the Farm Board to appropriate such additional supply of flour to be distributed by the American Red Cross to indigent residents of these United States as will be required until the emergency created by the economic distress ceases to exist; to the Committee on Agriculture.

1225. By Mr. FORD: Resolution of the Council of the City of Los Angeles, relative to the administration of Federal unemployment relief through a back-to-the-land program; to the Committee on Ways and Means.

1226. By Mr. KELLER: Petition of the House of Representatives of the State of Illinois, asking that the Congress of the United States include in the independent offices appropriation bill such measures and appropriations as will permit the continuation of contracts to take care of mentally disabled veterans; to the Committee on World War Veterans' Legislation.

1227. Also, petition of the Senate of the Fifty-eighth General Assembly of the State of Illinois, the House of Representatives concurring, requesting the Senate of the United States to disapprove and refuse to ratify the proposed treaty between the United States and Canada relating to the St. Lawrence waterway, which is now before the Senate for ratification; to the Committee on Foreign Affairs.

1228. Also, petition of the House of Representatives of the State of Illinois, requesting the Congress of the United States to create a Federal agency to take over all assets and liabilities of closed banks and pay all depositors in said closed banks, 100 cents on the dollar; to the Committee on Banking and Currency.

1229. By Mr. KRAMER: Petition of Merritt H. Adamson, 714 West Tenth Street, Los Angeles, Calif., Adohr Creamery & Stock Farms operating fleet 300 motor vehicles and employing 700 men, protesting against imposition added gasoline tax and income tax. If proposed added gasoline tax becomes effective total gasoline tax will represent 43 percent of our fuel cost. Suggest we unable increase pay roll if our business costs continue increase. We protest these two types legislation and ask you support general manufacturers' sales tax; to the Committee on Ways and Means.

1230. By Mr. LAMBERTSON: Resolution signed by the secretary-treasurer of the Shawnee County Pomona Grange, Topeka, Kans., protesting against the project of the erection of a huge dam on the Kansas River, west of Topeka; to the Committee on Rivers and Harbors.

1231. By Mr. LEHR: Petition of voters of Lenawee County, Mich., asking immediate repeal of the Economy Act because of the untold suffering caused among the World War veterans and their dependents; to the Committee on Expenditures in the Executive Departments.

1232. By Mr. LINDSAY: Petition of American Society for the Protection of the Motion Picture Theatre, New York City, urging exemption of industries not in the general commodity class, or other forms of intelligence, including newspapers, radio, or motion pictures, from the provisions of the industry control bill; to the Committee on Ways and Means.

1233. By Mr. McFADDEN: Petition of Senate and House of Representatives, Commonwealth of Pennsylvania, to Congress of the United States, to authorize immediate improvement of the Beaver and Mahoning Rivers, both for unemployment relief and continuation of industries in Pennsylvania; to the Committee on Rivers and Harbors.

1234. Also, petition of House of Representatives, Commonwealth of Pennsylvania, House Resolution 86, urging the Navy Department to select the port of Philadelphia for the construction of the major part of its new program; to the Committee on Naval Affairs.

1235. By Mr. RUDD: Petition of American Manufacturers' Export Association, New York City, to invest the President of the United States with full authority to negotiate and conclude such tariff arrangements between the United States and other individual nations; to the Committee on Ways and Means.

1236. By Mr. SMITH of West Virginia: Resolution of the board of directors of the First Huntington National Bank, Huntington, W.Va., protesting against certain features of the Glass-Steagall banking bill; to the Committee on Banking and Currency.

1237. By Mr. SWICK: Petition of Frank J. Twohey, commander; Lewis L. Beatty, adjutant; Mazie Beatty, vice president; Eleanor Mechling, secretary; and Edgar H. Negley, Evelyn Shoemaker, Esther Freeman, Lewis L. Beatty, and George Bwon, members of a committee from Butler Camp, No. 33, and auxiliary, United Spanish War Veterans, Department of Pennsylvania, Butler, Pa., protesting against the radical, unjust, and unwarranted discontinuing of pensions and allowances to veterans of all wars, their widows and dependents, by the Veterans' Administration, and urging the repeal of the Economy Act; to the Committee on Ways and Means.

1238. By Mr. TREADWAY: Petition of the City Council of Worcester, Mass., urging the issuance of a special 3-cent stamp in commemoration of the one hundred and fiftieth anniversary of the naturalization and appointment to the Army of General Kosciusko; to the Committee on the Post Office and Post Roads.

SENATE

TUESDAY, MAY 30, 1933

(Legislative day of Monday, May 29, 1933)

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

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

The VICE PRESIDENT. The clerk will call the roll.

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

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

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Illinois [Mr. DIETERICH] is necessarily detained from the Senate.

Mr. LEWIS. I desire to announce that the following Senators are necessarily detained from the Senate on official business: The Senator from North Carolina [Mr. BAILEY] and the Senator from South Carolina [Mr. SMITH].

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

INTERNATIONAL INSTITUTE OF AGRICULTURE AT ROME, ITALY (S.DOC. NO. 65)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, which was read, referred to the Committee on Foreign Relations, and ordered to be printed, as follows:

THE WHITE HOUSE,
Washington, May 24, 1933.

MY DEAR MR. PRESIDENT: I earnestly recommend the immediate passage of Senate Joint Resolution 32.

It is my understanding that this legislation has been favorably reported out by the Senate Committee on Foreign Relations but that it has not as yet been considered by the Senate. A motion to strike out the enacting clause of a similar bill was carried last Saturday by a small majority in the House. It is obvious from the published debates as they appeared in the CONGRESSIONAL RECORD that the opponents of this legislation entirely misunderstood the purposes of the resolution. The International Institute of Agriculture is not an Italian organization but an international organization founded in pursuance of a convention to which this Government is a party. The purpose of this legislation is not to provide a gratuity for any foreign government nor to provide for a junket for any American citizen. Its purpose is to authorize the appropriations necessary to enable this Government to contribute to the support of the Institute on the