By Mr. GRAY: A bill (H.R. 5908) to repeal an act entitled "An act to maintain the credit of the United States Government"; to the Committee on Expenditures in the Executive Departments.

By Mr. MITCHELL: A bill (H.R. 5909) to transfer Bedford County from the Nashville division to the Winchester division of the middle Tennessee judicial district; to the Committee on the Judiciary.

By Mr. WILSON: A bill (H.R. 5910) to amend the act entitled "An act for the control of floods on the Mississippi River and its tributaries, and for other purposes", approved May 15, 1928, as amended; to the Committee on Flood Control.

By Mr. HOWARD (by departmental request): A bill (H.R. 5911) to authorize the Secretary of the Interior to cancel restricted fee patents and issue trust patents in lieu thereof; to the Committee on Indian Affairs.

Also (by departmental request), a bill (H.R. 5912) for the benefit of Navajo Indians in New Mexico; to the Committee on Indian Affairs.

By Mr. HARLAN: A bill (H.R. 5913) to amend the Code of Law for the District of Columbia; to the Committee on the District of Columbia.

By Mr. SUMNERS of Texas: Resolution (H.Res. 172) authorizing the payment of expenses for conducting the investigation authorized by House Resolution 163; to the Committee on Accounts.

By Mr. ROBERTSON: Resolution (H.Res. 173) to create a committee on wild life; to the Committee on Rules.

By Mr. KOPPLEMANN: Resolution (H.Res. 174) to investigate the expediency of a gross-income tax as a substitute for the net-income tax, and for other purposes; to the Committee on Rules.

By Mr. MITCHELL: Joint resolution (H.J.Res. 194) to provide for the designation of a highway from Sault Ste. Marie, Mich., to Fort Myers, Fla., as a memorial to the late President and Chief Justice William Howard Taft; to the Committee on Roads.

By Mr. KNIFFIN: Joint resolution (H.J.Res. 195) to provide for the designation of a highway from Sault Ste. Marie, Mich., to Fort Myers, Fla., as a memorial to the late President and Chief Justice William Howard Taft; to the Committee on Roads.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BURKE of California: A bill (H.R. 5914) for the relief of Paul Alawishes Traynor; to the Committee on Naval Affairs.

Also, a bill (H.R. 5915) granting a pension to Laura B. Perley; to the Committee on Invalid Pensions.

By Mr. DOUGHTON: A bill (H.R. 5916) to authorize the Secretary of the Treasury to execute an agreement of indemnity to the First Granite National Bank, Augusta, Maine; to the Committee on World War Veterans' Legislation.

By Mr. GILLETTE: A bill (H.R. 5917) for the relief of E. E. Heldridge; to the Committee on Claims.

By Mr. KOPPLEMANN: A bill (H.R. 5918) for the relief of John S. Carroll; to the Committee on Naval Affairs.

By Mr. LUDLOW: A bill (H.R. 5919) granting an increase of pension to Susan M. Griffin; to the Committee on Invalid Pensions.

By Mr. MOTT: A bill (H.R. 5920) granting a pension to Matilda E. A. Hornback; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5921) for the relief of the heirs of Hugh L. P. Chiene; to the Committee on Claims.

By Mr. WEST of Ohio: A bill (H.R. 5922) to extend the benefits of the Employees' Compensation Act of September 7, 1916, to Mary Squires; 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:

1273. By Mr. ANDREWS of New York: Petition of Erie County (N.Y.) American Legion, giving the President power of universal draft in time of war; to the Committee on Foreign Affairs.

1274. By Mr. DEROUEN: Petition of F. J. West and others, citizens of Jennings, La., urgently requesting the passage of Senate bill 1142, by Mr. SHEPPARD, at this session of Congress; to the Committee on Agriculture.

1275. By Mr. JOHNSON of Minnesota: Petition of certain citizens of Zumbrota, Minn., urging the passage of House bill 4940; to the Committee on the Post Office and Post Roads.

1276. By Mr. RUDD: Petition of Chamber of Commerce of the State of New York, favoring the passage of the bankruptcy bill, H.R. 5009; to the Committee on the Judiciary.

1277. Also, petition of the Chamber of Commerce of the State of New York, favoring a sales tax as a revenue for national industrial recovery; to the Committee on Ways and Means.

1278. Also, petition of the Chamber of Commerce of the State of New York, favoring the retention of the gold standard; to the Committee on Banking and Currency.

1279. Also, petition of the Chamber of Commerce of the State of New York, with reference to the high cost of Government construction; to the Committee on Ways and Means.

1280. By Mr. TRAEGER: Petition of the Board of Supervisors of the county of Los Angeles, State of California, dated April 12, 1933, to amend the Reconstruction Finance Corporation Act so that work-relief projects may be provided for worthy unemployed residents who own homes or farms or equities therein; to the Committee on Labor.

1281. Also, petition of the Council of the City of Los Angeles, State of California, dated May 23, 1933, urging that every local agency now administering relief money, contributed in whole or in part, by any agency of the Federal Government, shall deal with the stricken individual through an application for rehabilitation, and that this application shall permit of a specific request for a 20-year Federal loan at low interest rate to be used for the actual construction of a home; to the Committee on Banking and Currency.

1282. Also, petition of the Assembly and the Senate of the State of California, dated January 26, 1933, relative to memorializing Congress and the legislatures of the several States of the Union to cooperate in the program for a belated recognition of the people of the United States of the services rendered the Nation by volunteers who fought the War with Spain, the Philippine insurrection, and the China relief expedition; to the Committee on Pensions.

SENATE

MONDAY, JUNE 5, 1933

(Legislative day of Monday, May 29, 1933)

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

THE JOURNAL

On motion by Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days of June 2 and 3 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:

Ashurst	Caraway	Long	Sheppard
Austin	Clark	McCarran	Thomas, Okla.
Bachman	Duffy	McNary	Thompson
Barbour	Erickson	Murphy	Townsend
Black	Frazier	Overton	Trammell
Borah	Hebert	Patterson	Vandenberg
Bratton	Johnson	Pope	Van Nuys
Bulkley	Kendrick	Robinson, Ark.	White

The VICE PRESIDENT. Thirty-two Senators have answered to their names. A quorum is not present. The clerk will call the names of the absent Senators.

The legislative clerk called the names of the absent Senators, and Mr. COSTIGAN, Mr. FESS, Mr. LOGAN, Mr. NEELY, Mr. NORRIS, Mr. NYE, Mr. ROBINSON of Indiana, Mr. RUSSELL, Mr. SCHALL, Mr. THOMAS of Utah, and Mr. TYDINGS answered to their names when called.

Mr. VANDENBERG. I desire to announce the absence of my colleague the senior Senator from Michigan [Mr. COUZENS], who is engaged on official business in connection with the London Economic Conference.

Mr. BACHMAN. I desire to announce the necessary absence from the city of my colleague the senior Senator from Tennessee [Mr. MCKELLAR]. I ask that this announcement stand for the day.

Mr. HEBERT. I wish to announce that the Senator from South Dakota [Mr. NORBECK] is unavoidably absent.

I also wish to announce that the Senator from Pennsylvania [Mr. DAVIS] is absent on account of illness, and that the Senator from Delaware [Mr. HASTINGS] is necessarily absent from the city.

Mr. KENDRICK. I wish to announce that the Senator from Kentucky [Mr. BARKLEY] and the Senator from South Carolina [Mr. SMITH] are necessarily detained from the Senate.

I wish further to announce that the Senator from Nevada [Mr. PITTMAN] is necessarily absent, being en route to the London Economic Conference.

Mr. ADAMS, Mr. BANKHEAD, Mr. BONE, Mr. BROWN, Mr. BULOW, Mr. BYRNES, Mr. CAPPER, Mr. CAREY, Mr. COOLIDGE, Mr. CUTTING, Mr. DALE, Mr. DICKINSON, Mr. DIETERICH, Mr. DILL, Mr. GLASS, Mr. GOLDSBOROUGH, Mr. GORE, Mr. HATFIELD, Mr. HAYDEN, Mr. KEAN, Mr. MCGILL, Mr. REYNOLDS, Mr. SHIPSTEAD, Mr. STEIWER, Mr. STEPHENS, and Mr. WHEELER entered the Chamber and answered to their names.

The VICE PRESIDENT. Sixty-nine Senators have answered to their names, a quorum is present.

COMMITTEE SERVICE

Mr. ROBINSON of Arkansas. Mr. President, on behalf of the majority I ask that the following assignments to vacancies on committees be made:

To the Committee on the Judiciary, the Senator from Kentucky [Mr. LOGAN].

To the Committee on Interoceanic Canals, the Senator from Louisiana [Mr. LONG].

To the Committee on Territories and Insular Affairs, the Senator from Tennessee [Mr. MCKELLAR] and the Senator from California [Mr. MCADOO].

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

RATIFICATION OF THE REPEAL OF THE EIGHTEENTH AMENDMENT

The VICE PRESIDENT laid before the Senate a letter from the secretary of state of New Jersey, enclosing a certificate of the result of the vote of the convention to consider the ratification of the repeal of the eighteenth amendment to the Constitution of the United States, which, with the accompanying papers, was ordered to lie on the table and to be printed in the RECORD, as follows:

STATE OF NEW JERSEY,
DEPARTMENT OF STATE,
Trenton, June 3, 1933.

Hon. JOHN N. GARNER,
President of the Senate, Washington, D.C.

DEAR SIR: I am herewith enclosing a certificate of the result of the vote of the convention to consider the ratification of the repeal of the eighteenth amendment to the Constitution of the United States.

The result of the convention is certified to you in accordance with chapter 73, Laws of 1933 of the State of New Jersey, and a resolution adopted by the convention on June 1, 1933.

Yours very truly,

THOMAS A. MATHIS, *Secretary of State.*

Whereas the Senate and House of Representatives of the United States of America in Congress assembled (two thirds of each House concurring therein) did resolve that the following article is hereby proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as a part of the Constitution when ratified by conventions in three fourths of the several States; and

Whereas the said proposed amendment reads as follows:

"SECTION 1. The eighteenth article of amendment to the Constitution of the United States is hereby repealed.

"SEC. 2. The transportation or importation into any State, Territory, or possession of the United States for delivery or use therein of intoxicating liquors in violation of the laws thereof is hereby prohibited.

"SEC. 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by conventions in the several States, as provided in the Constitution, within 7 years from the date of submission hereof to the States by the Congress"; and

Whereas there was duly transmitted to the legislature of this State the said article of amendment proposed by the Congress to the Constitution of the United States; and

Whereas the legislature of this State, pursuant to law, did enact a statute entitled "An act providing for the election of delegates to a convention and providing for the holding of a convention to consider the article of amendment proposed by the Congress to the Constitution of the United States designed to repeal the eighteenth article of amendment", which said act, having passed both houses of the legislature, was signed by the Governor of this State on March 23, 1933, and constitutes chapter 73 of the Laws of New Jersey for the year 1933; and

Whereas, pursuant to the provisions of said act of the legislature, an election for the selection of delegates to the said convention was held in this State on May 16, 1933, at which said election delegates were chosen in accordance with the provisions of said statute; and

Whereas on May 22, 1933, His Excellency A. Harry Moore, Governor of the State of New Jersey, pursuant to the provisions of said act of the legislature did issue his said proclamation for the holding of the said convention, which said proclamation reads as follows:

"Whereas, pursuant to chapter 73 of the Laws of 1933, an election was held on the 16th day of May 1933 for the election of delegates to the convention to consider the article of amendment proposed by the Congress to the Constitution of the United States designed to repeal the eighteenth article of amendment; and

"Whereas section 13 of said act requires the Governor of this State, within 20 days after the holding of said election, by proclamation, to convene the said convention:

"Therefore I, A Harry Moore, Governor of the State of New Jersey, pursuant to the power and authority vested in me by said act of the legislature, do hereby convene the said convention to meet in the Memorial Building, Stacy Park, in the city of Trenton, on Thursday, the 1st day of June next, at the hour of 11 o'clock in the forenoon of said day (eastern standard time)."

Given under my hand and the great seal of the State of New Jersey this 22d day of May 1933, and in the independence of the United States the one hundred and fifty-seventh.

[SEAL] A. HARRY MOORE,
Governor.
THOMAS A. MATHIS,
Secretary of State.

Whereas pursuant to the said proclamation of His Excellency the Governor the said convention did meet at the time and place therein fixed and, having organized by the selection of a chairman and secretary and having adopted rules governing its deliberations, did proceed to consider the proposed article of amendment: Now, therefore, be it

Resolved by this convention of delegates representing the people of the State of New Jersey, duly assembled pursuant to law, That we do approve and ratify the proposed article of amendment proposed by the Congress to the Constitution of the United States designed to repeal the eighteenth article of amendment, which said amendment reads as follows:

"Whereas the Senate and House of Representatives of the United States of America in Congress assembled (two thirds of each House concurring therein) did resolve that the following article is hereby proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as a part of the Constitution when ratified by conventions in three fourths of the several States; and

"Whereas the said proposed amendment reads as follows:

"'SECTION 1. The eighteenth article of amendment to the Constitution of the United States is hereby repealed.

"'SEC. 2. The transportation or importation into any State, Territory, or possession of the United States for delivery or use therein of intoxicating liquors in violation of the laws thereof is hereby prohibited.

"'SEC. 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by conventions in the several States, as provided in the Constitution, within 7 years from the date of submission hereof to the States by the Congress.' And, further, the action of this convention in approving and ratifying the said proposed amendment is valid to all intents and purposes as representing the people of the State of New Jersey; and be it further

"Resolved, That the chairman and secretary of this convention shall certify the result of the votes of the delegates to the secretary of state of this State; and be it further

"*Resolved*, That the secretary of state of this State shall certify the result of this vote to the Secretary of State of the United States and to the Senate and House of Representatives of the United States."

EMERSON RICHARDS, *Chairman.*

Attest:

OLIVER F. VAN CAMP, *Secretary.*

STATE OF NEW JERSEY,
DEPARTMENT OF STATE.

I, Thomas A. Mathis, secretary of state of the State of New Jeresey, do hereby certify that the foregoing is a true copy of the resolution adopted by the State convention ratifying the repeal of the eighteenth amendment.

I do further certify that the chairman and secretary of the convention has certified to this office that the resolution was adopted by a vote of 202 for the adoption of the resolution and 2 against the adoption of the resolution.

In testimony whereof I have hereunto set my hand and affixed my official seal this 2d day of June A.D. 1933.

[SEAL] THOMAS A. MATHIS,
Secretary of State.

PETITIONS AND MEMORIALS

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

Assembly Joint Resolution 19, an act to memorialize Congress to set aside February 15 as a national holiday to commemorate the birthday of Susan B. Anthony

Whereas Susan B. Anthony was the pioneer who blazed the trail leading to women's suffrage in the United States; and

Whereas Susan B. Anthony gave her life and energy toward obtaining equal rights for women; and

Whereas Susan B. Anthony is honored and looked upon by the people of our country as a great national figure; and

Whereas February 15 is the day of the birth of this great leader: Now, therefore, be it

Resolved by the Assembly and Senate (jointly) of the California Legislature, That Congress be urged to set aside and apart February 15 as a national holiday in commemoration of the birthday of Susan B. Anthony.

The VICE PRESIDENT also laid before the Senate a joint resolution of the Legislature of the State of California, memoralizing Congress to propose an amendment to the Constitution of the United States providing for economic planning and regulation, which was referred to the Committee on the Judiciary.

(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 suspension in payment of charges due from Federal reclamation project settlers to the United States and providing for a loan to the reclamation fund to replace the income thereto thus suspended, which was referred to the Committee on Irrigation and Reclamation.

(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, relative to extension of time by institutions receiving Federal aid or assistance for the payment of certain debts secured by mortgages or deeds of trust, which was ordered to lie on the table.

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

The VICE PRESIDENT also laid before the Senate the following resolution adopted by the Senate of the State of Texas, which was referred to the Committee on the Library:

Senate resolution 129 (by DeBerry)

Whereas the Government of the United States has contracted for the construction of a National Archives Building, to be completed not later than January 1, 1935; and

Whereas an administration headed by an archivist of the United States must soon be provided by law; and

Whereas Dr. Thomas P. Martin, a native citizen of the State of Texas, is in the opinion of many archivists and historians throughout the United States eminently qualified by education and experience to fill the position of archivist, when that position shall have been created by law: Now, therefore, be it

Resolved by the Senate of Texas, now in session, That we endorse Dr. Thomas P. Martin for appointment as archivist of the United States, and that as a token of our respect, admiration, and esteem of our fellow Texan that an enrolled copy of this resolution be forwarded by the secretary of the senate to the Vice President of the United States, Hon. John Garner, Senators Tom Connally, and Morris Sheppard.

EDGAR E. WITT,
President of the Senate.

I hereby certify that the above resolution was adopted by the senate May 31, 1933.

BOB BARKER,
Secretary of the Senate.

The VICE PRESIDENT also laid before the Senate the following concurrent resolutions of the Legislature of the Territory of Hawaii, which were referred to the Committee on Territories and Insular Affairs:

Concurrent resolution

Whereas numerous persons have been found stealing their passage on commercial and Government ships arriving at ports in the Territory of Hawaii from the mainland of the United States; and

Whereas said persons, otherwise termed "stowaways", are contributing to the serious unemployment problem now confronting the Territory and increasing the number of public charges; and

Whereas among said stowaways there have been found undesirable persons of such criminal records in other jurisdictions as to present a serious menace to the preservation of law and order in the Territory; and

Whereas it is felt by officials of the Territory of Hawaii and the shipping companies concerned that a grave situation has been created endangering the safety of sea travel and unnecessarily increasing the unemployment and crime problems in the Territory of Hawaii, rendering it highly desirable for Congress to vest in a proper regulatory body, such as the United States Shipping Board, the power and duty to regulate the act of stowing away on vessels engaged in coastwise service, including the power to require the return of all stowaways to ports of departure for trial and the imposition of such punishment as may be prescribed by law: Now, therefore, be it

Resolved by the Senate of the Territory of Hawaii (the house of representatives concurring), That the Congress of the United States of America be, and it hereby is, urgently requested to provide by appropriate and adequate legislation for the vesting in the United States Shipping Board or some other proper regulatory body the power and duty effectively to regulate and punish the act of stowing away on commercial and Government vessels engaged in coastwise service, including the power to require the return of all stowaways to ports of departure for trial and imposition of such punishment as may be provided; and be it further

Resolved, That duly authenticated copies of this resolution be transmitted to the Delegate to Congress from Hawaii, the Secretary of the Interior, the United States Shipping Board, and each of the two Houses of the Congress of the United States of America.

THE SENATE OF THE TERRITORY OF HAWAII,
Honolulu, Territory of Hawaii, May 20, 1933.

We hereby certify that the foregoing concurrent resolution was adopted by the Senate of the Territory of Hawaii on May 20, 1933.

GEO. P. COOKE,
President of the Senate.
ELLEN D. SMYTHE,
Clerk of the Senate.

THE HOUSE OF REPRESENTATIVES
OF THE TERRITORY OF HAWAII,
Honolulu, Territory of Hawaii, May 20, 1933.

We hereby certify that the foregoing concurrent resolution was adopted by the House of Representatives of the Territory of Hawaii on May 20, 1933.

HERBERT N. AHUNO,
Speaker House of Representatives.
EDWARD WOODWARD,
Clerk House of Representatives.

Concurrent resolution

Whereas it has come to the attention of this legislature through items in the public press and otherwise that action is contemplated in Washington toward the amendment of the Hawaiian Organic Act removing the 3-year residence qualification for the Governor of Hawaii; and

Whereas it is well known that there are among those who have resided in this Territory during the preceding 3 years numerous men of the Democratic Party who are fully and ably qualified for this high office; and

Whereas it is also the firm conviction of this legislature that it would result most unfairly and unfortunately for the Territory should a nonresident, of necessity unfamiliar with local conditions and problems, be appointed to this office; and

Whereas the threatened procedure would be absolutely contrary to all principles of American self-government, in the fulfillment of which principles this Territory has heretofore given an excellent account of itself: Now, therefore, be it

Resolved by the Senate of the Territory of Hawaii, seventeenth regular session (the house of representatives concurring), That on behalf of the people of this Territory this legislature earnestly protests against any action by the Congress of the United States

of America toward the elimination of the 3-year residence qualification for the Governor of this Territory; and be it further

Resolved, That certified copies of this resolution be forwarded to the President of the United States of America, to each of the two Houses of Congress, to the Secretary of the Interior, and to the Delegate to Congress from Hawaii.

THE SENATE OF THE TERRITORY OF HAWAII,
Honolulu, Territory of Hawaii, May 20, 1933.

We hereby certify that the foregoing concurrent resolution was adopted by the Senate of the Territory of Hawaii on May 20, 1933.

GEO. P. COOKE,
President of the Senate.
ELLEN D. SMYTHE,
Clerk of the Senate.

THE HOUSE OF REPRESENTATIVES
OF THE TERRITORY OF HAWAII,
Honolulu, Territory of Hawaii, May 20, 1933.

We hereby certify that the foregoing concurrent resolution was adopted by the House of Representatives of the Territory of Hawaii on May 20, 1933.

HERBERT N. AHUNO,
Speaker House of Representatives.
EDWARD WOODWARD,
Clerk House of Representatives.

Concurrent resolution

Whereas there appeared in the Honolulu Star-Bulletin, under date of May 23, 1933, a leading editorial under the caption "Roosevelt, the Wrecker?", condemning the President of the United States for having taken steps to suspend the Hawaiian Organic Act temporarily in order that he might be free to appoint as Governor of Hawaii a person of wide experience and vision, either from the islands themselves or from the entire United States, in order to obtain the best man available for this highly important post; and

Whereas the aforesaid editorial described the action of the President in this regard as being aimed to wreck and destroy American progress and American development of Hawaii; and

Whereas it is the sense of the Senate of the Territory of Hawaii, the House of Representatives concurring, that this editorial is both vicious and entirely unwarranted, ill-advised, in the worst of bad taste, unpatriotic under present conditions, and is lacking in that spirit of cooperation which should exist during these times of national stress, and that it does not reflect the feeling of the right-thinking people of Hawaii: Now, therefore, be it

Resolved by the Senate of the Territory of Hawaii, regular session of 1933 (the house of representatives concurring), That the editorial aforesaid be and it hereby is vehemently condemned by the two bodies of the legislature in that it throws an entirely false light on the action of the President in his attempt to obtain for Hawaii a man whom he considers to be best suited for the important position of chief executive of the Territory; and further, in that it does not express the reaction of the legislature nor the people of Hawaii to the suggestion of an emergency suspension of that portion of the Hawaiian Organic Act regarding residence qualification of the Governor of Hawaii; and be it further

Resolved, That the Legislature of the Territory of Hawaii does hereby record a vote of the highest confidence in Franklin D. Roosevelt, President of the United States, in his wisdom and ability to decide upon the man best suited for the high place of honor and trust vested in the man chosen for Governor of Hawaii; and be it further

Resolved, That this resolution be forthwith transmitted by wire to President Roosevelt; and be it further

Resolved, That certified copies of this resolution be transmitted by mail to Hon. Franklin D. Roosevelt, President of the United States; to the Honorable L. L. McCandless, Delegate to Congress from Hawaii; and to both Houses of the Congress of the United States.

THE SENATE OF THE TERRITORY OF HAWAII,
Honolulu, Territory of Hawaii, May 24, 1933.

We hereby certify that the foregoing concurrent resolution was adopted by the Senate of the Territory of Hawaii on May 24, 1933.

GEO. P. COOKE,
President of the Senate.
ELLEN D. SMYTHE,
Clerk of the Senate.

THE HOUSE OF REPRESENTATIVES
OF THE TERRITORY OF HAWAII,
Honolulu, Territory of Hawaii, May 24, 1933.

We hereby certify that the foregoing concurrent resolution was adopted by the House of Representatives of the Territory of Hawaii on May 24, 1933.

HERBERT N. AHUNO,
Speaker House of Representatives.
JAS. S. OCHONG,
Assistant Clerk House of Representatives.

The VICE PRESIDENT also laid before the Senate a resolution adopted by the American Society of Ichthyologists and Herpetologists, favoring the making of adequate appropriations to maintain the scientific, educational, and conservational work of the Bureau of Fisheries, the National Museum, the National Zoological Park, and other Federal agencies engaged in such work, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted by the United Ukrainian Organizations of Cleveland, Ohio, protesting against the recognition of the Soviet Government of Russia, and favoring the passage of the so-called "Dies bill", providing for the exclusion and deportation of alien communists, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a resolution adopted by the board of directors of the Pennsylvania State Association of Master Plumbers at Scranton, Pa., favoring the passage of the bill (S. 1592) to prohibit untrue, deceptive, or misleading advertising through the use of the mails or in interstate or foreign commerce, which was referred to the Committee on Interstate Commerce.

He also laid before the Senate a letter from S. P. Gagnet, Sr., of New Orleans, La., endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, and condemning attacks made upon him, which was referred to the Committee on the Judiciary.

He also laid before the Senate the petition of Ida W. Friend, of New Orleans, and sundry citizens of the State of Louisiana, praying for a senatorial investigation relative to alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which was referred to the Committee on the Judiciary.

He also laid before the Senate resolutions adopted by a mass meeting at the Farmers Market Square, in a national youth-day demonstration, at the city of Ironwood, Mich., condemning appropriations for armaments and also the creation of military forced-labor camps among the youth, and favoring the establishment of a system of Federal unemployment insurance and immediate cash relief for the unemployed, which were referred to the Committee on Military Affairs.

He also laid before the Senate a resolution adopted by the Democratic County Committee of the City and County of Honolulu, Hawaii, protesting against amendment of the Organic Act of Hawaii so as to permit the appointment of a nonresident governor of the Territory, which was referred to the Committee on Territories and Insular Affairs.

He also laid before the Senate a petition of sundry citizens of the State of California, praying for amendment of the so-called "Economy Act" and regulations issued thereunder, restoring to all veterans who were actually disabled in the military or naval service their former benefits, rights, privileges, ratings, etc., which was ordered to lie on the table.

Mr. COPELAND presented a resolution adopted by Bay Ridge Council, No. 16, Sons and Daughters of Liberty, of Brooklyn, N.Y., favoring the prompt passage of the so-called "Dies bill", fixing a quota pertaining to the admission of alien immigrants to the United States, which was referred to the Committee on Immigration.

He also presented resolutions adopted by the Randall Manor Residents Association, Inc., of West New Brighton, Staten Island, N.Y., advocating a reduction in the interest rates on all first mortgages on Randall Manor homes (Staten Island) from 6 to 4½ percent, which were 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 Finance:

Assembly Joint Resolution 34, relative to memorializing the President of the United States to increase the customs duties on certain fish products and to negotiate treaties concerning the conservation of fish

Whereas the customs duties fixed by the laws of the United States on the importation of fresh, frozen, and canned fish, fish meal, and fish oil do not equalize the differences existing in the costs of producing such articles in this country and the costs of producing such articles in foreign countries; and

Whereas unless such differences in the costs of production are immediately equalized the acute unemployment problem existing in the industries marketing fish and fish products cannot be solved; and

Whereas persons engaged in the fishing industry of this State are subject to strict regulations enacted in the interest of the conservation of such natural resources; and

Whereas it is necessary that the United States enter into treaties with adjoining nations in order that the supply of fresh fish in Pacific waters be conserved for future generations, and in order that the fish industries of this State, from which many thousands of the citizens of this State gain livelihood, be not placed in a disadvantageous position with similar industries existing in foreign nations: Now, therefore, be it

Resolved by the Assembly and Senate of the State of California, jointly, That the Legislature of the State of California respectfully urges the President of the United States to request an investigation by the United States Tariff Commission for the purpose of raising the customs duties on fresh, frozen, and canned fish, fish meal, and fish oil, in order that the differences existing between foreign and domestic production costs be equalized; and be it further

Resolved, That the legislature of this State respectfully urges the President of the United States to approve and proclaim an increase in the customs duties on these articles; and be it further

Resolved, That the legislature of this State respectfully urges the President of the United States to negotiate with the nations adjoining the United States treaties leading to the conservation and protection of fish and other animal life existing in the waters of the Pacific Ocean; and be it further

Resolved, That duly authenticated copies of this resolution be forwarded to the President of the United States, the Chairman of the United States Tariff Commission, and the Senators and Representatives of this State in Congress.

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

Senate Joint Resolution 16, relative to memorializing Congress to enact legislation providing for the suspension in payment of charges due from Federal reclamation project settlers to the United States and providing for a loan to the reclamation fund to replace the income thereto thus suspended

Whereas there have been introduced into the United States Senate for passage, Senate bills 5417 and 5607, which are complementary one to the other, the first providing for a suspension in payment of charges due from the Federal reclamation project settlers to the United States and in the amount of which charges and for like period of time the principal source of income to the reclamation fund is likewise delayed, and the second providing for a loan to the reclamation fund to replace the income thereto thus suspended; and

Whereas such suspension of construction charges has become necessary on account of the extreme low prices affecting all agricultural communities; and

Whereas unless the loan above referred to is made to the reclamation fund the activities of the bureau in carrying out the long-established governmental policies relating to reclamation must stop; and

Whereas there has already been authorized by the Congress of the United States the construction of irrigation projects under the provision of the Reclamation Act; and

Whereas many of said Federal projects are now only partially completed and therefore incapable of performing the service for which they were intended, or of any substantial self-liquidation of their present costs until the same are completed; and

Whereas the settlers upon numerous privately initiated irrigation districts of the Western States are on the verge of being forced out of their homes—to swell the throng of urban unemployed—because of an inadequate water supply due to lack of storage and necessity for repair of distribution facilities, and a supplemental water supply can be made most readily available by the Federal Reclamation Bureau upon a sound engineering and economic set-up; and

Whereas delays in completion of projects already begun and the commencement of those projects designed to rehabilitate worthy existent enterprises will result in serious loss to the United States generally and to the Western States particularly in (a) direct increase in unemployment through cessation of work on projects and consequent laying off workers, and indirect increase of unemployment in all of those industries supplying materials for the projects; (b) depreciation of works already constructed in such incomplete projects, and of idle money therein invested; and (c) the crushing blow to those under said projects (with their dependent communities) having inadequate water supply and having staked all in faith upon the Federal Government's completing that which it has undertaken and in commencing needed construction to supplement the water supply of those worthy private projects; and failure to enact said bills, or similar legislation, will result in the discharge of thousands of men now employed and the consequent loss in purchasing power for consumption of both farm and industrial projects and add to the depression prevailing in all markets; and

Whereas we understand that the program of the Reclamation Bureau, if the aforementioned legislation is enacted, is to be confined strictly during the period provided for in the loan to doing those things necessary to place existent projects on a sound and workable basis, and does not contemplate initiating work on any project, either Federal or otherwise, not now developed to a material extent, and therefore does not propose the bringing under irrigation of any appreciable areas of land not now irrigated: Therefore be it

Resolved by the Senate and the Assembly of the State of California, jointly, That the Congress of the United States in furtherance of established national policies of reconstruction and reclamation should enact, without delay, United States Senate bills 5417 and 5607 into laws; and be it further

Resolved, That the Secretary of the Senate of the State of California be, and he is hereby, directed forthwith to transmit a copy of this memorial to each, the President of the United States, the President of the United States Senate, the Speaker of the House of Representatives, and to the California delegation in Congress, with a request that they expeditiously promote the enactment into law of United States Senate bills 5417 and 5607.

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:

Assembly Joint Resolution 26, relative to memorializing Congress to propose an amendment to the Constitution of the United States providing for economic planning and regulation

Whereas modern scientific use of natural power and machinery and efficient conduct of business and commerce have brought about the production of commodities and rendition of services with a rapidly decreasing amount of human effort; and

Whereas this condition has resulted in a great surplus of human labor and of available commodities and services; and

Whereas there have ensued great unemployment, misery, suffering, and crime, with the possibility of social and political disturbances of the gravest character; and

Whereas under the present unregulated system of conducting competitively for profit the production and commerce of the Nation, there exists no natural economic principle or factor which will in times of peace counteract the destructive tendency toward overproduction, unemployment, and inadequate income to most of the employed; and

Whereas it would appear that with proper use and control of modern means of production and distribution it would be possible for practically all persons to have and enjoy a fair share of material goods in return for services rendered; and

Whereas such use and control and appropriate economic planning are not feasible except through the direction and supervision of a single centralized agency, and not fully attainable without the removal of certain constitutional limitations: Now, therefore, be it

Resolved by the assembly and senate, jointly, That the Legislature of the State of California hereby memorializes the Congress to propose an amendment to the Constitution of the United States reading substantially as follows:

"The Congress and the several States, by its authority and under its control, may regulate or provide for the regulation of hours of work, compensation for work, the production of commodities, and the rendition of services in such manner as shall be necessary and proper to foster orderly production and equitable distribution, to provide remunerative work for the maximum number of persons, to promote adequate compensation for work performed, and to safeguard the economic stability and welfare of the Nation"; and be it further

Resolved, That the Legislature of California respectfully urges that, pending the submission and adoption of such an amendment, the Congress provide for such economic planning and regulation as may be necessary and proper under present economic conditions and legally possible under the existing provisions of the Constitution; and be it further

Resolved, That the chief clerk of the assembly is hereby instructed forthwith to transmit copies of this resolution to the President of the United States, and to the President of the Senate, the Speaker of the House of Representatives, and each of the Senators and Representatives from California in the Congress of the United States.

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

Assembly Joint Resolution 31, relative to the use of granite in Federal construction projects

Whereas California is one of the leading granite-producing States of the Union; and

Whereas it is desirable that permanent public buildings should be constructed of dignified, durable, and beautiful materials; and

Whereas the benefits of Federal construction should not be confined to any one State or locality by the specification and general use of a material produced almost exclusively within the borders of such a State; and

Whereas granite is readily available in any of 21 States, while the production of limestone is largely confined to the State of Indiana; and

Whereas it is apparent from its general use in all sections of the country that undue favoritism has been shown Indiana limestone in Federal construction, with resulting aggravation of serious unemployment conditions in the granite-producing States: Now, therefore, be it

Resolved by the Assembly and the Senate of the State of California, jointly, That the Members of the Senate and House of Representatives from the State of California be, and are hereby, urged to secure proper consideration for the use of granite in Federal construction projects; and be it further

Resolved, That the chief clerk of the assembly be, and he is hereby, directed to send copies of this resolution to each Member of the Senate and House of Representatives from the State of California.

Mr. JOHNSON also presented the following joint resolution of the Legislature of the State of California, which was ordered to lie on the table:

Senate Joint Resolution 26, relative to extension of time by institutions receiving Federal aid or assistance for the payment of certain debts secured by mortgages or deeds of trust

Whereas the activity of the United States Government in its present plan of aiding banks, insurance companies, building and loan companies, and railroad companies, as well as in aiding agriculture and industry, is viewed with appreciation and approbation by the Legislature of the State of California; and

Whereas said legislature is especially in full accord with the extension of aid to banks which have loaned money to farmers and home owners secured by mortgages or deeds of trust on home or farm properties; and

Whereas it has been brought to the attention of some members of the legislature that some of the financial institutions receiving loans or other assistance from the United States Government or its agencies do not extend and are not willing to extend reasonable time for payment of debts secured by deeds of trust or mortgages on homes and farm properties before foreclosing the mortgage or exercising powers of sale granted by the mortgage or deed of trust: 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 petitions and urges the United States Government to use the strongest measures justifiable in requiring such institutions receiving such aid to cooperate with the Federal Government in its program for the restoration of prosperity to our country by extending time for payment of the debts above mentioned; and be it further

Resolved, That duly authenticated copies of this resolution be sent forthwith by the secretary of the Senate of the State of California to the President of the United States, to the President of the Senate of the United States, to the Speaker of the House of Representatives of the United States, and to the Members of Congress from the State of California.

NEW JERSEY SHIP CANAL FROM RARITAN BAY TO DELAWARE RIVER

Mr. BARBOUR. Mr. President, I ask consent to have printed in the RECORD and appropriately referred a joint resolution adopted by the Senate and General Assembly of the State of New Jersey, memorializing the President and Congress of the United States to construct a ship canal across the State of New Jersey from Raritan Bay to the Delaware River at a point near the head of navigation, and providing for the appointment of a committee to further this project.

The joint resolution was referred to the Committee on Commerce and ordered to be printed in the RECORD, as follows:

Senate Joint Resolution 20, introduced March 20, 1933 (by Mr. Powell)

Joint resolution memorializing the President and Congress of the United States to construct a ship canal across the State of New Jersey from Raritan Bay to the Delaware River at a point near the head of navigation, and providing for the appointment of a committee to further this project

Whereas an inland waterways system has been provided along the entire Atlantic coast with the exception of the short distance through the State of New Jersey, for which project the State of New Jersey has heretofore appropriated considerable money for the acquisition of the right of way, and has from year to year reappropriated said moneys, and the State of New Jersey has been and still is ready and willing to furnish the right of way for such canal in accordance with the representations heretofore made to the Federal Government; and

Whereas in the interests of commerce and the national defense such ship canal is a necessary and worthy improvement and one such as is contemplated to be completed under the comprehensive program of the President of the United States; and

Whereas, pursuant to the direction of the last Congress, the United States Corps of Army Engineers is now ready to proceed with 74 percent of the work on such canal and will be ready to proceed with the balance of said work by July 1, which said Engineer Corps has unlimited experience in large scale work of this nature and can start work immediately upon this project; and

Whereas the construction of such canal would provide employment for a very large number of men near the greatest center of unemployment in this country, a large portion of the work being of such nature that it can be done by hand labor; and

Whereas the immediate construction of such canal would in large measure contribute to the early return of prosperity: Therefore be it

Resolved, by the Senate and General Assembly of the State of New Jersey:

1. That the President and Congress of the United States are hereby memorialized and requested to provide a sufficient sum of money to construct a ship canal across the State of New Jersey from Raritan Bay to the Delaware River, at a point near the head of navigation, upon a right of way to be furnished by this State.

2. That a copy of this resolution be transmitted to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Member of the Senate and House of Representatives of the United States from the State of New Jersey.

3. That a committee of 3, 1 to be appointed by the Governor, 1 to be appointed by the president of the senate, and 1 to be appointed by the speaker of the house, be constituted to further this project and to personally present the same to the President of the United States, the Members of the Senate and House of Representatives of the United States from the State of New Jersey, and to take such other steps as to such committee shall seem proper.

4. This joint resolution shall take effect immediately.

REPORTS OF COMMITTEES

Mr. ASHURST, from the Committee on the Judiciary, to which was referred the bill (H.R. 5208) to amend the probation law, reported it with an amendment and submitted a report (No. 113) thereon.

Mr. WALSH, from the Committee on Printing, to which was referred the concurrent resolution (S.Con.Res. 2) providing for the printing, with an index, of the Constitution of the United States, as amended to April 1, 1933, together with the Declaration of Independence, reported it without amendment and submitted a report (No. 115) thereon.

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on today, June 5, 1933, that committee presented to the President of the United States the enrolled bill (S. 1581) to amend the act approved July 3, 1930 (46 Stat. 1005), authorizing commissioners or members of international tribunals to administer oaths, etc.

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. BRATTON:

A bill (S. 1832) granting a pension to Elizabeth Jane Catron Mills Young; to the Committee on Pensions.

By Mr. LOGAN:

A bill (S. 1833) to provide for the settlement of claims against the United States on account of property damage, personal injury, or death; to the Committee on Claims.

A bill (S. 1834) to establish uniform requirements affecting Government contracts, and for other purposes; and

A bill (S. 1835) to establish a United States court of administrative justice and to expedite the hearing and determination of controversies with the United States, and for other purposes; to the Committee on the Judiciary.

By Mr. REED:

A bill (S. 1836) for the relief of John W. Schell; to the Committee on Military Affairs.

A bill (S. 1837) granting a pension to Harriet S. Nicholson; to the Committee on Pensions.

By Mr. FRAZIER:

A bill (S. 1838) to enroll on the citizenship rolls certain persons of the Choctaw and Chickasaw Nations or Tribes; to the Committee on Indian Affairs.

By Mr. ROBINSON of Arkansas:

A bill (S. 1839) to transfer the Botanic Garden to the Department of Agriculture; to the Committee on the Library.

By Mr. McCARRAN:

A bill (S. 1840) making appropriation for the mint and assay office at Carson City, Nev.; to the Committee on Appropriations.

By Mr. COPELAND:

A joint resolution (S.J.Res. 59) to provide for the expenses of delegates of the United States to the Ninth Pan American Sanitary Conference (with accompanying papers); to the Committee on Foreign Relations.

RETURN OF RECORDS OF FAIRMONT HOTEL

The VICE PRESIDENT. The Chair lays before the Senate a proposed order which it has been suggested should be entered by the Senate.

The order was read and agreed to, as follows:

Ordered (by unanimous consent), That the Secretary of the Senate be, and he is hereby, authorized and directed to return to the Hotel Fairmont, San Francisco, Calif., certain records of the hotel offered in evidence in the proceedings of the Senate, sitting for the trial of the impeachment of Harold Louderback, United States district judge for the northern district of California, as follows:

Registration card of Sam Leake, dated September 21, 1929 (U.S.S. Exhibit 42);

Records of the said hotel covering room 26 from September 1929 to April 1933 (U.S.S. Exhibit 43);

Record of room 679, occupied by Mr. and Mrs. W. S. Leake, and by W. S. Leake, from January 1928 to April 1933 (U.S.S. Exhibit 44);

Original telephone sheets of daily calls from said hotel on March 11 and March 13, respectively, 1930 (U.S.S. Exhibit 45); and

A pencil memorandum of the hotel auditor covering payments for room 26 from October 1929 to April 1933 (U.S.S. Exhibit 46).

ORGANIZATIONS WITHIN THE FARM CREDIT ADMINISTRATION—AMENDMENT

Mr. BLACK submitted an amendment intended to be proposed by him to the bill (S. 1766) 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, which was read, referred to the Committee on Banking and Currency, and ordered to be printed, as follows:

Insert at the proper place the following:

"Nothing in this bill shall be construed or administered in such way as to abolish or impair the operation and continuation of the Regional Agricultural Corporations."

AMENDMENT TO INDUSTRIAL-CONTROL AND PUBLIC-WORKS BILL

Mr. BLACK submitted an amendment intended to be proposed by him to House bill 5755, the so-called "industrial-control and public-works bill", which was read, ordered to lie on the table, and to be printed, as follows:

Amend by adding to section 6 the following subdivision:

"(d) No trade or industrial association or group shall be eligible to receive the benefits of the provisions of this title, unless such associations or groups give an equal voting strength to the industries, trades, and groups of each State, as State units, irrespective of the magnitude of trade, or business of the trades, industries, or associations of the different States."

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the enrolled 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., and it was signed by the Vice President.

NEW YORK & CUBA MAIL STEAMSHIP CO.—SALARIES

Mr. BLACK. I regret that the senior Senator from New York [Mr. COPELAND] is not present. I have had his office called, but he is not there.

On last Friday, while I was absent from the Chamber, there was placed in the RECORD by the Senator from New York a letter from Mr. Franklin D. Mooney, president of the New York & Cuba Mail Steamship Co. In presenting that letter the Senator from New York made the following statement:

On the 31st of May, at page 4645 of the RECORD, the Senator from Alabama [Mr. BLACK] made certain criticisms regarding the salary paid the head of one of the shipping lines. I want the truth about that matter to appear; and I ask that the letter received by me from Mr. Franklin D. Mooney, president of the New York & Cuba Mail Steamship Co., may be inserted in the RECORD.

The first two paragraphs of that letter are as follows:

NEW YORK & CUBA MAIL STEAMSHIP CO.,
Washington, D.C., June 1, 1933.

Hon. ROYAL S. COPELAND,
United States Senate, Washington, D.C.

DEAR SENATOR COPELAND: I happened to arrive in Washington this morning to keep an appointment, and while here my attention was called to certain statements made by Senator BLACK on the floor of the Senate in connection with the salary paid the president of the New York & Cuba Mail Steamship Co. As I happen to be the president of that company, I naturally am quite familiar with the amount that is paid. I am sure Senator BLACK would not wish the RECORD to set forth statements which are not borne out by the facts, and with a view to enabling you to correct a wrong impression that can easily be created by what was put in the RECORD, I desire to submit the following facts.

The New York & Cuba Mail Steamship Co. does not now and at no time has it paid me a sum as great as the minimum fixed in the so-called "Black amendment." At the present time, the New York & Cuba Mail Steamship Co. pays me an annual salary of $12,825, and the expenses incurred by me for a period covering from 1929 to 1932 have never been in excess of $1,100 per annum, which covers from one to three trips annually to Cuba and to Mexico, railroad fares, hotels, taxis, telephone calls, etc. For the same period fees paid to me for attendance at directors' meetings have never exceeded $220 per annum.

Mr. President, I hold in my hand the report made to the special committee to investigate air and ocean mail contracts by the New York & Cuba Mail Steamship Co. in answer to a questionnaire sent by that special committee to the New York & Cuba Mail Steamship Co. It purports to state the truth. In answer to paragraph 6, section A, asking for a list of the officers of that particular company and their salaries where over $7,500 a year were paid appears the name of Mr. Franklin D. Mooney. It shows that he received a salary from that particular company for the year 1932 of $12,943.75. Mr. Mooney states that it was $12,825. This report shows that his salary for that year was $12,943.75, with an expense account of $1,099.

The question in paragraph 6, section C, reads as follows:

Q. State what officers, agents, or employees of yours, while your mail contract has been in force, held offices, positions, or employment with any other persons, firms, or corporations; their duties, salaries, and/or bonuses paid to them during said such time by such persons, firms, or corporations. In answering these questions it is desired that you set out specifically and clearly all directorates, offices, and positions held in other companies or corporations by any of your officers and/or directors during 1932 and 1933, with the compensation received by them from each.

In answer to that question appears the name of Mr. Franklin D. Mooney heading the list.

For the Atlantic Gulf & West Indies Line, which is the holding company for all of the subsidiaries and which has borrowed considerable money from the Government, according to the report, the salary for the year 1929 was $75,000, for the year 1930, $35,000; for the year 1931, $14,375; and for the year 1932 the salary was $12,943.75.

Under the name of the New York & Porto Rico Steamship Co., another one of the affiliates and subsidiaries, appears a salary for Mr. Mooney of $12,943.75 for the year 1932.

Under the name of the Clyde Mallory Line, for the year 1932, there appears the name of Mr. Franklin D. Mooney with an additional salary of $25,887.50.

While it is true that the report from the particular company which he mentions in his letter shows only an additional salary of $700, it will be noted that all of these are connected with each other and connected with the subsidy.

In that connection it might be of interest to call attention to the fact that on page 8 of the annual report made December 31, 1932, for the Atlantic Gulf & West Indies Line, appears this statement, it being recalled that I referred to dividends a few days ago:

Goodwill and franchise, book value, $11,806,752.37.

Also in the same report on page 6 appears this statement:

It will be noted on reference to the balance sheet there are mortgage notes in favor of the United States Government amounting to $223,233, payment of which has been postponed.

This was during the year 1932 when these salaries were paid. It will also be noted that on page 9 of the same report appears this statement:

United States Government loans under American Merchant Marine Act of 1920:

Loans not yet due, $12,234,817.12.

Loans due and unpaid, $223,233.

So that while they had plenty of money to pay these salaries the Government is still in the red on the interest due on its money.

PURPOSES OF FARM RELIEF ACT

Mr. COSTIGAN. Mr. President, every farmer in America will wish to read an article by the able Secretary of Agriculture, Hon. Henry A. Wallace, on the purposes of the recently enacted farm relief law, published in the New York Times of Sunday, June 4, 1933. I ask unanimous consent that this article may be printed in the RECORD.

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

[From the New York Times of Sunday, June 4, 1933]

THE PURPOSES OF THE FARM ACT—THE IMMEDIATE TASK, SAYS THE SECRETARY OF AGRICULTURE, IS TO REDUCE PRODUCTION BY MEANS OF THE EMERGENCY PROVISIONS; THE LONG-TIME TASK IS TO OPEN EXPORT MARKETS BY TARIFF AGREEMENTS

By Henry A. Wallace, Secretary of Agriculture

The farm problem is peculiarly difficult, because the people of the United States during the past 12 years have resolutely refused to face certain fundamentals.

Almost overnight we changed from a debtor to a creditor nation. No nation in history ever made so tremendous a change so suddenly. Only now have we begun to appreciate its significance.

We went into the World War owing other nations $200,000,000 annually on interest account. We came out of that war with other nations owing us over $500,000,000 annually. Today other nations owe us annually more than a billion dollars.

Immediately after the war, therefore, we should have begun to alter our pioneer psychology and our national policies from those of a debtor to those of a creditor nation. Europe owed us money, which in the long run she could repay only in goods and services. If we wanted Europe to pay her debts to us, we should logically have encouraged her to ship goods here.

We did not do so. Instead we increased our tariffs and stimulated an increase in manufactured exports. And when a creditor nation increases its excess of exports over imports by such devices there is bound to come a time of most serious trouble.

TWO DIRECTIONS AT ONCE

The dilemma of a nation trying to go two different directions at the same time was successfully hidden from the American people, because from 1921 to 1929 we lent foreign nations vast sums with which to buy our exports and pay installments on their debt to us. When we stopped lending money the crash was bound to come.

Our refusal to behave as a creditor nation logically should, has been particularly disastrous to agriculture. We normally export more than half our cotton, nearly half our tobacco, a fifth of our wheat, and from a third to a half of our packing-house lard. Of all agricultural products we have exported 18 percent, on the average, during the last 20 years, whereas of our nonagricultural products we have exported only 5 percent. Thus our relationship with foreign nations is three times as important to agriculture as it is to industry. Our failure since the World War to learn to act as a creditor nation sooner or later must, has cost agriculture more than three times as much as it has cost industry.

Had the United States been properly awake to our new responsibilities as a creditor nation, particularly as they affected agriculture, we should have begun soon after the war to adjust our national policy to the changed world situation. We should preferably have permitted imports in order that we might export on a sound basis.

Or if we were determined upon a course of aggressive economic nationalism, as we evidently were, we should in all fairness have helped agriculture adjust itself to that course. In conformity with that course, all through the past decade we should have been gradually adjusting the acreage of our staple crops, of which we produce an export surplus, to the new-demand situation. At least 30,000,000 acres, perhaps as much as 50,000,000 acres, should then have been taken out of production. Actually, of course, our acreage of harvested crops changed but little, and a sudden spurt of efficiency served only to make the total situation worse.

FACTS MUST NOW BE FACED

Today, years after we should have taken action, we are faced with the absolute necessity—not merely the desirability—of adjusting our agriculture to the market that actually exists, and of doing it as rapidly as is humanly possible. We have no choice but to face bitter facts, to admit frankly that we cannot sell wheat and lard to nations that have established high tariffs and trade restrictions, and that cannot remove those restrictions until and unless they are permitted to exchange their own products for the products of other nations.

To do swiftly the thing which should have been done gradually over the past dozen years is an enormously difficult job. Yet that is the task set for the new Farm Adjustment Act. I think it can be done, but it will take the whole-hearted cooperation of everyone.

I am quite aware of the possibilities for reclaiming some of that lost export market for farm products by reciprocal tariffs, but, speaking as a realist, I also know that the consequences of such changes, as measured by definite increases in imports over exports, will become evident rather slowly. I am of the opinion that it is going to be very difficult to import into the United States, at any time within the next 3 or 4 years, a sufficient volume of goods to take care of our creditor position and at the same time furnish adequate purchasing power at a fair price for our surplus farm products. Meanwhile, it is only common sense to let our trade conform to the realities of world markets. That is a major reason for the machinery of the Farm Adjustment Act.

A TWOFOLD TASK

Our immediate task then is to accomplish this emergency adjustment of production to demand through the operation of the new act. Our long-time task is to reduce barriers and impediments to international trade so that American farmers may again, if it is possible, profit by the natural advantages which our agriculture has in the production of several important products. The two tasks are not in conflict; the machinery of the Farm Adjustment Act can serve the needs of expansion as well as it can the needs of contraction; it is only common sense to be prepared to move either way with the necessary dispatch.

The immediate reason for the new Farm Act is, of course, the wide disparity between the prices of the things the farmer sells and the things he buys, and the resultant damage that disparity has done to farm buying power and thereby to our whole economic system. In March, farm products had only one half of their pre-war exchange value for things the farmer buys, and for paying debts they were worth only a fourth to a third as much as when the bulk of the farm-mortgage debt was incurred. So far as exchange value is concerned, the chart on this page reveals the disparity that has existed ever since 1921 and that has become ruinous within the past 3 years.

FARM PURCHASING POWER

The implications of this disparity were largely ignored by our industrial and financial leaders until very recently. But when the market for industrial products dwindled, both at home and abroad, the importance of the farm market to industry was driven home. When loans on farm property began to fail, destroying the foundation of many financial institutions and threatening others hitherto thought impregnable, financiers came to see the importance of the farmer's purchasing power to other economic groups. Then it was realized that the prolonged agricultural depression really had the significance to national welfare which farm leaders had insisted upon for 12 long years, even during the years when industry prospered despite low purchasing power on the farm.

As a leading financial journal pointed out a few days ago, farmers consume, on an average, about $6,000,000,000 worth of manufactured goods a year, but they can't achieve that average when their gross income is down to $5,000,000,000, as it was in 1932. That tragically low income explained why their expenditures for farm machinery in 1932 were about 16 percent and for trucks and automobiles 15 percent of the 1929 buying.

There is at present, therefore, a genuine disposition to work toward a balance between our major producing groups. There is a realization, I believe, that the very basis of national prosperity lies in the ability of all our people to exchange their goods and services at prices sufficient to maintain a decent standard of living for all.

The Farm Adjustment Act uses the pre-war years of 1909–14 as the base period or the period of fair exchange value. That period was chosen because it represents the most satisfactory exchange relationship between major producing groups that this country has achieved within the past hundred years. It is important to note that price relationships, rather than absolute prices, are the measure. If wheat at $1 a bushel and shoes at $3 a pair be considered a satisfactory exchange relationship for both wheat grower and shoe manufacturer, it is obvious that wheat at 50 cents, with shoes down only to $2.50 a pair, is immediately unfair to the wheat grower and in the long run disastrous to the shoe manufacturer; on the other hand, wheat at $2 and shoes at $3 might be unfair to the shoe manufacturer and ultimately disastrous to the wheat grower. What we seek is even-handed justice.

To remove the disparity between farm and industrial prices, the act states that it is the policy of Congress to establish, as rapidly as is feasible, but having due regard to the interests of consumers, such balance between the production and consumption of agricultural commodities, and such marketing conditions, as will restore the purchasing power of farm products to the base period.

POWERS CONFERRED BY CONGRESS

The administrators of the act have the power to provide for reductions of acreage or production of the basic agricultural commodities by means of voluntary agreements with producers and to provide for rental or benefit payments in such amounts as may be necessary. The basic commodities named in the act are wheat, cotton, corn, hogs, milk and its products, tobacco, and rice.

The second group of powers delegated by Congress enables the Farm Adjustment Administration to enter into marketing agreements with processors and distributors of any agricultural commodity or product thereof, provided it is in the current of interstate or foreign commerce.

And the third grant of power, closely allied to the second, provides that the Farm Adjustment Administration may issue licenses permitting the above-mentioned processors and distributors to engage in the handling, in the current of interstate or foreign commerce, of any agricultural commodity or product thereof or any competing commodity or product thereof. Such licenses shall be subject to whatever terms and conditions are necessary to eliminate unfair practices and to effect the restoration of normal economic conditions.

Revenue for benefit payments to farmers and for administrative expenses will be obtained from processing taxes. The tax may be at a rate sufficient to yield the difference between the current average farm prices of the commodity and the price necessary to

raise farm purchasing power to the base level. But if such a rate would cause a decline in domestic consumption or a fall in the farm price of the commodity, the rate of tax may be fixed at a point that will prevent these results.

FLEXIBILITY PROVIDED

These are broad powers, granted to meet an emergency, and to be used with the greatest discretion. They permit flexibility, an obvious necessity in a measure dealing with so diverse an industry as agriculture and with such variable matters as price relationships and supply and demand situations. Rigidity is just as unwise in legislation affecting economic interests as it is impossible in the economic system itself.

The intent of these powers has been aptly described by the President as a partnership between government on the one hand and agriculture and industry on the other. If farmers and processors and distributors wish to adjust production and distribution to the market that actually exists, if they desire to get rid of cutthroat competition, they have an opportunity within the terms of this act.

They are asked to relinquish that part of their traditional freedom of action which has violated the rights of others, and only that part; in return, they receive the assistance of the Government in bringing order out of chaos, and they build a foundation for economic stability in a new economic situation. Both producer and processor are enabled to do a thing they have long known ought to be done, but which has been impossible without Government assistance. They have, in this new measure, as in the pending industrial recovery bill, a method of self-government by which they can bring competition under collective control.

ADMINISTRATIVE CHIEFS

Obviously the administration of this new piece of social machinery is all-important. Accordingly, the first job has been to select the best men available to operate it, and to shape the policies and procedure which will guide it. In George N. Peek as administrator, Charles J. Brand as coadministrator, and Chester C. Davis as production administrator, I believe we have men uncommonly well qualified for the task. They bring the necessary understanding of farming and of the processing and distributing trades; they have proved their administrative skill in many important capacities, and through many years they have demonstrated their devotion to the cause of agriculture. These men are representative of that valiant group which has zealously and consistently sought to realize, in legislation and in other ways, the very genuine interdependence of agricultural and national welfare.

The ink was hardly dry on the President's signature on the Farm Adjustment Act before producers and handlers of dairy products were reaching a tentative marketing agreement on prices, margins, and production in the Chicago area. Representatives of Cincinnati and Boston milk sheds have since been conferring with us, and others are on their way. When the producers and distributors in a given area come to an agreement on what should be done to prevent ruinous competition, to raise the price to the producer, and at the same time to protect the consumer's interest, we shall be prompt to submit that agreement to a public hearing and, if it is proven legal and wise, become a party to it.

The extent to which marketing agreements will be employed and on what commodities cannot, of course, be foretold. They offer distinct possibilities—in dealing with dairy products, for instance. Marketing agreements may be used on other commodities to supplement a program of acreage reduction.

ACREAGE REDUCTION

I do not see how we can avoid some reduction in acreage or production. It will be difficult; but in the face of the existing supply-and-demand situation, there is no alternative. The recent sensational rise in the prices of wheat and cotton and corn is comforting, but its stimulating effect on planting is not so comforting. Furthermore, we still have that 13,000,000-bale carryover of American cotton and a 360,000,000-bushel carryover of wheat.

We have been blessed with some extraordinarily bad weather in the winter-wheat belt, and the outlook for that crop is the worst it has been in 20 years. Prospects are for a winter-wheat crop of 337,000,000 bushels, as compared with a normal crop of about 580,000,000 bushels. Probably the total wheat crop in the United States this year will not exceed 600,000,000 bushels, as compared with an average of about 850,000,000 bushels.

That might let us breathe much easier, and relieve us of the necessity for reducing acreage next fall, were it not for the carryover of 360,000,000 bushels and the stimulus of the recent rise in price to increased planting. The probabilities are that the total wheat supplies next August will be about average. Unfortunately, because we are a creditor Nation, and because our wheat prices are now more than 20 cents above world parity, our export market for wheat is practically nonexistent. Unless we engage in a program of acreage reduction next fall, the summer of 1934 will again find the wheat grower in serious trouble.

DECREASE IN THE USE OF CORN

The corn-and-hog situation is in some ways even more troublesome. There are about 20,000,000 surplus acres of corn in the United States. We have today about 11,000,000 fewer horses and mules on the farms and in the cities than we had 20 years ago. These vanished horses and mules ate the product of about 15,000,000 acres of corn land. The people of the United States today eat about 100,000,000 bushels less corn than they did 20 years ago; thus we have lost the market for another 3,000,000 acres of corn land. Hogs today consume about 200,000,000 bushels less than they did in the past because farmers have been taught by the State experiment stations and the United States Department of Agriculture to utilize more efficient methods of feeding.

All in all, there has been lost, during the past 20 years, the market for more than 20,000,000 acres of corn. The corn-products companies which make corn sirup, corn sugar, corn oil, etc., and certain industries which use corn products for lacquering automobiles, use the product of only one or two million more acres than they formerly did. Probably the corn surplus would have brought matters to a head before this had it not been that the 1930 corn crop was the shortest in 29 years, and the 1931 crop was much below normal.

I can see trouble of the most desperate kind ahead for the corn, wheat, and cotton farmers, therefore, unless they are willing, with the centralizing help of the Government, to accept their fair share of the responsibility for helping the United States to act as a creditor Nation sooner or later must act.

To take enough acres out of production will take a considerable sum of money. This money must be obtained, under the act, from a processing tax. Some of this tax must necessarily be paid by the consumer. It is worth noting, however, that a tax of 40 cents a bushel on wheat (in the form of flour), which might serve to increase the income of the wheat farmer nearly 100 percent, would only increase the price of a loaf of bread by about 15 percent, or a cent a pound.

PROTECTING THE CONSUMER

Definite safeguards for the consumer are written into the bill. It is provided that no higher percentage of the consumer's dollar shall go to the farmer than was the case before the war. It is furthermore provided that whenever any tax is levied the Secretary of Agriculture shall make public such information as he deems necessary concerning the relationship between the processing tax and the price paid to the producers. That, coupled with the licensing provisions of the act, should prevent any serious pyramiding of the tax.

Nevertheless, it is recognized that if the farm bill is to be a complete success, there must be an increase in consumer purchasing power. Consumers, though at the present time they are paying farmers for food only about 60 percent as much as they normally should, probably feel that they are completely unable to pay more. It is important, therefore, that the measures now pending for a public-works program and a revival of private industry accompany the Farm Act in attacking the depression. The increased farm buying power brought about by the Farm Adjustment Act should, after a few months, decrease city unemployment materially, but nothing less than the whole administration program will suffice to meet the emergency.

In the solution of the farm problem it is important that we restore farm purchasing power by every means at our command. But it is also important that, in our desire to see prices go up we do not deceive ourselves concerning the true nature of the market. In the long run inflation will not increase the purchasing power of Europe for our surplus farm products. Reciprocal tariffs will not by themselves be sufficient. Agreements with the processors, no matter how skillfully they may be supervised, will help only a little if we disregard the fundamental problem of cutting our acreage to fit the fact that we are now a creditor nation.

PROTECTION OF GOVERNMENT RECORDS—APPOINTMENT OF CONFEREE

Mr. ROBINSON of Arkansas. Mr. President, because of the necessary absence of the Senator from Nevada [Mr. PITTMAN] on Government business, the conference committee on H.R. 4220, pertaining to Government records, has not met. As the absence of the Senator from Nevada will be prolonged, it is suggested that some member of the Committee on Foreign Relations be appointed in his stead.

The Senator from Texas [Mr. CONNALLY] served on the subcommittee which collaborated in the preparation of the Senate substitute or draft; and while I have not had an opportunity to confer with the other members of the committee, I suggest his appointment as a member of the conference committee instead of the Senator from Nevada.

The VICE PRESIDENT. Without objection, the Senator from Texas will be appointed a conferee in place of the Senator from Nevada. Is there objection? The Chair hears none, and it is so ordered.

Mr. JOHNSON. Mr. President, I do not want to object to the appointment at all. I think it a most appropriate one. I think it appropriate, too—and of this I shall have more to say perhaps during the day, at any rate on some conference report—that it ought always to be the case when a matter of importance goes to conference that those who sit in the conference are friends of the particular measure or friends of the particular amendment that may be in question.

Mr. ROBINSON of Arkansas. May I say in reply to what the Senator from California has just stated that as the committee is now constituted it is composed of members

of the Senate Foreign Relations Committee who drafted the Senate substitute for the House bill.

Mr. JOHNSON. That is exactly why I think the appointments are most appropriate. For instance, it would be, I think, wholly inappropriate were I asked to serve, because I was not in sympathy particularly with the measure. That is a question that ultimately I intend to present to the Senate, perhaps not today or in this special session; but some time, if I continue in the body, and if I live long enough, I expect to present an amendment to the rules which will provide that no Senator shall sit upon a conference committee on any bill, any amendment, or any measure who is not friendly to the bill, the amendment, or the measure.

The VICE PRESIDENT. If the Chair may be permitted to make a statement in this connection, the general rule is for the Chair to appoint conferees; but the custom has been, so the Chair is advised by the Parliamentarian, that the Chair appoints the conferees named by the Senator in charge of the bill.

Mr. JOHNSON. The Chair has been quite right in that practice. Not only that, but our custom has been—and no one can complain of it, because it has grown into a set rule—that the Senators appointed upon a conference committee are appointed by reason of their precedence and their rank in the membership of the committee having charge of the bill.

ST. LAWRENCE DEEP WATERWAY TREATY

Mr. PATTERSON. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered by former Representative Cleveland A. Newton, of Missouri, at the chamber of commerce meeting, St. Louis, Mo., May 23, 1933, on the subject of the St. Lawrence Deep Waterway Treaty.

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

If the Great Lakes-St. Lawrence Treaty is ratified in its present form, it will provide a 27-foot channel for seagoing vessels from all the Great Lakes cities direct to the world markets, while it will make impossible a commercially useful waterway from the Great Lakes to the Gulf of Mexico. The Panama Canal imposed a heavy burden upon commerce and industry in the Mississippi Valley, and to provide a seagoing canal for Canada and the Great Lakes cities without providing a commercially useful waterway from the Lakes to the Gulf will tremendously increase that burden.

Fort Williams and Port Arthur on the north shore of Lake Superior constitute the largest wheat port in the world. The Great Lakes-St. Lawrence seaway will make low-cost water transportation available direct from the great wheat fields of Canada to the world market at Liverpool. Without a commercially useful waterway from the Lakes to the Gulf the wheat farmers of Iowa, South Dakota, Nebraska, Kansas, Missouri, and other States in the Mississippi Valley will be unable to compete in world markets.

This treaty proposes to surrender to Canada and to Great Britain sovereignty over Lake Michigan. Lake Michigan is an American lake. It is entirely within the American watershed. At the nearest point it is more than 70 miles from the Canadian border, and this is the first time since our Government was founded that any responsible official in Washington has ever indicated a willingness to surrender sovereignty over this all-American lake.

For more than 80 years water from Lake Michigan has flowed down the Illinois and Mississippi Rivers to the Gulf. For more than 20 years we have diverted approximately 10,000 cubic feet per second. Canada has recognized this diversion, and during the negotiations leading up to the treaty of 1910 the Canadians recommended that the United States limit the diversion at Chicago to 10,000 second-feet. They urged that such a limit be written into the treaty of 1910, but Elihu Root, then Secretary of State, refused to permit any reference in the treaty to this all-American lake. Mr. Root insisted that our sovereignty be preserved. The Senate sustained him. The proposed treaty should not be ratified unless our continued sovereignty over Lake Michigan is assured.

We have had years of propaganda telling the public that diversion at Chicago was draining the Lakes. Hydraulic engineers universally agree that a diversion of 10,000 cubic feet per second lowered the levels of the Lakes less than 6 inches; that the lowering was complete within 3 years after the diversion began and that if the diversion is continued for a thousand years there will be no further lowering. Lake levels rise and fall in cycles of approximately 10 years, governed by the rainfall and melting snow. The levels of the Lakes 3 years ago were higher than they had been in 70 years, showing conclusively that the diversion at Chicago is not draining the Lakes.

Congress has authorized an expenditure of $3,700,000 for the construction of compensating works in the Lakes. These works will retard the flow of the water from each lake with the result that the levels of the Lakes will be raised 18 inches. At our own expense, we will not only restore the 6 inches resulting from a 10,000 second-feet diversion at Chicago but we will add 12 inches more. General Pillsbury, Assistant Chief of Engineers of the War Department, while testifying before the Foreign Relations Committee of the Senate, stated that a diversion of 30,000 feet per second could be compensated for without injury to navigation.

An adequate diversion for an all-American waterway from the Lakes to the Gulf will in no way injure navigation either upon the Lakes or down the St. Lawrence. The channels of the Great Lakes were originally 7 feet. The channels and harbors of the Great Lakes, at the expense of the United States, have been deepened to 21 feet. It is now proposed to increase the depth of the channels and harbors of the Great Lakes to 27 feet and all at the expense of the United States. The channel down the St. Lawrence is now 14 feet. It is proposed by the treaty, largely at the expense of the United States, to increase that channel to 27 feet. Now, while we are increasing the depth of the Lakes and the St. Lawrence by approximately 20 feet, the proponents of this treaty are endeavoring to make a commercially useful Lakes-to-the-Gulf waterway impossible on the pretext that the diversion necessary for such waterway has lowered the levels of the Lakes 5½ inches.

We can have a 27-foot waterway in the Great Lakes and down the St. Lawrence, and a commercially useful 9-foot waterway from the Great Lakes to the Gulf, without injury to navigation anywhere. The only damage which cannot be repaired is this: The water which is necessary to insure a commercially useful waterway from the Great Lakes to the Gulf cannot be used to turn the turbines of the power companies down the St. Lawrence. I cannot understand why any good American should not be more interested in creating low-cost water transportation through the great interior of this country than in producing power down the St. Lawrence in Canada.

There are certain glaring inequities in this treaty which should be corrected before the treaty is ratified. The new work required to build the seaway provided for in the treaty calls for an estimated expenditure of $105,274,000 by Canada and $225,061,000 by the United States. The actual cost may be much greater. This will create 5,000,000 horsepower of electricity, 1,000,000 of which will belong to the United States and 4,000,000 to Canada. This inequity should be corrected before the treaty is ratified.

Under the treaty of 1910 the Canadians were allowed to take 36,000 cubic feet of water per second out of the Lakes upon the Canadian side while we were limited to 28,000 second-feet on the American side. If the new treaty goes into effect Canada will be authorized to take 41,000 second feet from the Lakes upon the Canadian side while we will be limited to 22,000 second-feet on the American side. This is another inequity which ought to be corrected before the treaty is ratified.

Under the terms of the treaty the American money which is to be expended in Canadian territory must be used to employ Canadian labor, Canadian engineers, and to supply Canadian material. This means that during these times of unemployment $55,000,000 of American money will be expended in Canada for Canadian labor and material. This is another inequity which should be removed from the treaty before it is ratified.

For more than 80 years we have been diverting water from Lake Michigan. For more than 20 years we have been diverting approximately 10,000 cubic feet per second. If the treaty is ratified in its present form this diversion will be reduced to 1,500 cubic feet per second annual average, which means that during the flood season large quantities of lake water will be diverted to prevent the pollution of the Chicago River from flowing into the lake. During the navigation season of June, July, August, September, October, and November the diversion will be reduced to approximately 400 second-feet.

Chief Justice Hughes, as special master in the Chicago Diversion case, found from the testimony that the most modern sewerage treatment would not eliminate more than 85 percent of the impurities of the Chicago sewage. This means that with the installation of the latest purification equipment known to science there will be turned into this Illinois waterway, from Chicago alone, pollution equal to the raw sewage of 680,000 people. In addition to this the raw sewage of cities along the canal and down the Illinois River, such as Joliet, Utica, Ottawa, LaSalle, Peoria, Beardstown, and many other municipalities will be pouring into this Lakes-to-the-Gulf waterway.

If the proposed treaty goes into effect the Illinois waterway will comprise a series of stagnant pools containing pollution equal to the raw sewage of more than a million people. Imagine the health of the people who live adjacent to that river. Imagine the pollution of the air through which the navigator must pass with his cargo during the hot months of July, August, and September, and all because of inadequate water from Lake Michigan to provide a commercially useful Lakes-to-the-Gulf waterway.

Scientists tell us that if the diversion at Chicago is limited to 1,500 second-feet this poisonous pollution will saturate the entire Illinois River and will soon be pouring into the Mississippi only a few miles above the waterworks at St. Louis, and all because the diversion will have been shut down at Chicago in order to provide more water to turn the turbines of the power companies down the St. Lawrence.

The Rivers and Harbors Act of July 3, 1930, provided for a Lakes-to-the-Gulf waterway. In that act Congress directed that

after such waterway is in operation the Secretary of War shall study its needs, determine the amount of diversion necessary to make it commercially useful and report his conclusions back to Congress on or before July 31, 1938. This treaty nullifies a solemn provision of an act of Congress and should not be ratified in its present form.

This treaty should not be ratified until its inequities have been corrected, until American rights have been protected, until this menace to American health has been removed, until the markets of the American farmer have been safeguarded, until a commercially useful Lakes-to-the-Gulf waterway has been provided, until provision is made whereby American money goes to American labor, and American sovereignty over Lake Michigan is preserved.

ARMS EMBARGO—VIEWS OF WALTER LIPPMANN

Mr. VANDENBERG. Mr. President, pending on the Senate Calendar is House Joint Resolution 93, entitled "A joint resolution to prohibit the exportation of arms or munitions of war from the United States under certain conditions." When the joint resolution in its original form was in the Senate Foreign Relations Committee it was amended by the unanimous action of the committee to require a general quarantine of any war area rather than the identification of the aggressor by the United States and an embargo being applied by the United States against the aggressor alone. The amendment was made with the approval of the President of the United States at the time.

I have in my hand an amazingly lucid analysis of the entire American embargo problem from the pen of Mr. Walter Lippmann, eminent publicist. I want to read just one sentence before I ask to have the entire exhibit printed in the RECORD. Referring to the possibility of the identification of an aggressor by our Government and then the application of an embargo upon our responsibility against that aggressor, as was the original concept in the House resolution, Mr. Lippmann said:

> But even if the responsibility were not too great a one for the United States to assume, it is certainly too great a one for any President alone to assume.

I think Mr. Lippmann completely expresses the majority viewpoint of the American people in this aspect. Certainly he bespeaks American tradition. Because of Mr. Lippmann's own standing and because he frequently favors internationalistic thought and is often an administration oracle, and particularly because of the cogent fashion in which he has submitted the matter, I ask that the article be printed in the RECORD. We want peace partnerships, Mr. President, but we do not want war partnerships.

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

For some time there has been a resolution before Congress that would have authorized the President to join with other powers in prohibiting the export of arms and munitions to any nation he considered a menace to world peace. The offer recently made at Geneva by the administration through Mr. Davis does not literally depend upon this resolution. But practically it does.

The peoples of Europe would regard the offer as of little value if all that it meant was that Congress would in each case have to make the decision whether the United States would or would not assist the blockade against the "aggressor."

The Foreign Relations Committee of the Senate has now reported the resolution with an amendment that provides that the President may lay an embargo only against all the parties in the conflict. He may not single out the aggressor nation, lay an embargo against it, and continue to let arms and munitions be shipped to its opponents.

Thus the Senate committee has, in effect, refused to give the President power to join in the so-called "sanctions" of peace, has refused to let him be the judge whether the United States should be neutral. For all practical purposes the amended resolution vetoes the offer recently made at Geneva.

ALL POTENCY WRUNG FROM OFFER

The offer to consult would still remain, but the offer to do something after the consultation is virtually nullified. For under the resolution as it now reads the American offer could be carried into effect only by act of Congress in each particular case.

To my mind it seems clear that to give the President the power to judge which is the aggressor nation and to join in punishing it is almost indistinguishable from giving him power to declare war. How true this is was borne in upon me last winter when I happened to be at Geneva in the critical days of the Manchurian affair. The sentiment of the smaller powers in the League was strongly in favor of declaring Japan the aggressor and of proceeding to act under article XVI of the League Covenant. What prevented this action was that Great Britain would have had to use her Navy to apply the blockade, and Great Britain had no appetite for war with Japan.

Now, if at that time the United States had been under obligation to identify the aggressor in that dispute and then to lay an embargo against Japan, the whole responsibility in the Orient would inevitably have been concentrated on us. The last and the decisive word would have been ours.

WE WOULD HAVE BEEN PRINCIPAL FOE

If we refused to declare Japan the aggressor the other great powers would have said, as in fact they did say, that they could not act under the Covenant. If, on the other hand, we did declare Japan the aggressor, it would have been the United States which had in reality set the blockade in motion, and from the Japanese point of view we should have become the principal enemy.

This practical demonstration convinced me of something I had previously only dimly suspected; namely, that to stand outside the League and yet to accept the final responsibility as to whether the League should apply force was the most dangerous way possible of attempting to organize international peace. We should be creating a situation in which responsibility would not be distributed, as President Wilson originally conceived it, among the members of the League, but where the whole responsibility for what the League should do or fail to do was placed upon the United States. In any actual crisis the President would have to decide what should be done at Geneva.

TOO BIG A LOAD FOR UNITED STATES TO SHOULDER

The responsibility is too great a one for the United States to assume. As regards the Far East, it would, as I have already indicated, isolate us as the principal enemy. As regards the Continent of Europe, we should, if we persuaded nations to disarm because they expected our help, be driven into a position where any injury they would suffer because they were insufficiently armed would be chargeable to us. It is not a sound foreign policy, as I see it, to attempt to buy the specific disarmament of any nation with a vague and uncertain commitment as to what we might do in the future.

But even if the responsibility were not too great a one for the United States to assume, it is certainly too great a one for any President alone to assume. Te abrogration of neutrality is so near to being an act of war, and in great conflicts so certainly leads to war, that the decision should be fully and openly shared with Congress. If the reasons for intervening are not clear enough to convince Congress, they are not clear enough to justify the President; and if, with the issues unclarified, the American people not understanding their interest in the quarrel, the United States were drawn into war, the President might easily find himself with his own people divided.

HERE'S NUB OF WHOLE PROBLEM

The trouble with the American attempt for the last 12 months to force some measure of land disarmament in Europe has been that, until the underlying political conflicts are mitigated, the armed powers will reduce only if they receive equivalent guaranties. The recent offer at Geneva has been an attempt to provide them such guaranties and yet to keep a free hand for the United States. It cannot be done. A guaranty which would mean anything in Europe would mean the abandoning of complete liberty of action by the United States. A really free hand is no guaranty and no substitute therefore for armaments.

This dilemma cannot be resolved by a diplomatic formula which might mean one thing in Europe and another in the United States.

It is far better to be precise in these matters, to define exactly what we will do and what we will not do, and to raise no false hopes as to what commitments the American people in their present state of mind are really prepared to make and maintain.

ROBERT W. BINGHAM, AMBASSADOR TO GREAT BRITAIN

Mr. ROBINSON of Indiana. Mr. President, yesterday there appeared in the Washington Herald an editorial with reference to our official representation at the Court of St. James's. In the comments in the Herald editorial mention was made of some of the distinguished Americans who have occupied the high post of Ambassador to Great Britain from this country. In that connection I read the following:

Of America's representatives, many names of treasured memory are still familiar to us.

None stands higher than that of Lincoln's war minister, Charles Francis Adams. In more recent times we think of James Russell Lowell, who was spoken of in London as "the ambassador of American letters to the court of English literature."

Then came the Cleveland appointees, two noteworthy men, Phelps and Bayard, the admirable John Hay, and under President McKinley, the incomparable Joseph H. Choate. Truly a long and lustrous line.

But it looks as if the present incumbent, Robert W. Bingham, was destined to mark a violent let-down from this high standard.

There was no expectation when the Nation was surprised by his appointment that he would take his place as a natural successor of such men as we have named.

Yet the country was willing to accept him as one of the secondary figures who have occupied the office—men who have added no distinction to it, but who have not brought discredit upon it.

Even this modest claim, we fear, cannot be made for our present Ambassador.

The editorial proceeds at length strictly in point and ultimately demands the recall of this envoy who the great majority of Americans feel misrepresents the United States at the Court of St. James's.

The editorial is entitled "Who Put the Ass in Amb-ass-ador?" I ask that the entire editorial be printed in the RECORD.

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

[From the Washington Herald, Sunday, June 4, 1933]

WHO PUT THE ASS IN AMB-ASS-ADOR?

The ambassadorship to the Court of St. James's is one of the highest dignities that can come to an American, and one of the greatest offices in the President's power to bestow.

By long tradition and common consent it is deemed a recognition to be reserved for our foremost men who are qualified by training, eminent achievements in life, and loyalty to American institutions to voice our point of view in matters of mutual concern with Great Britain, in a way that is ingratiating and persuasive, to be sure, but also in terms that are truly representative of this country and its best public opinion.

England has long attached the same importance to its representation in Washington. The result has been a continuing exchange of ambassadors in which both nations took a just pride.

Of America's representatives, many names of treasured memory are still familiar to us.

None stands higher than that of Lincoln's war minister, Charles Francis Adams. In more recent times we think of James Russell Lowell, who was spoken of in London as "the ambassador of American letters to the court of English literature."

Then came the Cleveland appointees, two noteworthy men, Phelps and Bayard, the admirable John Hay, and under President McKinley, the incomparable Joseph H. Choate. Truly a long and lustrous line.

But it looks as if the present incumbent, Robert W. Bingham, was destined to mark a violent let-down from this high standard.

There was no expectation when the Nation was surprised by his appointment that he would take his place as a natural successor of such men as we have named.

Yet the country was willing to accept him as one of the secondary figures who have occupied the office—men who have added no distinction to it but who have not brought discredit upon it.

Even this modest claim, we fear, cannot be made for our present Ambassador.

In his first public utterance on assuming office he has said enough to forfeit confidence not only in this country but in England as well. He has put the question of his immediate recall high up on the list of duties pressing upon the President's attention.

To refer to the Geneva declaration of Norman H. Davis, already repudiated from one end of the country to the other, as marking a reversal of the traditional policy of the United States to keep itself free from European entanglements is about the worst break that could have been made.

The actual words used by Ambassador Bingham in associating himself with the egregious faux pas of our Geneva spokesman were: "It marked the definite deparature from principles maintained by the United States since the Nation was founded."

Not content with this statement—so fatuous as hardly to deceive for a moment even his English hearers—this blundering Ambassador proceeded to express himself on the troubled question of designating the aggressor in the event of a European conflict.

With a nonchalance that is unlooked for in a grown man, not to say one who occupies the responsible position of an Ambassador, he made the following sapient observation:

"I do not believe there is a 10-year-old child of average intelligence anywhere in the world who could fail, in the event of war, to select instantly the aggressor."

This should be interesting to the representatives of the 54 nations at Geneva who have been toiling for many weary months to evolve a practicable definition to embrace this intricate and explosive subject.

Now, what shall be done with an Ambassador who so misrepresents his country?

Not what shall be said—because a fool should never be answered according to his folly—but what shall be done?

Of course, he must be got out of the position he occupies.

He is a danger to the peace and good understanding which all Americans desire with the people of England. The latter should not be misled. As to the trend of American thought and the direction of American policy they should be protected against deception by words issuing from the mouth of a person officially clothed with the status of our Ambassador.

If there is one thing certain, it is that the United States will not directly or indirectly suffer itself to be involved in the disputes of Europe or in the diplomatic and political casuistry of its statesmen.

To promise that we will is to make a promise that has neither background in our purposes nor foundation in fact.

Its only result is to sow misunderstanding and exasperation which it is an Ambassador's primary duty to prevent and delay.

This country has already had enough of Bingham. We imagine that England has, too.

He should be recalled, and without delay.

(Editor's note)

Ass (according to Webster's dictionary), a quadruped of the genus Equus, having long ears and a shorter mane than the horse. The domestic ass is patient and slow and has become the type of obstinacy and stupidity.

2. A dull, stupid fellow; a dolt, especially one who is stubborn or stolid.

3. "A perverse fool"—Oxford English Dictionary.

Examples:

"I find the ass in compound with the major of your syllables."—Coriolanus.

"They praise me and make an ass of me. Now my foes tell me plainly I am an ass."—Twelfth Night.

"Oh, that he were here to write me down an ass."—Much Ado About Nothing.

"Now what a thing it is to be an ass."—Titus Andronicus.

"For it will come to pass that every braggart shall be found an ass."—All's Well That Ends Well.

"I wonder if the lion be to speak. No wonder, my lord, one lion may when many asses do."—Midsummer Night's Dream.

"Cudgel thy brains no more about it for your dull ass will not mend his pace by beating."—Hamlet.

"An ass may bray a good while before he shakes the stars down."—Romola.

"The ox knoweth his owner, and the ass his master's crib."—Isaiah.

"The Lord opened the mouth of the ass."—Numbers.

"He shall be buried with the burial of an ass."—Jeremiah.

REDUCTION OF VETERANS' COMPENSATION

Mr. ROBINSON of Indiana. Mr. President, there appeared in the papers a day or two ago a dispatch from Dyer, Ind., dated June 2, reading as follows:

FIRST SQUARE MEAL PROVES FATAL TO STARVING WAR VET

DYER, IND., June 2.—A substantial meal eaten after days of starvation caused the death of A. C. Faulkner, 38, Joliet, Ill., World War veteran, here today.

Faulkner was given shelter and a meal at the town jail last night. He ate ravenously.

This morning Marshal Haltman found Faulkner's body on the jail floor.

Coroner Andrew Hoffman said he died from a heart attack caused by overtaxing his stomach.

I understand the President now makes the statement that additional taxes will have to be raised to take care of the increase voted here last week for veterans' allowances. Of course, I think this statement is not altogether frank. It was said on the floor, as I remember, by the junior Senator from South Carolina [Mr. BYRNES] that a 25-percent limitation on the President's authority to cut and slash veterans' allowances would be entirely agreeable to the administration, because he did not intend to slash more than 18 to 20 percent, anyway.

If the Senator from South Carolina was correctly representing the President in that statement, then it is not necessary to raise additional revenue by taxation to meet the requirements of the legislation, which permits the President to go as high as 25 percent, if he really never meant to cut more than 18 to 20 percent.

If the President's statement made now is correct and properly represents him, namely, that we must raise more taxes to pay the additional benefits, then it means that the President from the beginning meant to be ruthless and to cut and slash and slash and cut, without regard to justice. Senators may take their choice. Either what was said by the Senator from South Carolina did not represent the President, or what the President is now quoted as having said does not correctly state his views. What the President should state frankly is that he must raise additional revenue by taxation in order to meet the enormous additional expenses he himself is creating and has asked to be provided for during the past 3 months.

Mr. CUTTING. Mr. President, I desire to call the attention of the Senate to what seems to me a grave breach of the proprieties on the part of the White House secretariat.

I see on the second page of the New York Times of today two headlines in parallel columns. One is headed:

Howe to explain part in kit deal.

With that I do not care to concern myself at the present moment.

In the adjacent column there is an article reading in part as follows:

HOWE DEPLORES VETERAN-CUT LIMIT—$150,000,000 RESTORED BY THE SENATE, HE SAYS ON RADIO, WILL COST $1.25 PER CAPITA—CALLS IT BLOW TO BUDGET—PRESIDENT'S SECRETARY HOLDS THAT BALANCING HELPED STIMULATE TREND TOWARD PROSPERITY

WASHINGTON, June 4.—Every person in the United States will have to pay $1.25 more in taxes, directly or indirectly, as a result of the action of the Senate in reducing by more than $150,000,000 the proposed cuts in veterans' allowances, Col. Louis M. Howe, secretary to the President, said tonight in a radio interview.

Mr. Howe, who was heard over a National Broadcasting Co. network, declared that "you can be assured that eventually you will have to dig down and give Uncle Sam $1.25 for yourself, your Mrs., and all the kiddies, if you happen to be the head of a family, because in the long run any deficiency in the Budget has to be paid for by the people."

"Had the Budget Director's office actually struck a balance?" Mr. Howe was asked by his interviewer, Walter Trumbull.

"Yes; the Budget was really balanced", Mr. Howe replied.

I do not intend to take much time to discuss this speech by the secretary to the President. The office of Presidential secretary is one unknown to the Constitution. The President's secretary is not responsible directly to anybody in the United States except the President himself. His office is a purely ministerial one.

I do not remember any analogy to the present case. I do not remember any instance in which a secretary to the President has used his position to appeal to the people of the country on a matter of major controversy on which Congress had reached a decision contrary to that maintained by the secretary to the President. I think it is a very unfortunate example to hand down to posterity.

It is a grave question as to whether coordinate branches of the Government should appeal to the people of the United States against each other. That, however, is rather a broader question than the one with which I am immediately concerned. Certainly if there is such a controversy it is not the duty of a secretary, clerk, or stenographer to present it to the people of the United States.

And think for a moment, Mr. President, of the nature of this appeal! Here are 200,000, perhaps 250,000, men who served their country in time of need, who have been discriminated against, who have been persecuted, by regulations handed down by an administrative bureau. On Friday last the Senate of the United States decided that this thing had gone too far, resumed into its own hands to some extent the authority which it had previously delegated, and decided that these men ought not to be treated in the way in which the Veterans' Administration had decided to treat them. What the Senate did was either just or unjust. If it was unjust, let us be shown the nature of that injustice. If it was just, is it fair to appeal to the people of the United States on the mere ground that such a measure of justice will cost each one of them $1.25?

If anybody at the time of the World War had suggested that justice to the men whom we were then sending into the service would depend on whether or not the taxpayer cared to spend an extra dollar and a quarter, he would have been hooted from one end of the country to the other, and would have been fortunate to escape lynching.

I do not believe the taxpayers are going to be bound by any such considerations as that. Is there anybody who will frankly maintain that he is not willing to pay $1.25 in order to take care of the wounded and the disabled who served this country in the hour of its need?

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

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

Mr. CUTTING. I yield to the Senator.

Mr. SHIPSTEAD. I have in my office a letter from the mayor of Minneapolis in which he states that as a result of the administration of the recent rule regarding veterans' compensation, 2,000 veterans' families in Minneapolis will be placed upon the public charity rolls, to be taken care of by the local taxpayers.

Mr. CUTTING. Mr. President, that is exactly the situation we are facing all over the country. Even if these cases were unjustly on the rolls, somebody will have to take care of them. We are not improving the financial situation of the United States by allowing these men to be taken care of by local charity, which comes out of the property tax, rather than allowing them to be paid for by the Federal taxpayers through their income tax and other methods of Federal taxation.

Mr. SHIPSTEAD. It is a Federal debt.

Mr. CUTTING. The Senator from Minnesota reminds me that this is a Federal debt, and of course it is. It was the United States that drafted these men into the service, and it is the United States which is bound to take care of them.

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

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

Mr. CUTTING. I yield to the Senator.

Mr. VANDENBERG. Is the Senator referring to the first of the radio broadcasts which the President's secretary is making in the hour previously occupied by Mr. David Lawrence?

Mr. CUTTING. I cannot tell the Senator who previously occupied the hour; but the President's secretary took it last night, and, I understand, is going to continue to make speeches in that hour.

Mr. VANDENBERG. Very good. If the Senator is justified in raising a question respecting the ethics of this type of broadcast, it will be particularly interesting to know what the nature of Mr. Howe's own contract with the radio broadcasting company is, and whether or not he is compensated for doing the thing against which the Senator complains; because, if he is, and in any such amount as is commonly understood, the situation becomes doubly aggravated.

Mr. CUTTING. I quite agree with the Senator. I think the point he has raised is very pertinent. I am unable, of course, to answer the Senator's question; but I think it is something that ought to be gone into.

If the President's secretary is to make money on the outside by giving personal reminiscences or accounts of the routine work at the White House or other matters with which he is acquainted, that is something with which we have no particular concern; but when he attempts to discuss public affairs, I think it is a matter which very directly concerns us and everyone else in the United States.

Mr. VANDENBERG. May I make one further inquiry?

Mr. CUTTING. I yield.

Mr. VANDENBERG. I have not seen the full text of the radio address, and I did not hear it. If Mr. Howe was pleading for economy, I am wondering if in the course of his observations he made any reference to the conservation-kit contract, which apparently was not in the nature of economy and which apparently cost the taxpayers at least a few cents each, and a contract with which he seems to be rather intimately related.

Mr. CUTTING. I said previously that he explains that contract in a parallel column on the same page of the New York Times, but not in the same connection.

Mr. ROBINSON of Indiana. Mr. President——

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

Mr. CUTTING. I yield to the Senator from Indiana.

Mr. ROBINSON of Indiana. I should like to ask the Senator from New Mexico if he knows what compensation Mr. Howe receives for these broadcasts?

Mr. CUTTING. I have not the slightest idea. I am sorry I cannot satisfy the Senator.

Mr. LONG. Mr. President——

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

Mr. CUTTING. I do.

Mr. LONG. Inasmuch as the Senator has been interrupted, as I take the article, without being offended by it, it is in the nature of an instruction coming directly from one of the President's secretaries. That is rather a high order of instruction. We are rather fortunate to get the instruction of a secretary at this stage of the matter.

Mr. SCHALL. Mr. President——

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

Mr. CUTTING. I do.

Mr. SCHALL. Apropos of the Senator's remark, I am informed that the Legislature of the State of Minnesota recently appropriated $75,000 to take up the cuts recently made by the President.

Mr. CUTTING. Mr. President, I do not know as to that; but I can assure the Senator that if the Legislature of Minnesota does not do something of that sort the only salvation for those men will be the kind of legislation which we passed last Friday.

Mr. SCHALL. They appropriated $750,000.

Mr. CUTTING. I am glad to hear that they did it; but there are a great many States which are totally unable to do anything of the sort. Furthermore, as the Senator's colleague just said, this is a Federal obligation and not a State obligation.

Mr. President, we are informed that the office of the Director of the Budget has actually struck a balance, and that that balance is going to be completely done away with by the action of the Congress the other day. As the Senator from Michigan suggested just now, perhaps some of this money which has been added to the pay rolls of the Government might have been saved by greater economy in organizing and equipping the conservation camps. At any rate, the fact remains that the President's Secretary is not appealing to the country against the conservation-camp bill on the ground that that will add $1.25 or $1.50 to the tax roll of every citizen of the United States. The only time when any such appeals are made is when the money is taken out of the veterans or Government employees. That is when we hear so much about balancing the Budget.

Mr. CAREY. Mr. President——

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Wyoming?

Mr. CUTTING. I yield to the Senator from Wyoming.

Mr. CAREY. I should like to call the attention of the Senator from New Mexico to the fact that it was testified at the hearings the other day, when we were investigating the purchase of these kits, that the director of these conservation camps—who, I understand, never drew a very large salary before—has a salary of $12,000 a year; that he is furnished with a Cadillac car and a chauffeur; and that he has three assistants, each drawing $7,000 a year, which I consider a very fair salary, considering these cuts.

Also, I have heard that the widows of these men, if they are killed in the camps, will receive as much as the widow of an Army officer who has served in the Army all his life, or who has been killed in war.

Mr. CUTTING. I thank the Senator for that information. I had not meant to go into any question other than the one which I originally took up; but I do want to say just a word about this question, which we have been hearing about for so many years, of balancing the Budget.

Whenever the Budget is balanced at the expense of the purchasing power of the people, the Budget unbalances itself within the next week or so.

Mr. BLACK. If the argument is sound that the fact that each man theoretically would be saved $1.25 by the failure of the enactment of this measure, of course, it would necessarily follow that probably each citizen would be saved $2.50 if we do away with all compensation whatever to every soldier and put them all out of the hospitals.

Mr. CUTTING. Yes, Mr. President; and may I suggest to the Senator from Alabama that we could go farther and cut out all governmental activities whatever and have no taxation at all?

Mr. BLACK. Of course, we might go still farther and repeal the $500,000,000 appropriation. If the imposition of $170,000,000 additional in taxes would save them $1.25 apiece, repealing the $500,000,000 appropriation would save them nearly $3 apiece.

Mr. CUTTING. It is very easy to balance the Budget by having income nil and expenditures nil. That is the way about 13,000,000 people in the United States are balancing their own personal budgets today. I do not think that is the kind of budget balancing the Congress of the United States should be advised to carry out for the benefit of this Nation.

Mr. HEBERT. Mr. President, did we not have the assurance of the Senator in charge of the independent offices bill that the President himself intended to do the very things which the Senate, by its vote, has provided shall be done in relation to the treatment of veterans, and is it not true that no mention was made at that time about unbalancing the Budget?

Mr. CUTTING. Yes, Mr. President; that is quite true, and that is the point which really is vital in this whole matter.

The question is whether it is fair or unfair. The question is not whether it temporarily unbalances the Budget, because the Budget is going to continue to be unbalanced until we can find some way of building up purchasing power in this country. The kind of balance we need is a balance between the productive capacity of the country and the purchasing power of its citizenship, and that is not going to be brought about by making unjustifiable cuts at the expense of the poorest members of the community.

Mr. President, I have in my hand an article from the Philadelphia Record, which I ask to have read at the desk, because it puts this point more clearly than I can put it at the moment.

The VICE PRESIDENT. Without objection, the clerk will read.

The legislative clerk read as follows:

ONLY ONE WAY

There is only one way to increase mass purchasing power, and that is to place more money in the hands of the people.

Mass purchasing power will not be increased by balancing the Budget at the expense of veterans and Government employees.

It will not be increased by levying new taxes.

For the Government to launch a program of public works and credit expansion while imposing new taxes and balancing the Budget at the expense of the masses, is economic folly.

The Record is glad that Senator McADOO has recognized this fallacy, and that he calls for financing the public-works program by inflation.

"I do not see any reason", he declares, "why the American people should not use their credit for their own benefit instead of for the benefit of bankers and investors in tax-exempt securities.

"The proposed bond issue (for public works) will be exempt from all taxes—national, State, and local."

Senator McADOO joins the Record in calling for direct discounting of Treasury notes by the Federal Reserve banks to finance the public-works program.

This would be creation of new credit to fill the gap left by the 21-billion shrinkage of bank deposits since 1929.

The present plan, flotation of Government bonds by public sale, merely diverts existing credit to Government use. It creates no new credit except as such Government bonds may later be used as collateral for rediscounting with the Federal Reserve banks.

The Senator, as President Wilson's war-time Secretary of the Treasury, is better qualified than any other man in the country to discuss the kind of financing needed to fight the depression as we fought the war.

Close to $200,000,000 a year would be saved on interest by this method.

New deflationary and business-curbing taxes would be avoided.

The inflationary action would sustain the present rise prices, industrial activity, and the markets.

If the Roosevelt administration really wants to inflate, here is its chance.

It cannot continue to deflate while attempting to inflate.

Mr. CUTTING. Mr. President, I entirely agree with what the Philadelphia Record has to say on the subject, and I entirely agree with the program announced here the other day by the Senator from California [Mr. McADOO]. My object, however, in bringing this matter up in the first place was merely to call attention to the method of procedure.

I think that the White House secretariat ought to feel itself under peculiar restraint in the way in which it communicates with the public. It will be remembered that at one time a President of the United States used the device of a "White House spokesman", which was the subject of a good deal of comment and some ridicule at the time. I do not believe we want to go back to that system of transacting the public business.

In addition to the instance which I have already called to the attention of the Senate, I should like to mention one other matter, although it may be a less serious one.

Yesterday a number of Members of the House of Representatives were called to the White House to consult with the President on the legislation passed by the Senate last Friday. The names of those Members of the House were published in every paper in the United States; I will not repeat them here.

It is well known that those who have interviews with the President are bound by an obligation of courtesy not to give the results of any interview to the public. As a consequence these Members of Congress, of course, have had no chance to state their own point of view. The article which has been published all over the country represents the point of view of the White House. I quote one paragraph:

> When the conference broke up, shortly before midnight, the members of the congressional delegation were tight-lipped about what had taken place, and indicated that they would take a day or so to think the situation over. An outline of the talk was furnished by Stephen T. Early, one of the President's secretaries.

In other words, Mr. President, a purely ministerial clerk, a man unknown to the Constitution, not responsible to the voters, gives out his version of an interview which concerns the public interest, and the Members of Congress, responsible to the people, coming before the people next year to give an account of their stewardship, are unable to present their views on this same public matter.

I feel that that is an unfortunate way of transacting business. Either what went on is public, or it is private. If it is private, then none of it should have been published in the press. If it is public, both parties to the interview have the same right, I think, to give it to the people of the United States. That, of course, is to some extent a matter of opinion.

I feel that what Mr. Howe did rather transcends any question of opinion or dispute, and that no one can believe that the President's secretary ought to be discussing directly with the people of the United States an action taken by the Congress of the United States. If the President himself feels it his duty to oppose the measures which have been passed by Congress, of course he has that constitutional privilege and that constitutional duty. But whatever action the President may decide to take, he should take it on his own responsibility and in his own name. The White House secretariat might well be relegated to the same obscurity which has already come upon the White House spokesman.

Mr. NYE obtained the floor.

Mr. VANDENBERG. Mr. President, will the Senator from North Dakota yield to me for just one supplemental observation?

Mr. NYE. I am glad to yield.

Mr. VANDENBERG. I think the observations submitted by the Senator from New Mexico [Mr. CUTTING] are highly pertinent. I want to emphasize, however, one phase which was not, it seems to me, given its proper importance.

Mr. David Lawrence has been on the air for 7 years broadcasting, without compensation, a nonpartisan, uncolored survey of the week's political news events in the Capital. He announced a week ago Sunday that his adventure was at an end, an adventure for which he deserves high praise because of its extreme accuracy and its great unselfishness. If he is now——

Mr. NORRIS. Mr. President, may I interrupt the Senator?

Mr. VANDENBERG. I yield.

Mr. NORRIS. I only want to interrupt the Senator long enough to say that Mr. Lawrence's addresses over the radio in my judgment cannot be characterized as the Senator has characterized them. I do not want it to appear as though no one disagrees with the Senator when he says they were always fair.

Mr. VANDENBERG. At any rate, Mr. President, the Senator from Nebraska will not disagree with my statement that they were rendered in a sense of public service by Mr. Lawrence——

Mr. NORRIS. I do not know anything about that.

Mr. VANDENBERG. And were without compensation. That is the point I want to urge.

Mr. NORRIS. I take the Senator's word for that. I am not finding fault with the Senator for his view, but I do not want it to appear as though the statement made that they were unbiased was of general belief. There is at least one Senator who does not believe they were unbiased.

Mr. VANDENBERG. Mr. President, in my view, they were unbiased, and in everybody's view they were unpaid for. Therefore the bias, at least, if there was any, was not the result of compensation.

I think it is a rather serious contemplation when that radio hour is now delivered to the Presidential secretariat, if it is true that that is a matter of a dollars and cents compensation contract. The thing I am interrupting the Senator from North Dakota to suggest, with his permission, is that when Mr. Howe appears next as a witness in the conservation-kit controversy before the Committee on Military Affairs, he be requested, for his own sake and for our information, frankly to disclose the nature of his radio relationship with the National Broadcasting Co.

ST. LAWRENCE DEEP WATERWAY

Mr. NYE. Mr. President, the Great Lakes-St. Lawrence deep Waterway Treaty can be ratified and should be ratified before this session of the Senate adjourns.

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

Mr. NYE. I yield.

Mr. LONG. I suggest the absence of a quorum.

Mr. NYE. Mr. President, I do not yield for that purpose.

The VICE PRESIDENT. The Senator declines to yield for that purpose.

Mr. NYE. Mr. President, the great project embodied in this treaty not only has the support of States bordering on the Great Lakes, including Ohio, Michigan, Indiana, Wisconsin, and Minnesota, because of the great benefits it will insure in reduced transportation costs to the producers of this country, but it also has the enthusiastic backing of the great Northwestern and the Prairie and Mountain States reaching from the upper Mississippi River to the Pacific coast.

The immediate completion of this project has been pledged to the American people by both the Republican and Democratic Parties. The Republican Party, in its convention at Chicago in 1932, adopted the following plank by a unanimous vote:

> The Republican Party stands committed to the development of the Great Lakes-St. Lawrence seaway.

Mr. PATTERSON. Mr. President, will the Senator from North Dakota yield?

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Missouri?

Mr. NYE. I yield to the Senator.

Mr. PATTERSON. That plank was adopted by the Republican Party prior to the time when this treaty was negotiated, was it not?

Mr. NYE. I understand it was, but has there been anything to indicate that the treaty that has been negotiated is repugnant to the Republican Party?

Mr. PATTERSON. Yes, indeed; there have been a number of things that have transpired since that time. Among other things, we surrendered by the treaty our sovereignty over Lake Michigan, something that we have insisted upon for more than a hundred years.

Mr. NORRIS. Mr. President, will the Senator from North Dakota yield to me?

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

Mr. NYE. I yield.

Mr. NORRIS. The Senator from North Dakota asks whether there is any difference between the project as the Republican Party endorsed it and the treaty now pending. I think there is one difference, and there is only one that I know of. There has been an amendment to the treaty that

takes away from Mr. Mellon and his associates the perpetual right that they otherwise would have had.

Mr. PATTERSON. Mr. President, will the Senator from North Dakota yield to me?

The VICE PRESIDENT. Does the Senator from North Dakota yield further to the Senator from Missouri?

Mr. NYE. I yield.

Mr. PATTERSON. So far as the people of my State are concerned, they are not influenced in their position upon this treaty by the position of either Mr. Mellon or Mr. Morgan or anybody else. They are influenced principally by the fact that, under the terms of the treaty, we shall not have a sufficient diversion of water from Lake Michigan to establish a commercially successful waterway from Lake Michigan to the Gulf, which is of more importance to the section of country which the Senator from Nebraska [Mr. NORRIS] represents and the section of the country which I represent and the section of the country which the Senator from North Dakota represents than is the seaway through the St. Lawrence route.

Mr. NYE. Mr. President, I cannot agree for a moment that the development of the Mississippi River would mean as much to my State as would the development of the St. Lawrence waterway.

Mr. NORRIS. Mr. President——

Mr. NYE. I yield to the Senator from Nebraska.

Mr. NORRIS. Since the State of Nebraska has been mentioned, and since that State is a part of the great Mississippi Valley, if the Senator from North Dakota will permit me, I should like to say that when the Republican platform was adopted and when in two national campaigns the argument was made that a certain individual had to be elected President in order to get the St. Lawrence Canal dug, and the Republican Party endorsed it, there was not any limitation suggested in regard to the taking of water from the Great Lakes to supply a canal to the Mississippi River, but everybody believed, in those two campaigns, that the promise was made in good faith, and that we were going to have the St. Lawrence waterway. Now we are confronted with the situation that, because of a filibuster or because of some other arrangement, we are not going to get it.

Mr. PATTERSON. Mr. President——

The PRESIDING OFFICER (Mr. RUSSELL in the chair). Does the Senator from North Dakota yield to the Senator from Missouri?

Mr. NYE. I yield.

Mr. PATTERSON. At the time the plank in the Republican platform was drafted it was never even dreamed by the people of the country that our representatives were going to surrender a right that we have always claimed, of sovereignty over Lake Michigan, a purely American lake, supplied by an American watershed, and therefore there was not any reservation made in regard to it. If it had been suggested that there was a possibility of our representatives surrendering their dominion and their sovereignty over that lake, which they had asserted for more than a hundred years, then there would have been at least a fight to have had that kind of reservation made.

Mr. NORRIS. I suppose if it had been known that the question was going to arise, the people of Maryland would have risen up in arms against the proposal to take water out of Lake Michigan in order to increase the navigability of the Mississippi River.

Mr. LONG. Mr. President——

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

Mr. NYE. I yield.

Mr. LONG. As the Senator from Nebraska will recall, the two conventions were held before this treaty was negotiated; and in the Democratic convention—and I see the Senator from Arkansas looking through the document, and if he finds the Democratic plank in time, I will appreciate him handing it to me in order that I may quote just what we did say—we did not have any objection to letting them take pickaxes and shovels and digging a canal up there, but when it comes to negotiating a treaty under which the American people will be taxed several hundred million dollars for building a canal in Canada and at the same time internationalizing a lake which is ours and which we need in order to get water into the Mississippi River so as to afford navigation to the Gulf, that is another matter.

Mr. NORRIS. I suppose at the time the Democratic platform was adopted, the Democrats did not know that the St. Lawrence River went through Canada, and that if it were developed at all, it would be necessary to go into Canada to do it.

Mr. LONG. That was perfectly all right, Mr. President; we did not object to Canada developing the St. Lawrence waterway, but we did object to the St. Lawrence waterway in Canada with Canadian labor and Canadian materials being constructed with American money, and we further did not approve of the boasted plan that they were going to take the American Lake Michigan, supplied, as the Senator from Missouri states, from American watersheds, away from us, after we had spent hundreds of millions of dollars and billions of dollars and committed ourselves to the expenditures of more hundreds of millions of dollars; that they were going to take this lake, which is necessary if we are to have a navigable river the year round, divert its waters to the St. Lawrence, make it an international lake, and in the words of the Toronto newspaper, "forever kill the hope of there being such a thing as an all-the-year-round waterway from the Great Lakes to the Gulf." Now, that was not contemplated; none of those things were contemplated by the Democratic platform or by the Republican platform, and Mr. Hoover would have been the interpreter of both platforms after the two were made if we should stand for this kind of a proposition.

Mr. NYE. Mr. President, if the Senator will permit me to finish reading the Republican platform, I shall refer to the pronouncement of the Democratic convention with respect to the waterway matter. I repeat the Republican platform:

> 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.

At the convention of the Democratic Party the committee which drafted the platform reported a plank strongly endorsing the St. Lawrence project. That plank had been submitted with the approval of Governor Roosevelt himself, prior to his nomination for the Presidency. Through some influence, that plank was eliminated without a word of discussion on the convention floor; but, as his first act as the nominee of his party for the Presidency, Governor Roosevelt specifically pledged the immediate completion of the project embodied in the pending treaty.

On July 9, 1932, he said:

> 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 * * *. Early and final action on this great public work * * * would be greatly to the public interest. It has already been too long delayed.

On July 30 Governor Roosevelt addressed the people of the entire Nation over the radio from the executive residence at Albany. In that speech he interpreted the Democratic platform, stating that it was a contract with the people and that every pledge would be faithfully carried out as written. In this address he said:

> We advocate * * * expansion of the Federal program of necessary and useful construction affected with the public interest, such as flood control and waterways, including the St. Lawrence-Great Lakes deep waterway * * *.

Thus the present administration and the Republican Party are unequivocally pledged to this great project, embodied in a treaty which has twice been favorably reported

by the Foreign Relations Committee with only two dissenting votes.

For a number of years I had the honor to serve on the Committee on Public Lands with the late Senator from Montana, Thomas J. Walsh. More than any other Member of this body, he had studied the project of opening the Great Lakes to the sea, and was its leading advocate on this floor. He had studied exhaustively the effect of this project on the entire country, and had become convinced that it would be of inestimable benefit in the development not only of the States bordering on the Great Lakes but of the immense interior section lying between the Lakes and the Pacific coast. The last official act of our late colleague's life was to appear at a session of the Foreign Relations Committee to sum up the evidence presented at the hearings of that committee and to secure a favorable report on the pending treaty by an overwhelming vote.

I venture to say that this treaty has been debated at more length and has had more careful consideration in committee and in the executive departments of the Government which have dealt with it than any measure which has been considered at this session of Congress. It is a nonpartisan measure; it has been pledged by both parties.

I have made some investigation, and I am able to state on the floor today that at least two thirds of the Republican Membership in this body is ready to vote on this treaty before adjournment and to carry out the solemn pledge which was made at Chicago by the Republican Party at its convention.

If this treaty shall now fail and its consideration shall be put off for another year, it will only be because of the obstructive tactics of a very small group which seems determined to thwart the fulfillment of the pledge made by President Roosevelt. This same group offered no opposition to the railroad bill, canceling the debt of $350,000,000 owed by the railroads to the Federal Treasury. That bill was debated and passed in a single afternoon. The $350,000,000 debt of the railroads to the Public Treasury, which is canceled by that bill, would, if paid into the Treasury, pay the entire Federal cost of the St. Lawrence project, officially estimated at $168,000,000, and leave a surplus of $182,000,000, which might be expended on the development of the Missouri, the Ohio, the Mississippi, and other waterways.

The combination which has been formed to block this treaty by a filibuster is one of the strangest in the history of legislation in this body. The leader of the opposition to the treaty is the Senator from Louisiana [Mr. LONG]. The defeat of the St. Lawrence project and the continued bottling up of the Middle and North West, dependent for access to the sea upon its completion, will inevitably doom the further development of the lower Mississippi River. Once we begin to legislate here on sectional grounds, we are certain to imperil flood-control measures, waterway projects, and other useful developments which have heretofore had the support of the representatives of the Middle and North West.

It is well understood from whence the opposition to this treaty comes. The Chamber of Commerce of the State of New York has been leading the fight against the St. Lawrence project for more than 10 years. It bitterly opposed the Muscle Shoals development on the Tennessee River. It has repeatedly condemned the development of the Mississippi River and the utilization of that stream for navigation purposes.

The Senator from Wisconsin [Mr. LA FOLLETTE] has shown that out of 1,538 members of this chamber, only 142 give an address outside of the city of New York, and not more than 10 can in any sense be considered as representing the business interests of the State of New York at large.

It has been shown that 13 of the partners of J. P. Morgan & Co. are also members of the Chamber of Commerce of the State of New York. Junius S. Morgan, Jr., the son of J. P. Morgan, is the treasurer of the organization.

The investigation by the Banking and Currency Committee shows that on the preferred lists which have been made public, J. P. Morgan & Co. has generously distributed over 500,000 shares of stock among the membership of the Chamber of Commerce of the State of New York.

We of the Northwest well understand why J. P. Morgan & Co. and allied interests are opposed to the St. Lawrence project. The direct interest of Morgan in the power and public utility industry has been revealed. The completion of the St. Lawrence project means the development of 1,100,000 horsepower on the St. Lawrence River in the State of New York, to be owned and operated by the people of the State through the power authority. Morgan and associated bankers who control the Niagara-Hudson Corporation, the leading private utility of New York State, fear this public competition and are determined to block it, just as they opposed the completion of the Muscle Shoals project.

We of the Northwest also well understand the direct interest of J. P. Morgan & Co. in blocking the development of the Great Lakes and the St. Lawrence River for navigation purposes. The leading trunk lines from New York City to Chicago are Morgan-controlled. Although this project will benefit the railroads of the entire West and South, the Morgan roads are determined to block any waterway development which will provide competition against their monopoly of transportation between Chicago and New York.

My State has for years looked forward to such advantages as would flow to it in an economic way through an outlet to the sea by way of the Great Lakes. Such an outlet would mean millions of dollars saved to North Dakota annually. One thousand five hundred miles from the Pacific, 1,500 miles from the Atlantic seaboard, 1,500 miles from the Gulf of Mexico, I think my State can be said to be farther than any other from the seaboard. When it is considered that a large part of the products of the State enter into export, it must be agreed that North Dakota would be exceedingly interested in any proposal which would lessen the transportation costs involved in the moving of our wheat, barley, and rye. Our average marketable surplus of these grains is approximately 125,000,000 bushels. The low estimate of a 3-cent saving possible through transportation through the projected St. Lawrence waterway would mean nearly $4,000,000 to my State annually on grain alone. A higher, yet conservative, estimate of savings of 6 cents per bushel possible through the completed waterway would add well over $7,000,000 to the buying power of the people of North Dakota. Alva H. Benton, of the North Dakota Agricultural College, has declared that the waterway would add sufficient millions to the people of North Dakota to equal the interest on the total United States investment in the seaway project so far as navigation outlays are concerned.

In addition to savings to be enjoyed in our production of grains, our large and increasing production of livestock, poultry, and dairy products would be in line for benefits through the waterway. Then, too, we have every right to expect that savings can be enjoyed in the matter of goods brought into the State under waterway means, aiding in the reduction of living costs within the State.

It is not difficult to understand the New York City attitude which is so adverse to ratification of the St. Lawrence treaty. That city would naturally be adverse to any proposal that would place interior points nearer to the foreign ports with which America trades. The distance from the port of New York to Liverpool is the same as the distance from Cleveland, Ohio, to Liverpool through the St. Lawrence. When that is considered, it is not difficult to understand the growth that would come to cities like Cleveland, Detroit, Chicago, Milwaukee, and Duluth with the advent of oceanic transportation into the Great Lakes. The growth of these cities would revert at once to the advantage of the great territory about them. The farmer in the Northwest would enjoy a greatly improved domestic market while improving his chances in the foreign market.

The treaty, which is on our calendar and awaiting our action, ought to be straightway acted upon and ratified. As for myself, I will gladly share any part of the responsibility which would fall upon those who might engage in uncompromising effort to keep Congress in session until the treaty is ratified. The waterway project offers too great an

opportunity in our present battle to effect economic recovery to permit of continued delay in its consideration and ratification.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate 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.

ENROLLED BILL AND JOINT RESOLUTION SIGNED

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

S. 510. An act 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; and

H.J.Res. 192. Joint resolution to assure uniform value to the coins and currencies of the United States.

RELIEF OF HOME OWNERS

The Senate resumed the consideration of 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.

Mr. BULKLEY. Mr. President, the home owners' loan bill (H.R. 5240) passed the House of Representatives somewhat more than a month ago, was favorably reported by the Senate Committee on Banking and Currency, and has been on the Senate Calendar for about 2 weeks.

Mr. FESS. Mr. President, will my colleague yield to enable me to suggest the absence of a quorum?

The PRESIDING OFFICER. Does the Senator from Ohio yield to his colleague for that purpose?

Mr. BULKLEY. I yield for that purpose.

Mr. FESS. I think we ought to have a quorum. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

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

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

The PRESIDING OFFICER. Eighty-nine Senators having answered to their names, a quorum is present.

Mr. BULKLEY. Mr. President, as the home owners' loan bill has been favorably reported and on the Senate Calendar for about 2 weeks, I assume that a very brief explanation of the structure and provisions of the bill will be sufficient.

For direct relief to home owners, the bill provides for the organization of a home owners' loan corporation to deal directly with owners occupying their homes or holding the same as their homestead, although temporarily residing elsewhere, provided the home is built for not more than four families and has a value of not more than $25,000.

The corporation is to function for a period of 3 years, after which it will begin to wind up its affairs. During that 3-year period it is directed to exchange its bonds for mortgages on such homes and to pay any accrued taxes, assessments, necessary maintenance and repairs, and incidental costs in cash, provided the mortgagee will consent to take the bonds for the mortgage, and may make such exchanges and pay such cash up to a total of 80 percent of the value of the property. Thereupon the corporation will carry the home-owner's indebtedness in the form of a first lien on the home for a period of 15 years, amortized monthly, or, in case the necessity of the home owner requires it, amortized quarterly, semiannually, or annually; and the interest to be charged is not exceeding 5 percent.

The corporation is also directed to make advances in cash to pay taxes, assessments, necessary maintenance, and repairs on property otherwise unencumbered up to the same percentage and amortized in the same manner and at the same rate of interest. It is authorized, in its discretion, to take up mortgages in cash up to 50 percent of the value of the property where the mortgagee will not take the bonds. Such loans would be amortized over a 15-year period and carried at the same rate borne by the mortgage taken up.

The corporation is directed to make rules for the appraisal of the property to accomplish the purposes and intent of the act.

Provision is made for the corporation to extend the payments in case the necessity of the home owner requires extension and the condition of the security permits.

The bill provides for the Secretary of the Treasury to subscribe $200,000,000 of capital in the corporation, to be paid from funds procured from the Reconstruction Finance Corporation, and authorizes the corporation to issue $2,000,000,000 of bonds, bearing interest at the rate of 4 percent per annum and maturing in not exceeding 18 years, the interest only on which is guaranteed by the United States.

The bill also provides for the Home Loan Board to charter Federal savings-and-loan associations in communities not now served by any institution or other lender on homes, so that provision may be made for the financing of homes in about one half of the counties in the United States now having no such facilities. These associations are intended to be permanent associations to promote the thrift of the people in a cooperative manner, to finance their homes and the homes of their neighbors.

To enable the Board to promote and develop these associations in areas not now served, an appropriation of $250,000 is authorized. To encourage the people to save their funds in these associations, and to provide funds for lending on homes, provision is made for the Secretary of the Treasury to subscribe not exceeding $100,000 of preferred stock in any one of such associations, provided the local population have actually subscribed and paid in cash for stock therein as much as the Secretary of the Treasury subscribes and pays; and an appropriation of $100,000,000 is authorized to enable the Secretary of the Treasury to take this stock. This provision is intended to promote cooperative home financing and to raise substantial sums of money from private savers, which will be used, together with the funds subscribed by the Secretary of the Treasury, to make loans on homes; and these associations are made members of the Federal home-loan banks so that they may borrow on these mortgages additional sums to lend on homes. The result of this process is, as these associations are developed, to produce two or three dollars of funds for home loans for each dollar advanced by the Treasury.

The Committee on Banking and Currency has reported a single amendment in the nature of a substitute. I shall take but a moment to outline the principal changes that have been suggested as compared to the bill which passed the House.

The House bill contained a limitation on homes on which bonds may be exchanged to dwellings for not more than three families. The Senate committee amendment proposes to increase that limit to four families.

The House bill contained a limitation of $10,000 upon any one loan that might be made by the home owners' loan cor-

poration. That $10,000 limit is struck out in the Senate bill, and the limit is 80 percent of the value of the home.

The value of a home on which a loan may be made has been increased in the Senate bill to $25,000, having been $15,000 in the House bill.

The House bill provided that cash advances might be made to take up mortgages in cases where the value of the premises was such that the loan would not be more than 30 percent of that value. The Senate committee recommends that that limit be raised to 50 percent.

In the section of the bill providing for the Federal savings-and-loan associations the amount which they may lend on any one property has been increased from $15,000, as carried in the House bill, to $20,000, as recommended by the Senate committee.

The amendments recommended by the Senate committee are, therefore, all in the direction of liberalizing the measure.

One item of policy has been added by the Senate committee. That is, it requires the central board at Washington to make uniform rules for the appraisal of homes.

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

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

Mr. BULKLEY. I yield.

Mr. HAYDEN. What is the estimated total amount of the home mortgages in the United States at the present time?

Mr. BULKLEY. It is understood that there are about twenty-one billions of home mortgages in the United States at the present time. Of that amount somewhat more than half would be eligible for loans by exchange of bonds of this proposed corporation. Those that are not eligible are second mortgages, or mortgages on homes which exceed the limit of value provided by the bill.

Mr. HAYDEN. But the amount of the bonds authorized under this bill, as I understood the Senator, is $2,000,000,000.

Mr. BULKLEY. Yes.

Mr. HAYDEN. And the amount of eligible loans is some ten or eleven billions.

Mr. BULKLEY. Yes; and that is a very important point. The bill has been so devised as not to attempt to take over the entire home-loan mortgage indebtedness of the United States. It is not thought that that is a proper function of the United States Government. The bill is devised to take over those mortgages which are in distress. It is regarded as an emergency matter, to relieve those who are unable to carry on with their payments on their home mortgages.

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

Mr. BULKLEY. I yield to the Senator from New Mexico.

Mr. BRATTON. On page 19, beginning at line 9, section 3 of the bill repeals subsection (d) of section 4 of the Federal Home Loan Bank Act, providing for direct loans to home owners.

Will the Senator tell us why the committee thought it advisable to repeal that provision of the original act?

Mr. BULKLEY. That was on recommendation of the Home Loan Board. That section of the Home Loan Act has been but very little used, and has not been satisfactory. The difficulty has been that the Home Loan Board has not had the machinery to make individual loans. Loan associations have been organized more or less throughout the country, and have the facilities for examination and negotiation of loans, and have handled the business much more satisfactorily than the Home Loan Board has felt that it was possible for the home-loan banks to handle it.

Mr. BRATTON. Let me say to the Senator that the original act has not operated satisfactorily at all in my section of the country, for this reason:

The home-loan bank would make a loan to a building-and-loan association at a reasonable rate of interest, say 5 or 6 percent. The building-and-loan association, in turn, would lend that money to distressed home owners at 10 and 12 percent, and in that way would enjoy the spread between 5 and 6 percent on the one hand and 10 and 12 percent on the other. At the same time, these distressed home owners would write to the home-loan bank at Little Rock, Ark., making application for a direct individual loan; and they would receive back, without exception, a stereotyped form of letter, merely saying in substance that the Home Loan Act was drawn very conservatively, and therefore that the application was rejected.

Does the Senator think it is feasible or practicable to continue a system under which the home-loan bank turns a deaf ear to a distressed owner in that language, and at the same time lends its funds to these building-and-loan associations at 5 or 6 percent, and permits them to lend them in turn to the individual home owner at 10 or 12 percent?

Mr. BULKLEY. I should say that that is a very distressing situation. It has seemed to the committee, as it has seemed to the Home Loan Board, obvious—to take the example just instanced by the Senator—that the bank situated at Little Rock cannot well deal directly with the individual home owner out in New Mexico.

The pending bill proposes to relieve that situation in two ways: In the first place, in all cases where there is immediate distress, where a home owner is unable to make the payments on his existing mortgage, the home owners' loan corporation provided by the pending bill is prepared to offer its bonds, with interest guaranteed by the Government, carrying 4-percent interest, and to make those bonds available for exchange for the mortgage up to 80 percent of the value of the premises mortgaged. In addition to that, the bill provides for the organization of local Federal savings-and-loan associations, which will be cooperative institutions in the several communities, so that in communities that have been inadequately served—and I should say the example given by the Senator from New Mexico is a clear example of inadequate service—these new savings-and-loan associations may be organized with the help of subscriptions from the Treasury of the United States.

Mr. BRATTON. But the point I raise with the Senator is that the provision in the original act which authorized the Federal home-loan bank to make a direct loan to the owner should not be repealed. On the contrary, it should be continued in force, and the bank encouraged to make the loan to the individual home owner.

The Senator says that these home-loan banks have not had the facilities with which to inspect property, and appraise property, and to make the necessary investigation. Perhaps that is a handicap, and it may be difficult to overcome it. Assuming that to be true, however, instead of repealing the provision in the existing law it seems to me we should continue it, and then endeavor to overcome the handicap; because I suspect that every Member of this body has had case after case come under his personal observation where a home owner is on the verge of losing his property, and he applies to the home-loan bank for relief, and he receives a short letter telling him that under the terms of the act a loan of that kind cannot be made.

A loan of that kind can be made; indeed, a loan of that kind could have been made at any time since the act was passed. Despite that fact, the home-loan bank at Little Rock, Ark., has written repeatedly, over and over again, a 2- or 3-line letter, saying, in substance, "This act is conservatively drawn, and therefore you are not eligible."

I do not doubt for a moment that the system has the difficulties and the handicaps which the able Senator from Ohio suggests, but instead of abandoning the system because it is burdened with those handicaps, we should attack the problem from that point and undertake to solve the difficulty.

We should make it not only possible, but practicable, for a home owner to go immediately and directly to his home-loan bank and, if it has the money and he has the security, to borrow the money, instead of relegating him to a building-and-loan association which requires 10 or 12 percent for the money it borrows from the home-loan bank at 5 or 6 percent. I have no complaint against building-and-loan associations as such. They are entitled to exist, they are entitled to make a fair return, but I protest against them using the act we passed a few months ago to obtain money at 5 or 6 percent and then lending it to distressed home owners, persons

on the very verge of losing the accumulations of their lifetime, at 5- or 6-percent profit. Instead of repealing that provision, it should be continued, and, if possible, made more feasible and more workable.

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

Mr. BULKLEY. In just a moment. In my opinion, there is no justification for a building-and-loan association charging 10 or 12 percent; I do not want to be understood as condoning that at all.

Mr. BRATTON. I was sure the Senator would not.

Mr. BULKLEY. It seems to me that the bank making those loans might well be required to take some steps to insure that the borrowers are more reasonably and fairly treated. But I wish the Senator would consider this, that if we provide that the home-loan bank should itself make loans directly to home owners, it would go into direct competition with the local associations. How could such competition go on? Must not the home-loan bank, if it gives satisfactory service, ultimately drive out all of the local associations and monopolize the business?

Mr. BRATTON. It would not be in competition any more than a Federal land bank is in direct competition with mortgage companies which lend money to farmers. A farmer may go to a Federal land bank and obtain a loan.

Mr. BULKLEY. That is not quite accurate. The farmer goes to the local farm association, and the association takes the mortgage to the Federal land bank.

Mr. BRATTON. But the association is just a group of farmers in the community; and while the farmer goes through the association, the association is one without capital, it is composed of a number of farmers; and, after all, the individual farmer obtains the money direct from the Federal land bank. So I should say that the suggestion of the Senator that the home-loan bank would be in direct competition with the building-and-loan association is no truer than it is to say that a Federal land bank is in direct competition with private corporations lending money to farmers.

Mr. BULKLEY. The Senator is slightly in error in saying that the farm-loan associations have no capital. They do have a capital, and their organization very closely parallels the organization we here propose of Federal savings-and-loan associations. It is not exactly the same, because people may buy stock in Federal savnigs-and-loan associations without being borrowers, and they may borrow without owning stock, whereas the organization of the farm-loan associations is one exclusively of borrowers; so the parallel is very close.

Mr. BRATTON. The parallel is very close. The Senator says that the local associations under the Federal Land Bank Act have capital. Perhaps in a technical sense that is true, but in actual operation the farmer borrows direct from the Federal land bank of his district. It is not an answer to the objection that a home-loan bank cannot lend money direct to a distressed home owner, but it is possible for a building-and-loan association to borrow money from the home-loan bank and to enjoy a substantial profit when it lends to the home owner.

Mr. BULKLEY. So far as the distress of the home owner is concerned, I hope the Senator is not overlooking the very important provision in this bill which sets up the home owners' loan corporation expressly to deal with cases of distress and offers the exchange of the bonds directly to the individual mortgagor in all cases where the mortgagor is in distress.

Mr. BRATTON. Let there be no mistake about my position. I favor the bill; I am not opposing it; and if it cannot be amended in certain respects, I shall vote for it as it is now written. It seems to me, however, that the provision to which I have called attention should be stricken out. We should allow the home-loan banks to continue to have authority to make direct loans, whether they exercise it or not.

It may be that the bank at Little Rock, to which I have already directed attention, will continue the policy which I have already reviewed. I do not agree with that policy. It should be changed; a different attitude should be assumed toward these home owners. But certainly we should not repeal the law which gives the home-loan bank the power to make loans direct to home owners.

Suppose we find a home owner in a town or a village which has no building-and-loan association. His home constitutes adequate security for the amount of money desired, but he cannot get it through a building-and-loan association. He turns to the home-loan bank, say, the one at Little Rock; he tenders his home as security for a loan; he is told that the act is drawn conservatively and that he is not eligible. The only thing which remains for that home owner to do is to surrender his home to the mortgagee and start anew.

Mr. BULKLEY. That will not be true if this bill is enacted.

Mr. BRATTON. This bill is an improvement. I concede that. I commend the committee for the work it has done on the subject matter. It is one phase of the situation to which I call attention.

Mr. BULKLEY. Let me say this further to the Senator. I want to be very frank about it; it is easy to think of ways in which the home owners can be benefited more than they will be benefited by this bill.

Mr. BRATTON. I appreciate that.

Mr. BULKLEY. The effort of the committee has been to give the maximum amount of help we can justify with reasonable outlay of Government funds.

Mr. BRATTON. I appreciate that.

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

Mr. BULKLEY. I yield.

Mr. ROBINSON of Arkansas. The provision of the Home Loan Act authorizing direct loans under certain conditions has not operated successfully. The banks are not equipped to make direct loans. They have not been able to apply that provision with any special degree of effectiveness.

The pending bill is intended to take care of direct loans, and it segregates them from the home-loan banks which make loans to the institutions which are concerned with financing home owners.

After having studied the subject from every standpoint I can conceive of, I think it would be a mistake to continue in the home-loan bank the authority to make direct loans, because they do not make those loans. It results only in complaints. It results in confusion and disappointment. But if this bill shall be enacted, many direct loans will be made, and there will not be a duplicate system of making those loans.

Mr. BULKLEY. Mr. President, I thank the Senator for that suggestion, and I want to call attention to this further point. Not only would any liberalization we made in this bill cost the Treasury large additional sums but, by the same token, it would tend to dry up the investment of private capital in home loans. We have endeavored to interfere as little as possible with the situation, so that private funds may continue to be available to make loans on homes.

Mr. BRATTON. Mr. President, the Senator from Arkansas was not present when I reviewed the manner in which the bank at Little Rock, Ark., has conducted its business in my State. I appreciate fully the suggestion of the Senator that those banks have not been equipped to establish district-wide facilities to operate in every town. Of course, that would be expensive, and perhaps they have not been able to do it.

So far as my State is concerned, the bank at Little Rock has lent money to building-and-loan associations at a reasonable rate of interest, say, 5 or 6 percent, and those building-and-loan associations in turn have lent that money to distressed home owners at 10 to 12 percent, and I have been told that, by direct and indirect methods, they have exacted as high as 14 percent from distressed home owners. To my mind, that is indefensible; if a home-loan bank has a certain amount of money to lend, and it must do one or the other of two things, either lend it to home owners, a smaller number, and bear the added expense of inspecting the

property, on the one hand, or lend it in large quantities to building-and-loan associations, to be used in the manner I have indicated.

Mr. ROBINSON of Arkansas. Mr. President, the Senator's suggestion would require a complete revision and reorganization of the home-loan system.

Mr. BULKLEY. It would; it would be an entirely different principle of lending the money.

Mr. ROBINSON of Arkansas. The home-loan bank was not organized primarily to make direct loans. As a matter of fact, as I remember it, the provision in the bill permitting direct loans was incorporated at the instance of some Senators, including myself, on the very theory which the Senator from New Mexico advances, that there would be cases where home owners would not have access to building-and-loan associations, would not be able to avail themselves of advances through building-and-loan associations, and where hardships would result. But, according to the best information I have, none of these banks have made any material number of direct loans, and the system is not constructed with that in mind. The pending bill, however, is purely a direct-loan bill, and, of course, there would be no necessity for two systems if both were to operate alike. The object of this bill is to supplement the home-loan bank system and provide direct loans in certain cases.

Mr. BULKLEY. That is exactly correct. The judgment of the Home Loan Board and of the Banking and Currency Committees of both Houses is that the method provided by this bill is the practical one by which to meet the situation. Now I yield to the Senator from Rhode Island.

Mr. HEBERT. Mr. President, I well remember that it was the consensus of opinion here that under the home-loan bank bill it was not intended there should be any direct loans except in extreme cases where a building-and-loan association was not available to the borrower, or something of that kind. The provision was put there to take care of those extreme cases only, and, I take it, that the Home Loan Bank Board was never organized in a way to enable it to make such direct loans, though it is a regrettable fact, and many cases have been brought to my attention, where real service could have been rendered to a home owner had it been possible for him to get such a loan.

The Senator from New Mexico [Mr. BRATTON] referred to the borrowings of building-and-loan associations and the reloaning of such funds at a high rate of interest. I wonder if he has taken into account that in that 10-percent interest rate probably a part of it is used for amortization of the mortgage?

Mr. BRATTON. Oh, yes.

Mr. HEBERT. Probably 4 percent is used for amortization of a mortgage; so that. in the final analysis, the borrower only pays 6 percent real interest. That is the case in my section of the country, and I very much question if building-and-loan associations have really charged a 10-percent flat rate of interest for money which they have loaned to home owners.

Mr. BRATTON. My information is that they have. The Senator has stated that the provision authorizing direct loans was inserted in the act only to meet extreme cases. So far as my information goes, the several home-loan banks throughout the country have never found what they regarded to be an "extreme case"; at least, they have never made a direct loan.

Mr. HEBERT. I can agree with the Senator as to that. I am quite familiar with the practice of the Home Loan Bank Board, and I know of no instance where it has made a direct loan; and yet I have had cases brought to my attention which indicated, to me at least, that they were extreme cases, and that consideration should have been given to them.

Mr. BRATTON. May I have just one word further with the Senator from Ohio, and then I shall not trespass further upon his time?

Mr. BULKLEY. Certainly.

Mr. BRATTON. Some home owners throughout the country understand that this bill requires that the owner actually occupy the building or premises as a home; that is, that he must occupy it physically in order to be eligible for a loan.

Mr. BULKLEY. There is an exception to that—if it is held as his homestead.

Mr. BRATTON. As his homestead; so that, although he and his family may be elsewhere, if the premises constitute his homestead, he is eligible for a loan?

Mr. BULKLEY. That is correct.

Mr. BRATTON. Now, let me ask the Senator what relief a home owner could reasonably expect under this bill if his premises were situated in a town not having building-and-loan-association facilities? How would he proceed to obtain a loan under the bill?

Mr. BULKLEY. If it is a distress loan, one of the character of loans which come under the first part of the bill, eligible for exchange of bonds with the home owners' loan corporation, there is no intermediary in the shape of a local association, so that it would make no difference where the borrower is situated, other than the physical difference of such travel as might be necessary to the nearest agent of the corporation.

With respect to new financing, this bill provides for the incorporation of Federal savings and loan associations, the very purpose being to have such associations organized in every county in the country. There are about half the counties in the country now that do not have any local savings and loan associations at all, and the purpose of this is to bring the benefits of the proposed legislation home to everybody, with the assistance of subscription by the Federal Treasury.

Mr. BRATTON. How long does the Senator think it will require to create these agencies throughout the country? I have in mind literally thousands of home owners who are in distress and threatened with immediate foreclosure, and they are looking forward to this legislation to save their homes. If it will require several months to establish the organization machinery——

Mr. BULKLEY. In distress cases the home owner may deal directly with the home owners' loan corporation without any intermediary at all. The board expects to have the corporation set up within a few days after the enactment of the law.

Mr. BRATTON. The home owners loan corporation is to be conducted by the Home Loan Bank Board?

Mr. BULKLEY. Yes; the Home Loan Bank Board by this measure is made the board of directors of the home owners' loan corporation.

Mr. BRATTON. If they shall not expedite the administration of this proposed law and get relief to the people more quickly and more efficiently than they have done under the original act, there will be little hope for the distressed owners throughout the country.

Mr. BULKLEY. There is this difference: The original Home Loan Board had to set up districts for the whole United States and organize home-loan banks in each of the districts before operations could begin at all. The Home Loan Board now has its own organization and by this measure itself becomes the body corporate that is here provided, so that it is ready to act at once, and it is the very home owners' loan corporation itself which deals with everyone and not through the intermediary even of the home-loan bank.

Mr. BRATTON. It makes direct loans?

Mr. BULKLEY. It makes loans directly.

Mr. BRATTON. The Senator thinks that because the machinery has already been set up, the districts have been formed, and the personnel has been selected——

Mr. BULKLEY. The districts have nothing to do with this; the central body deals directly.

Mr. BRATTON. Where will the central body be located?

Mr. BULKLEY. In Washington, but it will have its agents throughout the country.

Mr. BORAH. Mr. President, I hope the Senator will pardon me for asking some of the questions I am about to ask, but I myself am not familiar with the bill sufficiently to answer them. What I am interested in is the

subject which the Senator from New Mexico has been discussing; that is, how speedily and how effectively, under this bill, may the individual who has a home upon which he wants a loan, obtain relief?

Mr. BULKLEY. There is no legal complication whatever. The board will become a corporation immediately; it will have funds immediately; and it will have the capacity to issue bonds immediately. Of course, there is the physical question of having the bonds engraved, and putting its agents out into the field to find places where loans are needed, but there is no reason for delay on account of the legal problem at all.

Mr. BORAH. With whom will the individual owner deal? Will he deal with the Board of which the Senator speaks?

Mr. BULKLEY. Yes; the Board will have its local agents throughout the country. It will establish offices undoubtedly at the home-loan banks which are already in existence; but it will have, of course, subsidiary offices in many more cities. There are only 12 home-loan banks, but they will have many more than 12 offices.

Mr. BORAH. The old Home Loan Act, so far as the individual owner was concerned, was a total failure; it might just as well never have been passed so far as he was concerned.

Mr. BULKLEY. I do not want to argue that with any great vigor.

Mr. BORAH. No; I imagine none of us do.

Mr. LEWIS. The Senator from Ohio means he does not wish to contest that fact?

Mr. BORAH. Yes; but what I want to know is in what respect does this bill improve the law so far as the individual home owner is concerned?

Mr. BULKLEY. So far as the distressed owner is concerned, it gives him an immediate means of getting out by the exchange of the bonds of this corporation and by direct negotiation.

Mr. BORAH. The Senator says "the distressed owner." Who is to pass upon the question of distress?

Mr. BULKLEY. It will largely work itself out. If a mortgagor is making his payments to the satisfaction of the mortgagee, there will be no occasion for anybody to apply for this relief, and the exchange of bonds is not sufficiently attractive to induce mortgagors or mortgagees to apply unless there is a case of distress.

Mr. BORAH. The committee has undertaken to reach the individual owner in distress?

Mr. BULKLEY. Indeed, it has.

Mr. BORAH. That has been one of the great objectives of the committee, and the Senator feels that this has done so, insofar as it is practicable to do so?

Mr. BULKLEY. I certainly do.

Mr. VANDENBERG. Supplementing that inquiry, is not the situation always in control of the owner of the mortgage?

Mr. BULKLEY. Yes; without the consent of the owner of the mortgage there is nothing to be done, because nobody can compel him to accept an exchange of bonds.

Mr. VANDENBERG. Exactly.

Mr. BULKLEY. But, of course, the owner of the mortgage does not ordinarily want to take the premises; it is usually an embarrassment to the owner of the mortgage to have to take the premises. What he wants is his money, but if the mortgagor is in distress the chances are that it will be a great benefit to the mortgagee to take these bonds and have the trouble off his hands.

Mr. VANDENBERG. But suppose the mortgagor has paid on his mortgage to the point where the remaining equity obviously is less than the value of the property, then the owner of the mortgage is not going to be interested in the exchange; and how is the distressed owner of the property going to get any relief?

Mr. BULKLEY. In the case the Senator suggests, there is an exception in this bill that the corporation may provide cash to take up a mortgage if the mortgagee will not accept bonds, if the mortgagor cannot secure funds from a local association, and if the amount of the mortgage is not more than 50 percent of the value of the premises. I say 50 percent. The House limited that to 30 percent, but by recommendation of the Senate committee it would be made 50 percent.

Mr. VANDENBERG. Again, of course, the situation is entirely in the final control of the owner of the mortgage.

Mr. BULKLEY. Not in that case, no; because the owner of the mortgage would be obliged to accept cash.

Mr. VANDENBERG. He is required to do so?

Mr. BULKLEY. I think we passed such a bill on Saturday, to the effect that he must take legal-tender money.

Mr. WAGNER. Mr. President, right on that point, I was not able to be present in the subcommittee when that particular phase of the measure was considered, and I wondered why in case of displacing a mortgage, represented by 50 percent of the value of the property, it is provided that the interest that the mortgagor must pay will be the same rate of interest for which the original mortgage provided. Why should he not be entitled to the 5-percent rate, as in the other cases?

Mr. BULKLEY. That is the same question that we have had to be careful of in another aspect. We do not want to make this an invitation for people to come in and unload mortgages on the Government just so that they may obtain a better rate of interest; we want to help the cases that are definitely in distress; but if we should provide a lower rate of interest than the mortgagors are now paying, we would find that applications would come to the governmental organization merely so that they might get an advantage in the interest rate, and that we wanted to avoid.

Mr. WAGNER. What advantage does the home owner get in that particular case?

Mr. BULKLEY. The supposition was that he was in distress and unable to make his payments and in danger of being foreclosed.

Mr. WAGNER. There is no provision in this bill under which the home owner is entitled to a moratorium of any period of time?

Mr. BULKLEY. He is not entitled to it in the sense that the corporation is obliged to give it, but the corporation is authorized to give it; and there is no doubt about what the intent is.

Mr. WAGNER. When we passed the bill to aid the farmers, we provided in the Farm Mortgage Act that the holder of the mortgage should have a moratorium, a definite moratorium, as a matter of right for a period of 5 years. Does not the Senator think, in the case of home owners, while perhaps not so long a period should be permitted, yet he is entitled to a moratorium, as a matter of right, for a period of time?

Mr. BULKLEY. I am sure the Senator will recall that that was gone over in the committee, and we thought it was much more practicable to leave it more flexible. He is not even limited to 5 years by this bill; the limit is only what the man can show he really needs. The corporation has unlimited discretion to defer payment.

Mr. WAGNER. But in the case of the farm mortgages we dealt with them diffierently and we provided that the owner of a farm, at least the farmer in every case where he was the mortgagor, beginning with a certain time after the act became effective, on all outstanding mortgages was entitled to a moratorium for a period of 5 years.

Mr. BULKLEY. I do not think any such general condition appears in the home-mortgage situation to make such a provision necessary.

Mr. WAGNER. The Senator does not think there is the same distress existing among home owners of the country?

Mr. BULKLEY. Not in such a universal manner. I think many of the mortgages are being carried all right, the mortgagors are making payments all right; we did not want to put out a general invitation to them to fall down on their payments; and, as I have said, the discretion is with the corporation, without any limit whatever, except the showing of necessity on the part of the mortgagor.

Mr. BONE. Mr. President, I am very anxious to establish one thing clearly. I think the question has been asked. There can be no doubt that the bill provides for a direct

approach of home owners to the Government. The loan is being made practically by the Government. That is vital in view of the situation, it seems to me.

Mr. BULKLEY. Yes; in the sense that the home owners' loan corporation is a Government corporation, there is a direct approach to the Government itself.

Mr. BONE. At the bottom of page 18 the bill makes this help available to the owner who is using the building as a home or where it is held by him as his homestead. The Senator is aware that there are two kinds of homesteads. For instance, in the western coast States—and I think it is true in New Mexico and other Western States—there is what is known as a "homestead" under the State law. There is also a Federal homestead. I am not certain that it is necessary that any distinction should be made by using the words "under State or Federal statute."

Mr. BULKLEY. I am afraid that would be restrictive. I think it is more flexible the way it is.

Mr. BONE. I am rather inclined to think it would be given very liberal interpretation. It is very vital that we get a very liberal measure.

Mr. BULKLEY. I want to take a moment to call attention to the Home Loan Bank Act which throws some light on the situation mentioned by the Senator from New Mexico [Mr. BRATTON] a few moments ago, in which he instanced that several borrowers in his State were being charged as much as 10 or 12 percent by interests which in turn were getting their money from the home-loan bank at Little Rock. That is not in accord with the terms of the law. I want to read section 5 of that act:

SEC. 5. No institution shall be admitted to or retained in membership or granted the privileges of nonmember borrowers, if the combined total of the amounts paid to it for interest, commission, bonus, discount, premium, and other similar charges, less a proper deduction for all dividends, refunds, and cash credits of all kinds, creates an actual net cost to the home owner in excess of the maximum legal rate of interest or, in case there is a lawful contract rate of interest applicable to such transactions, in excess of such rate (regardless of any exemption from usury laws), or, in case there is no legal rate of interest or lawful contract rate of interest applicable to such transactions, in excess of 8 percent per annum in the State where such property is located. This section applies only to home-mortgage loans made after the enactment of this act.

That is the provision of law, and the loan associations that are carrying on the practice referred to would, as I read the law, be subject to expulsion from membership in the home-loan bank.

Mr. BONE. Mr. President, is the Senator seeking a vote on the measure at once?

Mr. BULKLEY. I hope to get a vote very soon. I am going to suggest an amendment. The amendment has been called to my attention since the last meeting of our committee, but it has the approval of such members of the committee as I have been able to communicate with, and I am sure that the policy of it will commend itself to the Senate. I am proposing an amendment to prevent the payment of commissions on the negotiation of exchange of bonds with the home loan owners' corporation. I send the amendment to the desk and ask that it may be read.

Mr. HARRISON. Mr. President, may I ask the Senator a question before the amendment is read? There is a conference report on the electric-energy tax provision in the tax bill. I am anxious to get it out of the way before the Committee on Finance makes its report on the public construction program. The Committee on Finance meets again at 4 o'clock. I do not know how much discussion there will be on the conference report. If we can get it through by 4 o'clock, would the Senator yield to enable me to call it up at this time?

Mr. BULKLEY. I will ask the Senator to withhold the request for a few moments. I think we are nearly through with the bill.

Mr. JOHNSON. Mr. President, I want to say to the Senator from Mississippi that I am very much interested in the conference report and I do not believe it will be possible to conclude its consideration by 4 o'clock even if we were to take it up at this time.

Mr. HARRISON. With that statement of the Senator from California before me, I shall not ask for consideration of the conference report at this moment. In view of the fact that the Senator from Ohio believes the bill now before the Senate will be concluded very shortly, I shall wait and call up the conference report after the bill has been disposed of.

The PRESIDING OFFICER. The Senator from Ohio has offered an amendment to the committee amendment, which the clerk will read for the information of the Senate.

The CHIEF CLERK. In the committee amendment, on page 35, after line 10, it is proposed to insert:

(e) In order to prevent imposition upon home owners dealing with home owners' loan corporation, commissions or other charges by individuals, corporations, or others are prohibited, except salaries of regular employees, ordinary charges for services actually rendered for examination and perfecting of title, appraisal and like necessary services in connection with the making of the loan. Such necessary charges for services actually rendered shall not exceed the charges for like services prevailing in the territory and shall include only those authorized and required by the corporation. No person, firm, corporation, or association shall make any charge for taking any application to said Corporation for a loan or make any charge in connection with the negotiation for a loan with the corporation except as above provided, and no such person, firm, corporation, or association shall for any private benefit whatsoever represent that they have any special advantage in securing relief from said corporation for home owners. This section shall not be construed to prohibit individuals or others from assisting home owners or the Corporation in rendering relief as contemplated under this act without making any charge therefor or deriving any special private benefit therefrom, nor shall it be construed to prevent mortgagees from assisting their home owner borrowers without charge in their negotiations with the corporation.

It shall be the duty of the corporation to see to it that the provisions of this subsection are enforced. Any person, firm, or corporation violating the provisions of this subsection shall be punished by fine of not more than $10,000 or by imprisonment for not more than 5 years, or both.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Ohio to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. GORE. Mr. President, I have offered heretofore, or gave notice that I would offer an amendment to the pending bill. It has been printed and is on the desks of Senators. I desire to offer it at this time.

The PRESIDING OFFICER. The amendment to the amendment will be read for the information of the Senate.

The CHIEF CLERK. In the amendment of the committee, on page 15, after line 4, it is proposed to insert the following:

SEC. —. The President is authorized to establish a national board of rehabilitation and conciliation with respect to farm- and home-mortgage indebtedness, which board shall consist of the Secretary of the Treasury, Secretary of Agriculture, a member of the Federal Reserve Board, to be designated by the President for that purpose, and such other officers or agents of the Government as may be especially charged with the administration of any law or laws relating to rural credit or farm-mortgage indebtedness and home-mortgage indebtedness.

The President is authorized to appoint in each State a board of State rehabilitation and conciliation consisting of not more than five members, who shall serve without pay, one of whom shall be a director of the district Federal farm bank in the area affected, and a second of whom shall be a director of the district home-loan bank in the area affected.

It shall be the duty of said State board of rehabilitation and conciliation to appoint or designate a suitable number of local boards of rehabilitation and conciliation in their respective States and to supervise their activities.

It shall be the duty of such State and local boards of rehabilitation and conciliation to bring about between farm and home mortgagors and mortgagees an adjustment of farm- and home-mortgage indebtedness wherever it may be found practical to do so, either by reduction of the principal of said mortgage indebtedness or in the rate of interest thereon, and/or by the conversion of short-term loans into long-term loans with a provision of amortization payments and/or through an agreement between the mortgagor and mortgagee under which payment could be made in staple farm products or the proceeds thereof at an agreed price or value more nearly related to the price or proceeds of a like quantity of such farm products at the date of the execution of such mortgage. It shall be their further duty to give aid to prospective borrowers through public information regarding all public loan services and legal advice. They shall also make confidential reports of appraisal for the information of officials of Federal farm banks and home-loan banks, and shall give information and advice to said officials. Members of such boards shall serve without pay.

The national board of conciliation, with the approval of the President, is authorized to prescribe suitable rules and regulations to effectuate the purposes and objects of this section.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oklahoma to the committee amendment.

Mr. BULKLEY. Mr. President, the committee has not had a chance to consider the amendment just offered by the Senator from Oklahoma, but it seems to me to have some merit, and I have no objection to accepting it and taking it to conference so that it may be further weighed.

Mr. COPELAND. Mr. President, I am glad the Senator from Ohio takes that view, because it has been represented to me that the boards of conciliation would be extremely valuable in functioning as proposed by the Senator from Oklahoma. I have had an amendment which I intended to offer relating to the same subject, but it seems to me this is better than mine. I am very glad indeed that the Senator from Ohio is willing to accept the amendment.

Mr. GORE. Mr. President, I wish to express my appreciation also to the Senator from Ohio for accepting the amendment. In substantially this form it was adopted as an amendment to the farm relief bill. It went out in conference. I understand, however, now that the administrator of that service would be glad to see it adopted and thinks it might accomplish a great deal of good. I think it is one of the best means proposed for solving the problem of debt in this country as between the farmers and their creditors and the home owners and their creditors. It certainly can do no harm and may do a great deal of good. The members serve without compensation.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oklahoma to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. TRAMMELL. Mr. President, I desire to propose an amendment to the committee amendment.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. The Senator from Florida proposes, in the committee amendment, on page 25, line 14, to add after the word "section" the following:

That direct loans in cash to home owners shall be made for the purpose of paying or settling an existing mortgage or other obligation upon the home, and this provision for loans direct to home owners shall be administered as one of the primary purposes of this act.

Mr. TRAMMELL. Mr. President, I think it very essential to make it definite and certain that it is the intention of Congress that the individual home owner shall have an opportunity to obtain a loan for refinancing any mortgage or other obligation that may be upon his home without having to seek that privilege through some intermediary.

It is my opinion that the very first object of legislation of this character should be to assist the home owner.

I have read this bill; and, so far as my power and capacity for interpretation exist, I find that the purpose of the bill is not centered around the home owner, but its aim and purpose are centered around providing relief and assistance for building-and-loan associations, insurance companies, mortgage-credit institutions, and others who may hold obligations upon another's home which they desire to sell or turn over to the corporation established in the bill.

When we deal with the feature of the bill authorizing loans of that character, we do not say that the corporation may, within its discretion, make loans and carry on negotiations of that character; but the bill specifically provides that the corporation is "authorized" to make such loans and that policy is made plain. When, however, we come to the section dealing with the home owner directly, we find that under paragraph (f) the bill provides that—

The corporation is further authorized, in its discretion—

That is what I object to. We, who are friends of the home owners, have been shockingly disappointed in the past. When we had up the original bill for the establishment of the Reconstruction Finance Corporation, as I recall, in January 1932 I realized that the home owner himself had been totally ignored in that measure as it came from the committee to the Senate. I saw that the aid was provided for insurance companies, mortgage companies, banks, and those holding mortgages upon private homes. There was not one word in the original bill in regard to the individual home owner's having any right to obtain a loan.

I offered an amendment to the bill for home owners, which I thought covered the situation reasonably well. I got no sympathy for my proposal from the Committee on Banking and Currency. I am speaking now of the original bill establishing the Reconstruction Finance Corporation—and the same applies to the Federal home loan bank bill. The committee brought in the measure with no character of relief or direct assistance to home owners.

I discussed the matter with the Senator from Michigan [Mr. COUZENS], who was a member of the Banking and Currency Committee, and expressed my disappointment that the measure contained nothing for the direct assistance of home owners. The Senator from Michigan, sympathetic as I have always found him in the interest of the poor and helpless of the country, assured me that he would do the best he could to try to get some provision on the subject put into the bill, and asked for my amendment.

I gave him my amendment. He canvassed the situation, being a member of the Banking and Currency Committee, and came back and said to me, "I think this is about all we can get into the bill." So he offered an amendment, not over 10 words in length, which said that in the discretion of the Reconstruction Finance Corporation loans might be made to private individuals. His suggestion was adopted as a part of the original Reconstruction Finance bill, as I recall.

I thought that was better than nothing, yet I had my doubts as to whether or not that discretionary power would ever be exercised in the interest of the home owner. I felt that way because the general policy of the bill and the sentiment of those who were fostering the measure—its proponents—seemed, if possible, to restrict the relief to building and loan associations, to insurance companies, to banks, and to all other corporations that might, forsooth, have some mortgages that they wished to dispose of to the Government.

At any rate, this provision was embraced in the bill following the proposal on my part of an amendment which went to the committee, and, as I have related, was not inserted by the committee.

All over the country people were cheered to some degree of hope that they might obtain a loan. It was a vain hope, however. It was only 2 or 3 weeks until I began to see signs of the interest of the home owners were being ignored. It was then I began to advise people who corresponded with me that I was afraid the cards were stacked against them, and that that provision was not going to give them the privilege which I had hoped it would, and which my original amendment, if adopted, unquestionably would have given them.

Without going into any lengthy details, the result was that I appealed on behalf of hundreds of home owners in distress, with pending foreclosures hanging over them, with ample security; but my appeals and their applications were of no avail. I am informed—and the information given was by someone who was connected with the Reconstruction Finance Corporation or the home loan bank system—that not one dollar of loans had ever been made under that provision of the measure providing for direct loans to home owners. On the other hand, not dollars but millions upon millions, and in fact approximately $2,000,000,000 were loaned to railroad corporations, insurance companies, banks, and mortgage companies.

The poor little home owner, in his distress and in his despair, received no aid and no assistance, except in a few instances where he may have obtained some through a building and loan association. The greater part of the funds was secured by these corporations, for which the act was originally intended, no doubt, and around which its beneficent purposes are centered, and not by the home owners, gen-

erally speaking; and a few of them probably extended a mortgage for some occasional home owner.

The result is that since the enactment of that law—now almost a year and a half old—the home owner himself has waited in his distress and in his eagerness to receive some relief from some source, and the Government has ignored him completely. I am seeking to relieve that situation. You talk about "the forgotten man." He has been and is still "the forgotten man."

Later, I am going to make a motion to strike out the words authorizing these loans to be made in the discretion of this corporation. If we leave the provision as it is, in all probability the fate of the individual home owner will be similar to his fate under the previous law. I want the authority to be mandatory. First, however, I desire to define the intent and the purpose of Congress. That intent and purpose of Congress, as defined in my amendment, are that direct home loans in cash are one of the primary purposes and objects of the enactment. That is why I have proposed this amendment to clearly define the intent of Congress.

Some 2 years ago, during a previous administration, it was heralded throughout the press of the country that the President at that time was going to recommend the enactment of legislation which would provide assistance and relief for the home owners of the country who were embarrassed by obligations upon their homes with no channel through which they could obtain relief. As we all know, even 2 years ago all the ordinary channels through which anyone might have negotiated loans upon property or otherwise were absolutely paralyzed, and there was no opportunity existing for him to obtain any assistance through the private channels which had previously operated reasonably well. When this message went forth and was heralded through the press of the country, our people were inspired and cheered, and editorial commendation after editorial commendation went forth praising our then President for his beneficent spirit and the suggestion which he had made.

Then a bill was introduced in Congress which carried a headline that would mislead and deceive anyone; and our people, generally speaking—and there are thousands and millions of them—who were suffering under mortgages, with no avenue of escape from foreclosure unless the Government provided some assistance, thought, "Well, now, Congress will soon act on this subject, and I shall be able to go directly to the Government through its agencies and obtain some assistance in relieving myself of the pressing obligations, in the nature of foreclosure or otherwise, upon my home."

Congress acted, but nothing was given to the home owner. He soon found himself absolutely helpless. Home owners began to make application to the proper agency, located for my section of the country at Winston-Salem, N.C. They would receive in answer probably a form letter, not intimating that the directors of the Board did not think loans of that character should be made, or that they had declared a policy of not making them. They would put the home owners to the trouble of furnishing all kinds of data and information, and I think probably, in a good many instances, abstracts; one of the significant conditions precedent was that the home owners had to send on $25 with their applications to cover the expense of a survey or investigation and title examination.

When that request was made, many of those poor and all but hopeless people, appealing to their Government for aid, were unable to send the $25. Therefore their applications were pigeonholed. It has turned out, however, that they were very fortunate in not being able to send the money requested. Many of them, however, remitted the $25, resulting after a few weeks in a notification from the agencies representing the home-loan banks that they had investigated the matter, and giving this or that or the other excuse why they could not make them a loan; but the officials did not have the frankness, honesty, or integrity in dealing with American citizens in distress—as those were who applied for loans—to advise them that it was the policy, agreed upon by the directors, that they would make them no direct loans.

So the situation just rocked along in that chaotic stage. In desperate straits, as they were, many of the people had some hope that possibly their applications would be approved until this Congress convened. About that time I was advised that the home-loan bank authorities had adopted a policy against making any individual loans.

I notice that by this bill the original provision is repealed, which is all right, because there are some other provisions here that are probably somewhat better, if, in its discretion, the Reconstruction Finance Corporation does not say that it will not make individual loans.

The Reconstruction Finance Corporation does not declare now that under the pending bill it will not make individual loans. It is left, under the provisions of the measure we are considering, within the discretion of the Reconstruction Finance Corporation, and whether or not they will perform, I can best judge the future by the past. That organization is unsympathetic with any direct aid to the home owner and, on the other hand, is sympathetic, as has been shown, with the big financial institutions of this country and the money barons of the Nation. The Corporation has made loans to the extent of even billions of dollars to the money barons of the country and not one penny directly to the poor home owner. If it is within my power and within my influence, I want to make it plain and specific in this bill that the home owner shall have an opportunity, a right which should be given him just the same as it is given to the insurance companies and the building-and-loan associations or to any other financial interests holding mortgages, to go direct and ask for a loan upon his home in order that he may stay foreclosure.

I do not know of any way to make that an assured fact or a certainty except to say in plain language which any man can understand that a home owner shall have the right to a loan upon his property for the purpose of taking up a mortgage or other obligation, and that these lines and these words mean that this shall be one of the primary purposes of this act.

I very much hope that the amendment will be adopted. I regard it as extremely essential, and I urge it upon those who are sympathetic with the home owners of the United States, and who have not their sympathies all warped in favor of the big financial institutions of the country.

Mr. BONE. Mr. President, will not the Senator read his amendment?

Mr. TRAMMELL. I will read the amendment if the clerk will send it to me.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 25, line 14, to add after the word "section" the following:

That direct loans in cash to home owners shall be made for the purpose of paying or settling an existing mortgage or other obligation upon the home, and this provision for loans direct to home owners shall be administered as one of the primary purposes of this act.

Mr. FRAZIER. Mr. President, will the Senator yield to me?

Mr. TRAMMELL. I yield.

Mr. FRAZIER. I am in favor of the amendment of the Senator from Florida, but he does not specify any rate of interest, and in line 8, on page 25, subdivision (f), it is provided:

Each such loan shall be secured by a duly recorded home mortgage and shall bear interest at the same rate as the mortgage or other obligation taken up.

Mr. TRAMMELL. Mr. President, I had contemplated striking that out and prescribing the rate of interest which would be legal as set forth in the pending bill for a building and loan association or a mortgage company or a bank or insurance company. This specifically provides, as the Senator states—and I have it marked and had intended to offer an amendment—that if they make a loan direct to a home

owner, "the interest shall be the same as on the mortgage or obligation taken up." For instance, in my State the average rate upon a mortgage is 8 percent, and the law provides that under contract it may be 10 percent. Therefore in a great many instances what I would rather term "heartless people" take advantage, in lending money, of that provision of the law which allows them up to 10-percent interest.

Therefore, if a home owner in that situation in Florida seeks a loan, the interest will be the same as upon the obligation which is liquidated by virtue of that loan. I think the Senator is correct—that we should change that paragraph so that the interest should not be in excess of what is required of others to whom the Government may lend upon mortgages. That is 5 percent.

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

Mr. TRAMMELL. I yield.

Mr. WAGNER. I do not think the Senator was here a moment ago when I made the suggestion, when the Senator from Ohio had the floor, that there does seem to be an injustice in that provision of the measure.

Mr. TRAMMELL. There is, absolutely, in my opinion.

Mr. WAGNER. I have an amendment here which provides that the rate of interest shall be the same rate as is charged in the other case; namely, 5 percent. As a matter of fact, if we made it on a parity with the farm mortgage law, it ought to be 4½ percent; but, as the Senator has said, there may be instances where the mortgagor is paying 7 or 8 or 9 percent, and he is not getting all the relief under this provision he should get.

Mr. TRAMMELL. Simply an extension.

Mr. WAGNER. He does not get that unless the lender is willing to grant it to him.

Mr. TRAMMELL. Certainly he does not get that.

Mr. WAGNER. I have another amendment I intend to offer, which provides for a 3-year moratorium.

Mr. TRAMMELL. I cannot believe that the committee having this legislation in charge could ever have intended that the Government should require a home owner, because he happened to borrow from the Government, to pay a penalty, that he should have to pay 8 or 9 or 10 percent for his money, when, if the Government were dealing with an insurance company, or some of the other organizations which handle mortgages, it would let them have the money for 5 percent.

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

Mr. TRAMMELL. I yield.

Mr. JOHNSON. I followed very hastily the reading of the Senator's amendment, and, as I understand it generally, it is to enable individual home owners to obtain loans under this measure. Assuming that an individual home owner has upon the property upon which he desires to obtain a loan an existing encumbrance, is it for the purpose of enabling him to pay off that encumbrance?

Mr. TRAMMELL. It is for the purpose of enabling him to pay it off, and, of course, under the new loan that he would get from the corporation set up by the provisions of this bill, he is naturally better off for a certain period of time; and it gives him opportunity then, under the amortization system, to have years to pay back the loan to the corporation set up under this particular measure.

Mr. JOHNSON. He would be under the same obligations and restrictions that are provided in the bill concerning the appraisement of property and the like?

Mr. TRAMMELL. Certainly; it does not interfere at all with that. It merely specifically provides that it shall be certain that he has a right, and that that is one of the primary objects of the bill. I do not know whether the Senator was in the Chamber when I explained about the disappointments and the heartaches that come to many home owners in this country under the provisions of the measures of 1932.

Mr. JOHNSON. I am very sympathetic; but I was wondering whether, as a business proposition—although I do not like that expression, because there is no such thing now—I was wondering whether it were not something under which, if an existing encumbrance subsisted, loss was certain to occur to the Government. That is not correct, as I understand it.

Mr. TRAMMELL. Of course, this does not contemplate any extension of the opportunity for loss. In fact, I think the opportunity for loss is far less than it will be upon these obligations which the Government will acquire from the mortgage companies, the banks, the insurance companies, and the building-and-loan associations.

Mr. JOHNSON. The reason why I was so interested in the amendment presented by the Senator is that from a hasty reading of the bill—and I will ask the sponsor of the bill to correct me if I am in error—it seemed to me that the mortgagee was the individual who was going to profit under the bill, rather than the mortgagor, whom we sought to aid, and I thought that perhaps the amendment of the Senator might remedy that particular situation.

Mr. TRAMMELL. Mr. President, I want to put the mortgage of the individual home owner on the same basis with other mortgages which are acquired by purchase by the corporation set up for that purpose in the bill. I have another amendment which I am going to offer, but I am firmly of the opinion that we should declare ourselves if we feel this way. I am going to offer an amendment providing that the corporation may not operate "in its discretion." That is what destroyed us under the other measure, the words "in its discretion."

Mr. BLACK. Mr. President, I am thoroughly in sympathy with the Senator's idea of taking care of the individual mortgagor. It was for that reason that I voted against the home loan bill as originally offered. But there is a feature of this bill which, in my judgment, is very salutary and which would be stricken out by the Senator's amendment, and it is this: The bill very properly provides a limitation above which no loan shall be made. It is my own judgment that that is too high. I do not believe we can find any case today where the property is worth 80 percent of the mortgage.

As the Senator's amendment is written, as I understand from what he says, that is not what it contemplates. As the Senator's amendment is written, it is my judgment that, if agreed to, it would not only authorize but require the lending of 100 percent of the value of a property in order to pay off a mortgage, where it could not be hoped now to get that amount on the present value of the property.

Mr. TRAMMELL. Mr. President, I do not think anything is written into the amendment which could, except under the most strained construction of the language which I have offered, result in wiping out the other provisions which precede it. Of course, I could have provided that this amendment should not conflict with the provision that the property shall be of a certain value, or that the interest shall be thus and so. I could have repeated all that, but in construing a law, in which I have had a little experience, I did not know I had to repeat all those other features. It is just a part of the paragraph (f) and in nowise alters the other provisions of the paragraph.

Mr. BLACK. I desire to state to the Senator again that I am in thorough sympathy with the objective he has in offering his amendment, but knowing the Senator's ability I am sure he will find there is no incorporation in the amendment of the limitations which appear in the bill. I should like to vote for the Senator's amendment, and it is for that reason that I make the suggestion.

Mr. TRAMMELL. I rather think the Senator's observations are very critical and technical. It is written as a part of subsection (f) and follows the last word in the last paragraph of that provision as part of that subsection. That subsection sets up all of the conditions and restrictions upon which loans may be made and refers to individuals. This makes it a direct mandatory proposition that loans should be made direct to home owners. That is the only purpose and object I have in view, and I do not believe it upsets the other details or will bear any other construction.

I want to make it quite plain, Mr. President, because I want home owners to have the benefits of this measure. I do not want the board of directors of any organization

defeating what I consider the righteous and the deserved privileges to which home owners of this country are entitled, especially in view of what precedes my amendment in this particular bill.

Mr. LONG. Mr. President, as I understand the Senator, it is contended that all that is protected in this bill, if I properly understand the Senator from Ohio.

Mr. BULKLEY. Mr. President, the objective sought, as stated by the Senator from Florida, is already fully provided for in the bill. His explanation is that he does not intend to change it at all. The amendment which he has proposed is merely repetitious, except as to one thing which I submit would not be a candid statement of the purposes of the bill. He says in his amendment:

Direct loans in cash to home owners shall be made for the purpose of paying or settling an existing mortgage or other obligation upon the home—

That is already provided in this section—

in any case in which the holder of a home mortgage or other obligation or lien eligible for exchange under subsection (d) of this section does not accept the bonds of the Corporation in exchange as provided in such subsection and in which the Corporation finds that the home owner cannot obtain a loan from ordinary lending agencies, to make cash advances to such home owner in an amount not to exceed 50 percent of the value of the property for the purposes specified in such subsection (d).

That is exactly the same thing.

Mr. COPELAND. From what was the Senator reading?

Mr. BULKLEY. I was reading from the bill as reported, pages 24 and 25.

He adds in his amendment—

and this provision for loans direct to home owners shall be administered as one of the primary purposes of this act.

I do not know what he means by "administered as a primary purpose", but, of course, it is not the primary purpose of the act when we make $200,000,000 in cash available to this corporation and provide bonds to the amount of $2,000,000,000.

It cannot be the primary purpose to advance cash when the total amount of the mortgages of the country is over $21,000,000,000; and we are providing $200,000,000 here to swing that situation. Of course, if it is "the primary purpose", we had better appropriate $10,000,000,000 to do it. So it is simply a declaration that is not frank; that is not a fair statement of the object of the bill. The rest of it is, as I say, merely a repetition; it is already provided for.

Mr. TRAMMELL. Mr. President, will the Senator from Ohio yield to me?

Mr. BULKLEY. Yes; I yield.

Mr. TRAMMELL. The Senator talks about $200,000,000 in cash for this purpose, which $200,000,000 is spread out all over creation in the benefits provided in this bill. The bill itself provides for the making of loans to corporations handling mortgages and securities; and that provision is not permissive, but that is a direct obligation required of the board. Then when it is sought to deal with the home owner direct it is said that they may in their discretion do it. Why was that provision put in the bill?

Mr. BULKLEY. The mistake of the Senator is that we do not provide any loans to corporations at all; the loans are only to the home owners; we do not loan anybody but home owners.

Mr. TRAMMELL. The bill covers all mortgages held by all kinds of corporations?

Mr. BULKLEY. But the loans are to home owners.

Mr. TRAMMELL. Our experience and past history tell a different story from that. Millions and millions of dollars have been acquired by building-and-loan associations and other mortgage credit companies that have never reached practically 1 percent of the home owners of the country. Under the plain terms of this bill we could have a repetition of that unjust course by the Reconstruction Finance Corporation.

Mr. BULKLEY. Of course, the Senator is talking about the home loan bank bill, which was framed on an entirely different theory from this bill, and was not even of the same structure.

Mr. WAGNER. Mr. President, will the Senator from Ohio yield to me?

The PRESIDING OFFICER. The Senator from Ohio has the floor. Does he yield to the Senator from New York?

Mr. BULKLEY. I yield.

Mr. WAGNER. I wanted to call the attention of the Senator from Florida to the fact that the amendment will not help to cure the situation of which he complains, namely, that under the provision which authorizes the board to take over a mortgage, where the mortgage represents 50 percent or less of the value of the property as it is written, a mortgage calling for a rate of interest of 10 or 11 percent will be transferred, and the Government will be getting from the home owner an interest rate of 11 percent upon the loan which he made. The Senator wanted to correct that particular provision, but his amendment does not do it, because it will not touch the provision of the bill in which that feature appears.

Mr. TRAMMELL. If I had covered all that in one amendment, as well as one or two others I have in mind, I dare say that a dozen Senators would have wanted the question divided, so that they could vote on the different proposals. I intend to prepare such an amendment as suggested—and am glad that the Senator has one on that subject—to apply at the proper place, but if I had attempted to have written it all in this amendment, then it would not have appeared in an appropriate place in the bill.

Mr. WAGNER. If I may make the suggestion again, the amendment the Senator has offered does not change the bill as it is presented to us at all.

Mr. TRAMMELL. Mr. President, I disagree with the Senator. I am going by the language contained in the bill, and not by representations made about it. My amendment changes the policy of the bill most decidedy regarding direct loans to home owners. It imposes a mandatory duty upon the corporation instead of leaving it with them in their discretion. If the Senator will pardon me, I have read this bill, and I have studied this particular provision. On page 24, paragraph (f), which is the paragraph or subsection we are dealing with, if I may be pardoned—and I will take but a second of the Senate's time—reads:

The Corporation is further authorized, in its discretion—

If the corporation decides that not one dollar shall be loaned to the individual home owners, not one dollar will be loaned; and the past policy of the Government, through the Reconstruction Finance Corporation and the Home Loan Bank Board, has been that they did not loan so much as one dollar direct to a home owner. That is what I am trying to correct.

Mr. WAGNER. What I am suggesting is that the Senator has not changed that feature; but I am in sympathy with his efforts and have an amendment which I propose to offer along that line.

Mr. TRAMMELL. If the Senator will pardon me, I will show the Senator how I propose to change the provision. On page 24, line 22, I propose to strike out the words "in its discretion." I cannot move all my amendments at one time, if the Senator will excuse me for saying so.

Mr. BULKLEY. Mr. President, of course we are all in sympathy with the legitimate purpose that is actuating the Senator from Florida. The Senator, however, is in error in presuming that the home owners' loan corporation will make loans to anybody in the world except home owners. They are the only ones to whom it will make loans, whether by exchange of bonds or by advancement of cash. The advancement of cash, of course, must be limited within the amount that we are here appropriating. If the Senator wants to amend the bill and, instead of appropriating $200,000,000 for this purpose, go to the extent of taking over all the subsisting mortgage obligations on homes in the United States, and appropriate $20,000,000,000 for the purpose, then he might fairly say that that is the primary purpose of this measure. I do not so conceive it.

The committee has reported a bill which will give the maximum amount of relief to the home owners, and directly to the home owners, within a reasonable cost to the

Government. The amendment, as I have said, is repetitious of what is already in the bill, except as to the declaration of the primary purpose of the bill. I hope the amendment will be defeated.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida to the amendment reported by the committee.

Mr. TRAMMELL. Mr. President, if I may be pardoned, I feel very earnest about this matter. The Senator talks as though this bill is framed with a home owner directly in view and for the purpose of aiding the home owner, and that all of the benefits will go to the home owner. Now, let us see whether it will all go to the home owners or not.

Paragraph (d), on page 22, provides:

(d) The Corporation is authorized, for a period of 3 years after the date of enactment of this act, (1) to acquire in exchange for bonds issued by it, home mortgages and other obligations and liens secured by real estate (including the interest of a vendor under a purchase-money mortgage or contract).

As I read that paragraph, considering the methods employed in this country in the past in dealing with mortgage securities, I would construe that to mean that the machinery set up in that paragraph is for the purpose of the corporation acquiring mortgages and securities constituting liens upon homes from those who are holding them, not from the home owner but from building-and-loan associations, mortgage companies, and every other character of corporation that deals in the purchasing and holding of mortgages. That machinery, indeed, would be very awkward for a private home owner who desires to obtain a loan. The only way he could obtain such a loan would be to take his mortgage and then go out, without any facilities and without any experience in dealing with bonds and securities, and raise the money upon bonds or other securities in order to relieve the mortgage upon his home. So I take it that that provision was never intended to affect very materially the home owner directly.

He would not know how to sell a mortgage; he would know nothing about a mortgage transaction of this character; he would have no agency for handling it. The only way he could get any money would be through the bonds of these large security institutions that have acquired many mortgages. Of course such institutions could apply to this corporation. They could say, "We have a hundred thousand dollars' worth of mortgages that we want to dispose of to you." The corporation could say, "We will pay you in bonds, and we will give you a small amount of cash, if necessary, to pay the taxes on the mortgaged property." Those people, skilled as they are always in business affairs, could arrange for a hundred thousand dollars' worth of bonds—the chances are they would have them all sold beforehand—and then they would take the bonds over through this Government agency and in that way the company would be assisted.

I have no objection to assistance being extended to financial companies if we extend equal generosity to the home owners directly, but I have become sick and tired of much of the legislation that we have been enacting here, most of the beneficent features of which centered around capital, around the big corporation interests of the country, to the exclusion of the general interest and welfare of the poor, helpless people of this country who need assistance and need it sorely. This bill, in my opinion, may well be characterized as similar to a number of others which we have passed here more in the interest of capital than for the ordinary, everyday citizen—home owner. I want to make it sure that these people will get the assistance. I want to eliminate the discrimination in favor of building and loan organizations. I am going to offer such an amendment on this question. The Senator keeps challenging me because I did not cover everything in one amendment. I am going to tell him of another amendment I am going to offer.

This bill specifically provides that a company that may hold—it does not use the word "company", but that is what it means—a mortgagee or a number of mortgagees may apply for assistance to the corporation, and then the corporation may take over their mortgages to the extent of 80 percent of the value of the real estate covered by the mortgages.

But if a loan is sought by a home owner direct—and the provision in the bill has not been made plain, according to my view—then his property is only considered worth 50 cents on the dollar for the purpose of getting a loan. All in the world that one has to do in order to increase the value of his property for loan purposes is to transfer the mortgage upon it from the home owner himself over to a building-and-loan association or some mortgage credit company, and then it is entitled to a loan of 80 percent of its value, a transaction which could be brought about within 10 minutes by people skilled in the preparation of legal papers.

I do not understand why there should be such a discrimination as that, and I am going to offer an amendment—I have it on the desk—to strike out the limitation of 50 percent, if the home owner is asking directly for a loan, and insert "80 percent", and allow him the same privilege which we allow the purchaser of a mortgage or the holder of a mortgage upon probably the property of his next-door neighbor. I cannot understand why that discrimination should be made in the bill.

Mr. President, whenever we get a vote on this amendment, then I am going to propose another one.

Mr. BULKLEY. Mr. President, I should like to call the attention of the Senator to the fact that, perhaps inadvertently, he is arguing for the benefit of the mortgagee rather than of the mortgagor. The bill provides for an exchange of bonds up to 80 percent of the fair value of the property to be accepted by the mortgagee for the release of the mortgage. The bond is possibly not worth par; but, if the Senator's amendment should be adopted and the Government should be obliged to pay cash up to 80 percent of the value of the mortgage, then the mortgagee will never accept the bonds, we will never have any case where the bonds will be accepted as contemplated by the terms of this bill, and the Government will be in the position of advancing cash in every case. Nobody could have made a better speech for the benefit of the mortgagee getting his full 100 percent in cash than the Senator from Florida has here made.

I repeat to the Senator that there is no provision under which the home-owners' loan corporation may make loans to a building-and-loan association or to a corporation of any kind. The Senator says that when the mortgages are paid off in the interest of the mortgagor, the holder of the mortgage would get the bonds. Of course, he will. If the loan is made under the Senator's amendment to pay off and take up a mortgage, who does he think will get the cash? It will be the mortgagee. His argument is that the mortgagee should get the cash instead of being obliged to take his part of the sacrifice and carry some of it in bonds of the corporation.

Mr. TRAMMELL. Mr. President, I am not one of those who always seek the last word, but when my position has not been correctly stated, I feel that I am entitled to have another word to say.

This particular paragraph deals with loans and mortgages on the individual home or with the application that might be made by the individual owner. There is a paragraph in the bill, and I challenge the Senator from Ohio to deny it, which by its terms provides that this corporation can acquire and purchase mortgages held by mortgage credit companies, insurance companies, and building-and-loan associations. They are not specifically mentioned by name, but the provisions of the bill authorize that to be done and say it is one of the primary purposes of the bill. Is not that correct?

Mr. BULKLEY. Of course, the mortgage must be acquired from whoever holds it. If the mortgagee does not get paid, how can the mortgagor save his home? The loan is to the mortgagor and the benefit is to the mortgagor. The mortgagee must get some sort of payment to satisfy his obligation.

Mr. TRAMMELL. The Senator's admission makes it very clear that I have not stated a position not provided for in the bill.

Mr. BULKLEY. The Senator stated that he wants them paid in cash rather than bonds.

Mr. TRAMMELL. That is, the individual owner.

Mr. BULKLEY. The individual owner has to apply in every case.

Mr. LONG. Mr. President, I make the point of order that both the Senator from Ohio and the Senator from Florida have spoken more than twice on the pending amendment. [Laughter.]

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Florida to the amendment of the committee.

Mr. TRAMMELL. I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. TRAMMELL. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum is suggested. The clerk will call the roll.

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

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

The PRESIDING OFFICER (Mr. TYDINGS in the chair). Eighty-nine Senators having answered to their names, a quorum is present. The question is on the amendment of the Senator from Florida to the amendment of the committee.

Mr. TRAMMELL. Mr. President, I ask that the amendment be read.

The PRESIDING OFFICER. The amendment will be read for the information of Senators.

The LEGISLATIVE CLERK. The Senator from Florida proposes, in the committee amendment, on page 25, line 14, after the word "section", to add the following:

That direct loans in cash to home owners shall be made for the purpose of paying or settling an existing mortgage or other obligation upon the home, and this provision for loans direct to home owners shall be administered as one of the primary purposes of this act.

Mr. TRAMMELL. I ask for the yeas and nays.

The yeas and nays were not ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Florida to the amendment of the committee. [Putting the question.] The Chair is in doubt.

On a division, the amendment of the Senator from Florida to the amendment of the committee was rejected.

Mr. COPELAND. Mr. President, I wish to ask the Senator in charge of the bill a question. I am in receipt of the following telegram:

The difficulty in enacting a law to assist home owners is apparent. Many of your constituents purchased old houses in Rockland County and spent one thousand or more dollars modernizing them, thereby increasing the mortgage security. However, this was no part of original sale contract. No retroactive feature of the law is involved in an amendment to the proposed relief measure providing that mortgagors shall be credited with all expenditures upon improvements and betterments if the property goes to foreclosure.

I assume there will be a revaluation and all these matters will be given consideration?

Mr. BULKLEY. All these loans and adjustments are to be based upon new appraisals, and unquestionably the appraisal will take into consideration any value that may have been added to the property in the manner suggested by the Senator's correspondent.

Mr. COPELAND. So that no advantage would be gained by an amendment covering such cases?

Mr. BULKLEY. I cannot think what the amendment would be. It seems to me the appraisal would take into consideration the matters which the Senator's correspondent has in mind.

Mr. COPELAND. I thank the Senator from Ohio.

Mr. TRAMMELL. Mr. President, I desire to offer the following amendment to the amendment of the committee.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. The Senator from Florida proposes, on page 24, in line 22, after the word "authorized", to strike out "in its discretion", so as to read:

(f) The Corporation is further authorized, for a period of 3 years from the date of enactment of this act, in any case in which the holder of a home mortgage or other obligation or lien eligible for exchange under subsection (d) of this section does not accept the bonds of the Corporation in exchange as provided in such subsection and in which the Corporation finds that the home owner cannot obtain a loan from ordinary lending agencies, to make cash advances to such home owner in an amount not to exceed 50 percent of the value of the property for the purposes specified in such subsection (d).

Mr. BULKLEY. Mr. President, I have no objection to the amendment submitted by the Senator from Florida.

Mr. TRAMMELL. If it is satisfactory, I have nothing further to say. I have discussed the necessity for it more or less, and am glad to have the Senator accept the amendment.

The PRESIDING OFFICER. Without objection, the amendment of the Senator from Florida to the amendment of the committee is agreed to.

Mr. HEBERT. Mr. President, I wish to invite the attention of the Senator from Ohio to a peculiar condition that exists in the provisions of paragraph (e), on page 24, as compared with the provisions of paragraph (f), on page 25.

In paragraph (e) it is provided that where a home is not encumbered the corporation may loan up to 80 percent of its value, whereas in paragraph (f), where a home is encumbered and the mortgagee refuses to accept bonds, the mortgagor may not secure a loan in excess of 50 percent of the value of the property.

It seems to me there is a discrepancy there, though perhaps the Senator had something else in mind and I have not read it in the same light the Senator does.

Mr. BULKLEY. Of course, the purposes for which loans may be made in subsection (e) are so circumscribed that there probably never would be a case where as much as 80 percent would be loaned. Quite frankly, I will say to the Senator that I think 80 percent is a very high limit in that subsection.

Mr. HEBERT. I think so.

Mr. BULKLEY. But I do not think the criticism is serious, because the purposes for which the loans may be made are such that it would very seldom be reached.

Mr. HEBERT. Let me call the attention of the Senator to the fact that the purposes are the same in both paragraphs. They both refer to the purposes enumerated in subsection (d), and they have reference to the same subject; and that is what directed my attention to the difference. The purposes are the same in both instances; and it occurred to me that one should be reduced to the level of the other or the other should be raised to the maximum of 80 percent.

I could see no reason why a loan to the extent of 80 percent of the value should be made to the owner of real estate who has no mortgage outstanding on his property and a loan refused in excess of 50 percent of the value to one who has an obligation against his property.

Mr. BULKLEY. I desire to make clear to the Senator that I am quite ready to concede that the 80 percent in subsection (e) is an unduly high percentage. I do not, however, understand, as he does, that the purposes are the same.

The purpose of subsection (e) is to authorize advances for the same purposes for which cash advances may be made under subsection (d). Those are taxes, assessments, and necessary repairs. I submit that those purposes would hardly ever bring a loan up to 80 percent of the value of the property, whereas section (f) is for the purpose of permitting a home owner to pay off in cash a balance due on a mortgage.

Mr. HEBERT. That is the very point, and the limit is 50 percent there.

Mr. BULKLEY. The limit is 50 percent.

Mr. HEBERT. It seems to me it ought to be reversed, and that 80 percent should be provided the man who wishes to pay off in cash the balance due on a mortgage.

Mr. BULKLEY. The difficulty we find is that if we should make the limit for which we are willing to advance cash as high as the limit for which we are willing to trade bonds, we never would trade any bonds. It would all be cash.

Mr. HEBERT. I understand that.

Mr. BULKLEY. If the Senator wants to let this run into a cost of billions of dollars, then it would be possible to make those cash advances. Within a limit of $200,000,000, which we have set for ourselves in this bill, we do not think it possible to take over all of the home-loan mortgages that it might be wished to convert.

If the Senator desires to propose an amendment to reduce the limit in subsection (e) I shall have no objection, although, for the reasons stated, I do not think it is important.

Mr. HEBERT. Mr. President, I do not think the owner of property which is not at all encumbered should be privileged to borrow 80 percent of the value, whereas the owner of property that is encumbered should be limited to 50 percent. I think the same limitation should be placed upon the former that is placed upon the latter.

Mr. BULKLEY. I am obliged to make the same answer that I made the last time the Senator said that. The 80 percent in subsection (e) is unduly high; there is no question about that; but on account of the limitation of purpose it is not important to change it, although I am perfectly willing to do so.

Mr. HEBERT. No, Mr. President; but the purposes are the same, and refer to the same subsection in both instances.

In order to bring the matter before the Senate I move to change the figure "80", in line 14, on page 24, to "50."

Mr. BULKLEY. I have no objection to that amendment.

The PRESIDING OFFICER. Is there objection to the amendment offered by the Senator from Rhode Island to the amendment of the committee?

Mr. WAGNER. One moment, Mr. President. What is the purpose of that—that where property is unencumbered the owner can borrow only 50 percent of the value of the property?

Mr. HEBERT. For that specific purpose.

Mr. WAGNER. What specific purpose?

Mr. BULKLEY. Cash advances for the purpose of paying taxes, assessments, and necessary repairs. It is not an important amendment.

Mr. WAGNER. Perhaps it is not, but I should like to know a little more about it.

What does the Senator propose to do? As I understand, there is now a provision in the bill which permits an owner whose property is unencumbered to borrow money up to 80 percent of the value of that property, and give in return therefor a mortgage lien upon the property. Is the Senator now proposing to reduce the amount that may be borrowed from 80 percent of the value of the property to 50 percent?

Mr. HEBERT. No, Mr. President; if the Senator will read subsection (d)——

Mr. WAGNER. I will take the Senator's explanation.

Mr. HEBERT. If the Senator will read subsection (d) he will see that it provides for the advance of money to take care of the unpaid taxes, assessments, insurance premiums, overdue interest, and things like that, that the home owner may be owing. This provision would permit him to borrow up to 80 percent of the value of his property. In paragraph (f), where there is an outstanding mortgage, and the owner of the mortgage refuses to accept bonds in payment of it, then he may not borrow in excess of 50 percent of the value of the property for the same purposes. It seemed to me that the man who has a mortgage outstanding on his property should be the one to receive the more liberal consideration. If any more liberal consideration is to be given to one than to the other, it should be to the one who has a mortgage outstanding on his property; but both are for specific purposes.

Mr. WAGNER. Is the Senator changing the measure so that the particular mortgagor whose mortgage is exchanged, representing only 50 percent of the value of the property, may now borrow an additional sum above that 50 percent to pay taxes?

Mr. HEBERT. Oh, no; there is no such intention.

Mr. WAGNER. I think that ought to be done, as a matter of fact. That would be the fair way of dealing with the subject.

Mr. HEBERT. If they are going to be brought up to a parity, that might be done; but, as the Senator from Ohio has explained, these will probably be rare cases, and in no case will there be a necessity to loan anywhere near 50 percent to take care of the exigencies for which provision is being made here.

Mr. BULKLEY. That is correct.

Mr. WAGNER. I think that is correct, too.

Mr. HEBERT. Now, Mr. President, I offer the amendment, which I send to the desk.

Mr. JOHNSON. Mr. President, was the amendment that has been under discussion accepted?

Mr. BULKLEY. I should like to know whether the last amendment offered by the Senator from Rhode Island was agreed to or not.

The PRESIDING OFFICER. In the case of the last amendment, the Chair asked if there was objection; and at that point the Senator from New York [Mr. WAGNER] rose. So the amendment was not agreed to.

Mr. JOHNSON. What has been done with it?

Mr. HEBERT. I had supposed that the Senator from Ohio had no objection to the amendment, and that it would be accepted.

Mr. BULKLEY. To make sure what we are talking about, I will state that the amendment was, on page 24, line 14, to change "80" to "50." I have no objection to that amendment.

The PRESIDING OFFICER. The amendment of the Senator from Rhode Island to the amendment of the committee is to strike out "80" and to substitute "50" in the percentage on line 14 of page 24.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The Senator from Rhode Island offers a further amendment to the amendment of the committee, which will be stated.

The LEGISLATIVE CLERK. On line 16, page 19, after the word "States", it is proposed to insert the words—

which shall have authority to sue and be sued in any court of competent jurisdiction, Federal or State——

Mr. HEBERT. Mr. President, the purpose of that amendment, of course, must be obvious. There is no provision in the bill now authorizing this corporation to sue in any court where there is failure to meet the conditions of a mortgage obligation, nor is there any provision authorizing anyone who has a claim against the corporation to bring suit against it. The amendment is to correct that oversight.

Mr. BULKLEY. Mr. President, I am not sure as to the necessity for this amendment; but it certainly is not objectionable. I shall be glad to accept it.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Rhode Island to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. HEBERT. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. On page 29 it is proposed to strike out, in lines 10, 11, and 12, the words—

nor unless the same can be established without undue injury to properly conducted existing local thrift and home-financing institutions.

And to insert—

nor if one or more properly conducted local thrift and home-financing institutions is then in existence.

Mr. HEBERT. Mr. President, paragraph (e), on page 29, places a limitation upon the authority of the corporation to issue charters to these building and loan and home-financing institutions. They may not grant a charter to such institutions unless the persons seeking charters are—

of good character and responsibility, nor unless in the judgment of the Board a necessity exists for such an institution in the community to be served, nor unless there is a reasonable probability of its usefulness and success, nor unless the same can be established without undue injury to properly conducted existing local thrift and home-financing institutions.

There is no change in this paragraph except as to the last condition, namely—

nor unless the same can be established without undue injury to properly conducted existing local thrift and home-financing institutions.

It need not be stated, for it must be obvious, that this corporation, with the amount available to it under this bill, cannot organize home-financing institutions in all of the communities of the country; and it seems to me that the provision of the bill as it now stands might involve some duplication of effort in many cases where certain interests in a given community might want, for their own purposes, to establish such an institution where one already is in existence.

I do not mean to prevent such an institution from being established in a community where one is already there if the one in existence is not functioning properly, if it is not serving the needs of the community as it should, or if it is not a worth-while institution in every respect; but where one is established, where one is transacting business, where one meets all the requirements of a community, then clearly no good purpose could be served by having the competition of a Federal corporation in that community.

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

Mr. HEBERT. I yield.

Mr. JOHNSON. Will the Senator please state the language he employs in eliminating the condition contained in the bill?

Mr. HEBERT. Yes, Mr. President:

If one or more properly conducted local thrift and home-financing institutions is then in existence.

That is, at the time an effort is made to secure a charter for the organization of a Federal institution of that type in a community.

Then, again, it must be apparent to any one of us that the establishment of a Federal institution of this kind side by side with a local one, perhaps limited in finances, though serving the needs of the community, probably would drive the local institution out of existence.

Mr. JOHNSON. Mr. President, will the Senator pardon me if I inquire why the language that is employed in the bill does not accomplish the purpose suggested by the Senator better than the language he suggests?

Mr. HEBERT. For the reason, Mr. President, that the language of the bill leaves it to the discretion of the Home Loan Bank Board whether or not the establishment of another institution of this kind will work an injury. It is left to the discretion of the Board.

Mr. BULKLEY. Does it not also leave it to the discretion of the Home Loan Bank Board, under the amendment as proposed by the Senator, to determine whether a local home-financing institution is or is not properly conducted?

Mr. HEBERT. That may be.

Mr. BULKLEY. It is about as broad as it is long. The Board must have some discretion anyway; and surely the Board could not establish an institution which, as the Senator suggests, would drive somebody else out of existence without a gross violation of the act, because we are proposing here that they must be "established without undue injury to properly conducted existing local thrift and home-financing institutions."

Mr. HEBERT. That does not limit it very much, because whether or not the establishment of a new institution is going to work undue injury is a question of opinion, and in this case it would be much easier to ascertain, because the facts are already in existence, whether a local institution is serving the public, and much more difficult to ascertain whether or not the establishment of another institution is going to be injurious.

Mr. BULKLEY. The difficulty is that some communities are very large. Take Chicago, for instance; would the Senator say that if one or two institutions existed in Chicago it would be an undue hardship to have another one established alongside of them? The power we propose to give here is quite similar to the discretion given to the Comptroller of the Currency with respect to chartering national banks. On the whole, that power has not been abused. Of course, it is a question of judgment, and there may be errors of judgment, but it seems to me that the language in the bill as it is written is sufficiently protective of existing institutions.

Mr. HEBERT. Mr. President, I do not think so. The city of Chicago, of course, is not one single locality within the purview of this legislation. These local institutions serve small communities within the large communities, as the Senator well knows.

Mr. BULKLEY. That is probably true, but that is all within the judgment of the Home Loan Board. It must be left to the discretion of the Home Loan Board as to what constitutes a community.

Mr. HEBERT. I cannot agree to that. But it seems to me that this language which I have suggested would still leave it to the determination of the Board. It will not be so difficult of ascertainment as would the language in the bill. That is the reason why I have suggested the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Rhode Island to the amendment of the committee.

On a division, the amendment to the amendment was agreed to.

Mr. BRATTON. Mr. President, I offer an amendment. On page 19, strike out lines 7 to 11, inclusive, as follows:

REPEAL OF DIRECT-LOAN PROVISION OF FEDERAL HOME LOAN BANK ACT

SEC. 3. Subsection (d) of section 4 of the Federal Home Loan Bank Act (providing for direct loans to home owners) is hereby repealed.

This is a matter to which we addressed ourselves earlier in the day. The original Home Loan Act authorized home-loan banks to make loans direct to individual home owners. The banks have not exercised that power. For reasons known to themselves, they have declined to do so. They have contented themselves with lending money to building and loan associations, to be loaned, in turn, to the borrowers from those associations.

As stated, the original act empowered home-loan banks to make loans direct to home owners. Now it is proposed to repeal that provision and to take away from the home-loan banks even the power to make such loans.

Mr. President, extraordinary circumstances are easily conceivable where a home-loan bank might exercise the power in the interest of a distressed home owner who, with adequate security, is unable to obtain relief elsewhere. I see no reason for arguing that the provision should be repealed simply because another system is created under this measure. If the banks continue to decline to exercise the power, it will remain a dead letter, just as it is today. But why should we take it away? Why should we repeal the provision? I think we are traveling in the wrong direction. It should be

continued, and, if possible, the banks should make loans of that character.

The distinguished Senator from Ohio, in charge of the bill, says that it would be expensive and difficult to create the machinery throughout the country to apprize property, to inspect property, and to take the other steps necessary to make individual loans. We can understand that perfectly. Perhaps a general system of that kind would never be created under the act. But why not leave the law in force, so that if, through changed circumstances or otherwise, these several home-loan banks can lend or will lend money direct to home owners, if they have the money and are willing to lend it, they may be permitted to do so? Why should we repeal the law and take from these banks the power to make loans direct to home owners?

The Senator from Ohio says that it places the home-loan bank in direct competition with building and loan associations existing throughout the country. No more so than the Federal land bank is in direct competition with mortgage companies making loans direct to farmers throughout the country. The mortgage companies could make the same argument against continuing the Federal land bank system, namely, that it comes in direct competition with them.

Mr. President, we all know that the building and loan associations are not meeting the demands; they are not meeting the legitimate demands; they are not meeting the urgent demands; they are not meeting demands coming from distressed home owners. I do not say that in a spirit of criticism. They are not able to do so. Economic conditions make it so. They are unable to meet these demands. They are not seeking loans; they are not looking vainly for places to lend money on adequate security. They are not endangered by competition. There are many times more demands for loans than the building and loan associations can supply.

During these unfortunate and stressful days we may well leave this original provision in force. If it is exercised, if loans are made, much the better. If they are not made, it remains a dead letter, inoperative, no good, no harm.

I therefore urge upon the Senator from Ohio that he accept the amendment, and leave the original provision of law in force for whatever good it may accomplish. It certainly can do no harm.

I hope very much that the Senator will accept the amendment.

Mr. BULKLEY. Mr. President, in view of the consideration that was given to this subject in the committee I do not feel at liberty to accept the amendment. We talked some time ago about this subject, and I expressed to the able Senator from New Mexico my views that the parallel with the Federal land bank is not quite sound, because, after all, the Federal land banks do lend their money not to the individual borrower but to the local association. The local farm associations are organizations of borrowers who have subscribed to capital stock, and have some liability, local liability, behind the advances which are made by the Federal land banks. That local liability, the dealing with the borrower by somebody who knows the borrower, is worth something to the security of the land banks and of the home-loan banks.

The Senator suggests that if the home-loan banks continue as they have in the past, and refuse to make any of these direct loans, then no harm will have been done by the amendment. Unfortunately, I do not think that is true. The effort we are making is to get loans to home owners at the lowest possible rate of interest. Unless we are to make this a subsidized proposition out and out, the cost of the money to the home owner must depend upon the cost of the money to the home-loan bank, must depend upon the rates at which it can sell its bonds.

The obligation of the home-loan bank which directly deals with individual borrowers cannot possibly be regarded as an investment on a parity with bonds of a bank of rediscount, or a bank which takes only endorsed paper on which there is the responsibility of a local association, as well as the responsibility of the borrower.

The direct-loan plan has been tried—it is not satisfactory, it is not successful. The home-loan banks cannot extend their facilities for dealing with home owners directly without a large and unnecessary cost, which will increase the cost which every home owner must pay; nor can they sell their bonds as advantageously as will be possible if we keep them strictly as banks of rediscount.

Therefore, with much sympathy in the purpose by which the Senator from New Mexico is actuated, I respectfully have to differ from him and hope that his amendment will be defeated.

Mr. BRATTON. Mr. President, I shall not detain the Senate long. The Senator from Ohio points out that in a technical sense, perhaps a supertechnical sense, a borrower from a Federal land bank does go through a local association; but in a practical sense he borrows the money direct from the Federal land bank. Therefore, I see no distinction, in a practical sense, in the degree of competition between a Government agency here and in the case I have instanced.

Mr. President, the Senator from Ohio says the system has been tried out and found impracticable. According to my understanding, not a single loan has been made under that provision of the law. My information is that not a single loan has been made direct from a home-loan bank to an individual borrower. It seems to me, therefore, that it cannot be said with justification that the system has been tried and found to be unsatisfactory.

Mr. BULKLEY. Mr. President, I want to be fair to the Senator about that. It is perfectly true that no such loans have been made, and it is impracticable, under the existing law. There is a provision of law with which no doubt the Senator is familiar, that such loans are limited to 40 percent of the value of the collateral, and most of these borrowers have borrowed more than that, so that there is that additional reason why it has proven a handicap.

Mr. BRATTON. It is a handicap. Every one familiar with the situation concedes that. But why not continue the facility for whatever it may accomplish to home owners in this period of distress?

I shall not detain the Senate longer. I submit the amendment, and I hope it will prevail, and that the law authorizing these banks to make direct loans will be continued.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Mexico [Mr. BRATTON] to the amendment of the committee.

Mr. BRATTON. I ask for a division.

On a division, the amendment to the amendment was agreed to.

Mr. HARRISON. Mr. President, the Committee on Finance will meet at 4 o'clock this afternoon, and the Senate might adjourn a little earlier than we thought. The committee expects to make its report this afternoon, and I am asking unanimous consent, rather than keep the Senate unnecessarily in session, that the Committee on Finance may submit its report on the public construction bill by handing the report to the Secretary of the Senate, so that it may be printed and be ready for consideration tomorrow.

The PRESIDING OFFICER. Is there objection?

Mr. REED. Mr. President, I understand that the Senator from Oregon [Mr. MCNARY] wished to be present when that request was made. So, reserving the right to object, I suggest the absence of a quorum.

Mr. HARRISON. I do not want to have a call of the Senate. I hope the Senator from Pennsylvania will withdraw his point of no quorum, and then when the Senator from Oregon shall return to the Chamber, I shall come out of the committee and make the request.

Mr. REED. Very well; I withdraw the point of no quorum.

Mr. WAGNER. I offer the amendment which I send to the desk to the committee amendment.

The PRESIDING OFFICER. The amendment to the amendment offered by the Senator from New York will be stated.

The LEGISLATIVE CLERK. On page 23, line 23, it is proposed to strike out the period and to insert a semicolon and the following:

And no payment of any installment of principal shall be required during the period of 3 years from the date this act takes effect, if the home owner shall not be in default with respect to any other condition or covenant of his mortgage.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York to the amendment of the committee.

Mr. WAGNER. Mr. President, I think that a mere statement of the situation will persuade the Senate that this amendment ought to be adopted. I have used the language in the amendment which now appears in the Farm Mortgage Loan Act which the Senate passed some time ago. In that act we provided a 5-year moratorium, that is, a deferment of payment of the principal of a mortgage. The idea was, the farmer being in distress and threatened with foreclosure, to give him definitely a period in which to readjust his affairs, and not make him rely upon some board in some particular locality in whose discretion and upon whose judgment depended the decision as to whether or not the farmer should get a moratorium. Since the home owners are in a similar distressed condition—I need not paint that picture; I am sure everybody here knows that they are distressed or else this proposed legislation would not be here—I am simply pleading with the Senate that those home owners receive treatment similar to that which we have accorded to the farmer, except that I do not propose that the period shall be so long as is provided in the Farm Loan Mortgage Act. In that act it was 5 years; in this amendment I am limiting it to 3 years.

Mr. BULKLEY. Mr. President, I regret that the Senator did not bring this matter up in the committee rather than on the floor of the Senate, but, as he has stated, there is some parallel between the condition of the home owners and the condition affecting the farmers which resulted in the formulation of the legislation which we recently enacted. I shall not object to the amendment being taken to conference, although, as it has not been considered by the committee, I do not want to make further commitment regarding it.

Mr. WAGNER. May I just make an observation as a sort of excuse for not offering the amendment before the committee? The bill as originally introduced contained a provision for a 3-year moratorium, and I assumed that that provision remained throughout the consideration of the proposed legislation in both Houses.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York to the committee amendment.

Mr. HATFIELD and Mr. HEBERT addressed the Chair.

The PRESIDING OFFICER. Does the Senator from New York yield; and if so, to whom?

Mr. WAGNER. I yield first to the Senator from West Virginia.

Mr. HATFIELD. Does the amendment offered by the Senator from New York authorize a direct loan to the home owner?

Mr. WAGNER. No; the amendment has nothing at all to do with loans. It applies after the loan shall have been made or where an exchange has taken place and the mortgage is taken over by the corporation created under this proposed act, and provides that then the home owner shall have a period of 3 years, during which he shall not be required to pay anything upon the principal of the mortgage, not the interest; I am not dealing with the interest at all.

Mr. HEBERT. Mr. President——

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

Mr. WAGNER. I yield.

Mr. HEBERT. Mr. President, does the Senator's amendment make it obligatory upon the corporation to permit the mortgagor to cease payments?

Mr. WAGNER. It gives the mortgagor a moratorium of 3 years——

Mr. HEBERT. Absolutely?

Mr. WAGNER. Absolutely upon the principal of the mortgage, not upon the interest. I have stated to the Senate that when we had up for consideration the farm mortgage bill, of which on behalf of the committee I had charge, we gave the farmer—and I think it was just treatment of him—a period of 5 years during which he did not have to pay any installment upon the principal of his mortgage, and I am asking that the home owner be accorded the same privilege, except that I am limiting the period to 3 years instead of 5 years.

Without such a provision I may say that this bill will do very little to help the home owner who is in a distressed condition because this legislation is proposed by reason of the fact that he is unable to meet the principal, and, therefore, the Government is coming to his assistance.

Mr. HEBERT. I assume the Senator is familiar with the provision beginning in line 18, on page 23 of the bill?

Mr. WAGNER. Does the Senator mean the provision giving the Board discretionary power?

Mr. HEBERT. Yes.

Mr. WAGNER. Under that provision it would be possible to have various boards exercising their judgment in a different way; there would be opportunities for favoritism in all these administrative matters to which, during these distressing days, I do not think the home owner ought to be subjected to. We thought so in the case of the farmer and we ought to apply the same rule to the home owner.

Mr. HERBERT. I am quite in accord with the Senator's view that if we extended that privilege to the farmer we ought to extend it to other home owners equally.

Mr. WAGNER. We did extend it to the farmers.

Mr. HEBERT. I wish to ask the Senator another question. Will that absolve the mortgagor from paying interest on his loan during that time?

Mr. WAGNER. No; the moratorium has nothing to do with interest.

Mr. HEBERT. It merely applies to the payment of the installments on the principal?

Mr. WAGNER. It applies to the installments upon the principal, to the liquidation of the principal of the mortgage.

Mr. HEBERT. The amortization of the mortgage?

Mr. WAGNER. The amortization of the mortgage.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York to the committee amendment.

The amendment to the amendment was agreed to.

Mr. FRAZIER. Mr. President, in subsection (f), on page 25, in the provision for direct loans to individuals, it is set forth that interest shall be paid at the same rate as provided in the mortgage or other obligation taken up. It seems to me that that is absolutely unfair and would be practically of no benefit to the individual home borrower. In my State many of the loans now bear a rate of interest of 8 or 9 or 10 percent, and the rate under this provision should be lower. So I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The Senator from North Dakota offers an amendment to the committee amendment, which will be stated.

The LEGISLATIVE CLERK. In the amendment of the committee, on page 25, lines 10 and 11, it is proposed to strike out the words "at the same rate as the mortgage or other obligation taken up" and insert "at the rate of 5 percent per annum."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from North Dakota [Mr. FRAZIER] to the amendment reported by the committee.

Mr. FRAZIER. Mr. President, the amendment, if adopted, would simply make the provision read as follows:

Each such loan shall be secured by a duly recorded home mortgage and shall bear interest at the rate of 5 percent per annum.

Mr. BULKLEY. Mr. President, that will cost hundreds of millions of dollars more than the bill as it now stands.

Mr. FRAZIER. Mr. President, the bill is pretended to be for the benefit of the home owner, and if it is going to be for

the benefit of the home owner it seems to me the rate of interest should be reduced.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from North Dakota to the amendment reported by the committee. [Putting the question.]

Mr. FRAZIER. I ask for a division.

Mr. LONG. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

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

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

The PRESIDING OFFICER. Eighty-nine Senators having answered to their names, a quorum is present. The question recurs on the amendment offered by the Senator from North Dakota [Mr. FRAZIER] to the amendment reported by the committee.

Mr. LONG. Mr. President, this amendment simply is to make the interest rate uniform. As provided by the Senate committee amendment, the mortgage loan is to be taken up, and the Government board is to charge the same rate of interest that is being charged on the particular mortgage. That means 5 percent in New Jersey, 8 percent in Louisiana, and perhaps 12 percent in some other State. The amendment of the Senator from North Dakota simply makes it a uniform rate so that when the Government takes up a mortgage it shall not charge more thereafter than 5 percent. There will be some States that will be getting the benefit of a 5-percent rate. Some will be getting the benefit of an 8-percent rate. The money does not cost the Government more than 5 percent—indeed, not that much—and we ask that there be a uniform interest rate of 5 percent per annum, which many of the States will get anyway, and which some of us will be denied without the amendment.

I ask for the yeas and nays on the amendment of the Senator from North Dakota.

Mr. BULKLEY. Mr. President, the question comes to the whole workability of the bill. It is not a question of what the Government gets or charges on any one specific loan. It is a question of keeping the whole amount of the operation within the limits that are practicable for us to go. We have provided $200,000,000 capital for this institution. That is all it will have in cash. It is true it will have the right to issue $2,000,000,000 of bonds, but those being 4-percent bonds, it is a serious question whether they can sell at par. In fact, we are not contemplating that the bonds will be sold at all. We are contemplating that they will be traded out in payment for these mortgages.

We have provided that within a certain limit, when a mortgage has been taken for less than 50 percent of the value of the property and where the mortgagor has been pinched, the corporation will come to his rescue by advancing sufficient cash to pay off the mortgage. We want that to be confined to cases that are really in distress. We do not want it to go so far as to cause people to want to shift merely for the sake of getting a lower rate of interest. If that is the object, if we want merely to make loans for a lower rate of interest, we can do a volume of business out of all proportion to the amount of money here proposed.

Mr. LONG. Mr. President, what has that to do with it? We will be lending some of this money at 5 percent, because that is the legal rate of interest in some States.

Mr. ROBINSON of Arkansas. Mr. President, if the Senator from Ohio will permit me?

Mr. BULKLEY. I yield.

Mr. ROBINSON of Arkansas. To fix a 5-percent rate of interest would invite every mortgagor to seek to refinace his mortgage whether there was a real necessity for it or not, and would swell the total volume of the business transacted to so many billions of dollars that the Government probably could not finance it at all.

Mr. BULKLEY. That is exactly the situation. If we offer to lend cash or advance it at a rate below the fair going-market rate, if we are going to do so large a business as that would involve, we will have to provide not $200,000,000, but we will have to run into the billions of dollars; we will have to run into an amount that I have no doubt would invite a Presidential veto of the measure.

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

Mr. BULKLEY. I yield.

Mr. WHEELER. Why not say not to exceed 6 percent?

Mr. BULKLEY. To make it as low as 6 percent would be subject to the same objection.

Mr. WHEELER. I do not think so at all. For instance, in the city of Washington a man borrowing money pays 5 or 5½ percent. If the Government is going to loan money at 5 percent in the city of Washington to take up mortgages for the people here, why should not they take up the mortgages for people living in the city of Butte, Mont., or the city of Fargo, N.Dak., or some other place at the same rate of interest? There is nothing to compel the Government to take up these mortgages. The Government would only take them up, I believe, where there is some necessity for them to be taken up. But we should not discriminate; the Government ought not to discriminate against the West or the South.

Mr. BULKLEY. When the Government gives the borrower the same rate of interest that he has bargained for and agreed to pay, there is no discrimination.

Mr. WHEELER. Oh, yes; there is discrimination.

Mr. ROBINSON of Arkansas. Mr. President, if we fix by law a lower rate of interest than the borrower is paying, he will naturally wish to refinance his loan. He would be foolish if he did not. That means that every borrower in the United States who is paying in excess of 5 percent, or whatever rate might be fixed, will immediately seek to refinance his loan and get the benefit of the lower rate of interest.

Mr. WHEELER. I appreciate that.

Mr. ROBINSON of Arkansas. The Government would take over the entire home-loan business.

Mr. WHEELER. I think we are coming to identically that situation anyway.

Mr. BULKLEY. We have a good deal of danger in it anyway, and we do not want that increased by any such provision as is proposed.

Mr. WHEELER. Here is what we will run up against: The Government of the United States will start lending money to the people of the city of New York or the city of Washington at 5 percent, while they will charge my people in Montana 8 or 10 percent, and they will charge the people of North Dakota and other western and Northwestern States 8 or 10 percent. Then we are going to have the greatest charge of discrimination against the Government that we have ever had. I do not want my people saying to me and I do not want to hear the people of the West and South saying that the Government of the United States discriminated against them in favor of some eastern cities where the rate of interest is already lower than it is in the other sections to which I have referred. A private borrower can discriminate in that way, but it seems to me we are placing the Government in a bad position if we undertake to do it.

I do not want to have any criticism against the Government of the United States or against the administration that we can possibly avoid having. If we arrange to loan money to the people of the city of Washington or the city of

New York or some other eastern city at 5 or 6 percent or 4 percent and charge the people of Montana, North Dakota, Minnesota, and the Middle West and South 8 percent, we will have the greatest orgy of criticism against the Government that we have had in this country for a long time.

We are discriminating enough now. We will have pressure brought to bear by the many mortgage holders in the cities of the East to relieve them. It seems to me we are going to meet with a tremendous lot of trouble if we do not lower the rate of interest or regulate it and make it uniform.

Mr. BULKLEY. How much does the Senator want to loan altogether in cash advances?

Mr. WHEELER. That has not anything to do with it.

Mr. BULKLEY. It has a great deal to do with it.

Mr. WHEELER. Not in the slightest degree.

Mr BULKLEY. How are we going to restrict the amount?

Mr. WHEELER. How are we going to restrict it, anyway?

Mr. BULKLEY. It restricts itself if we keep it within bounds. We must not make it too desirable.

Mr. WHEELER. It is not restricted at all under the present bill. I venture the assertion that every man in the State of Montana will want to borrow money from the Government of the United States if he has to pay the same rate of interest he is paying now, because he is going to feel that the Government of the United States is not going to foreclose his property, that it cannot very well do it, or at least it will not do it the same as a private lender would. If the Government of the United States loans the money, then it is going to have to determine whether or not the applicant is liable to lose his place if we do not lend him the money. If we do lend the money, it seems to me the same rate of interest ought to apply in one section of the country that applies in other sections. If not, we are bound to array one section of the country against the Government and against other sections of the country. I do not want to see it. I think it is a very bad practice for the Government to put itself in a position where it will array different sections of the country against other sections.

Mr. BULKLEY. The Senator has nearly convinced me that the Government should lend no money at all under any circumstances.

Mr. WHEELER. I am frank to say that unless we give the people of the country the same general rate, the policy adopted here is not going to do very much good, in my judgment.

Mr. BULKLEY. It is not going to do any good if we allow the people to shift their loans to the Government in order to get a lower rate of interest.

Mr. WHEELER. They are going to shift not simply to get a lower rate of interest but many of them will shift regardless of whether they get a lower rate of interest, because they will feel so much safer with the Government of the United States making the loan to them than if some private individual had made the loan. Would not the Senator feel safer and would not I feel safer if I knew the Government of the United States had made the loan, and I could appeal to my Representative or Senator? I could go down and have my Senator or Representative appeal to the Department and say to the Department, "You must not foreclose this loan." I would feel safer about it than if I had some private individual holding the mortgage and insisting, "If you do not pay this loan, I am going to foreclose and set you out on the street."

Then the question is, What rate of interest shall be fixed? It ought to be the same, and it will not make a particle of difference, in my judgment, in the administration of the provisions of the measure, except that it will stop a very severe criticism that we will get if it can be said, "Yes, the Government lends money to the city of New York and the city of Washington for 5 percent or 4 percent, but it charges the people out here in the West and Northwest in these small towns 8 percent or 10 percent."

Mr. LONG. Mr. President, will the Senator permit me to interrupt him for just a moment?

Mr. WHEELER. I yield.

Mr. LONG. What is the interest rate we have in the Farm Loan Act? Is not that a fixed rate—5½ or 5 percent?

Mr. WHEELER. Yes; we have a fixed rate there.

Mr. LONG. What is the excuse for making fish out of one and fowl out of the other? There is no reason why we should do one thing in one act and another thing in another act.

Mr. BULKLEY. Mr. President, the farm-loan proposition is not a cash advance. It is a bond exchange; and we have the same proposition here, 5 percent, when it is a bond exchange. In this section we are trying to protect the amount of cash advances that the Government will be obliged to make.

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

The PRESIDING OFFICER (Mr. BRATTON in the chair). Does the Senator from Montana yield to the Senator from Alabama?

Mr. WHEELER. I do.

Mr. BLACK. Has the Senator offered an amendment which will provide that the interest rate shall be the same throughout the country?

Mr. WHEELER. The Senator from North Dakota [Mr. FRAZIER], I think, has offered an amendment to the amendment of the committee making the interest rate 5 percent per annum in all sections of the country.

Mr. FRAZIER. Mr. President, the Senator from Ohio [Mr. BULKLEY] seems to think too many applications for loans would come in if the rate of interest were fixed at 5 percent.

The home bank bill contained a clause for individual loans. There has not been a single individual loan made, and there is a lot of criticism all over the country; and if this provision remains as it is written in the bill by the committee, there will not be any individual loans made here.

If we want the same criticism from the individual home owners who need to save their homes, let us pass the bill as it is, allowing the rate of interest to be whatever the rate of the existing mortgage is. Out in our part of the country it is from 8 to 10 percent; and there will not be any loans made by the Government under those conditions. If the bill is going to be of any benefit to these home owners, if it is going to save their homes, the rate of interest should be lowered to 5 percent.

Under subsection (d) provision is made for loans up to 80 percent of valuation at 5 percent. This provision is for loans up to 50 percent of valuation at 5 percent, if this amendment is adopted.

Mr. BULKLEY. Mr. President, I have explained the distinction there. One is a bond exchange, and the other is a cash advance.

Mr. LONG. Mr. President, I know that several of the Senators did not catch that point. Under the Farm Loan Act we loan 80 percent of the value at 5-percent interest. That is true, is it not?

Mr. FRAZIER. No; 50 percent of the value on farm loans.

Mr. LONG. But under this bill what is done?

Mr. FRAZIER. In subsection (f) of this bill it is provided that not to exceed 50 percent of the value of the property may be loaned; and the amendment would make the interest rate 5 percent.

Mr. LONG. All right.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from North Dakota [Mr. FRAZIER] to the amendment of the committee.

Mr. GORE. Mr. President, the Senator from Arkansas [Mr. ROBINSON] a few moments ago not only stated the truth, he stated the whole truth. He said that if this amendment is adopted it will not be long before the Federal Government will take over the entire home-loan business of the country.

Certainly that is true. I do not suppose any Senator lays to his soul the flattering unction that this does not mean that sooner or later the Federal Government will make all these loans on all these homes.

The thing that impresses me, and gives me some concern, is to see "potent, grave, and reverend signiors" discussing the imaginary difference between a 3-year and a 5-year moratorium.

What is the difference? Will not the moratorium be made perpetual? Senators rise in their places and discuss the imaginary difference between 5 percent interest and 8 percent interest under this scheme. What is the difference? Neither will be paid.

The Senator from Montana [Mr. WHEELER] stated another truth. He said that he would feel much safer if his loan were placed with the Federal Government rather than a private lending concern. He said he did not believe the Federal Government would foreclose the mortgage. Certainly it will not. Suppose we make loans to 1,000,000 or 2,000,000 farmers, and they demand extensions, reductions, cancelations. What answer will Senators make?

Mr. WHEELER. "Cancel."

Mr. GORE. The Senator from Montana says "cancel", and echo answers "cancel", a chorus answers "cancel." There is no other course. Farmers are human; Senators are human.

Senators cannot resist the irresistible. Did we not witness here on Friday last the Senate yielding to a demand of veterans, only a small percentage of the number that will have these loans before this system is closed?

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

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Washington?

Mr. GORE. Yes, sir.

Mr. DILL. I remind the Senator that the Federal land banks have been foreclosing on farmers. I do not think the Senator's argument is backed by the facts in connection with the Federal land banks.

Mr. GORE. Mr. President, sad to say, there have been some foreclosures, and with what result? How many Senators have been appealing to these banks not to foreclose? And did not the Federal Government, a year ago, make another advance of $125,000,000, with the express stipulation that $25,000,000 should be used to avoid and avert foreclosures? Have we not just revised our entire Federal land-loan system? Congress has extended the time, reduced the rate, and granted a 5-year moratorium. That is the point. The future will reenact the past.

What is the nature of the amendments offered here today? Every one of these bills that have come forth provides for easier terms, lower rates, longer terms, wider moratoriums—merely adjourning a day that is inevitable.

Mr. President, I am willing to go as far, willing to go as fast, as whoever goes farthest and fastest in an effort to find and to apply a just, reasonable, and effective solution for our debt problem. That is the problem that staggers us, that staggers the debtors of the country. I am willing and anxious to pass laws that will enable our people to get out of debt rather than to pass so many laws enabling them to get deeper into debt—deeper in the quicksand, deeper in the quagmire of debt.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from North Dakota [Mr. FRAZIER] to the amendment of the committee.

The amendment to the amendment was rejected.

Mr. DILL. Mr. President, I send to the desk an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. At the end of subsection (j) of section 4, on page 26, it is proposed to insert the following:

The President shall appoint one home-loan agent for each State, by and with the advice and consent of the Senate; and the Corporation shall fix the salary of each home-loan agent, but not in excess of $6,000 per annum. The home-loan agent in each State shall be under the direction of the Corporation, and shall perform such duties as the Corporation may direct, and, subject to the approval of the Corporation, shall appoint and fix the compensation of such officers and employees, attorneys, and agents within the States as the Corporation may find are necessary to the performance of the work of the Corporation, without regard to the provisions of other laws applicable to the employment or compensation of such employees of the United States.

Mr. DILL. Mr. President, the purpose of this amendment is to put a stop to the past practices of the officials of this Government in the appointment of the men who are to carry out these emergency measures.

I remind the Senate that we passed the reforestation bill without incorporating in it any provision for control of the appointment of those who were to have charge of the operation of that bill; and what do we find? We find that instead of controlling the work from Washington, D.C., it has been turned over to the State relief commissions, and they are selecting the officials in the various States. They have control; and the Federal Government officials are simply rubber stamps.

We put in the farm bill no provision whatever for selection and confirmation of those who were to carry out those administrative parts of the bill that were to be administered throughout the States; and what has the Secretary of Agriculture done? He has turned over to the Governor and the chief justice of the supreme court of each State the selection of the men who are to administer the emergency provisions of the farm bill; and again the Federal officials here have nothing to say about it. It is the most unheard-of and indefensible procedure I have ever known.

It seems to me that with those two instances before us, with at least the complaint, if not an actual scandal, hanging around the reforestation officials already in the buying of toilet kits for the men in the reforestation camps, it is about time some little Federal control was exercised in the selection of the men who are to administer these laws.

For that reason I have offered here an amendment to provide that the President shall name these agents, and in order that some investigation shall be made by responsible committees of the Senate of the men who are to administer this statute, and that they shall not be appointed by State officials who have no responsibility whatsoever to the Federal Government or to the Congress.

I do not care to take up the time of the Senate in arguing the amendment further. It seems to me that on its face its need is so pressing that it should be adopted unanimously.

Mr. LONG. Mr. President, as I understand—I was not in the Chamber at the moment the amendment was offered—the Senator proposes that this act shall be administered by a State administrator confirmed by the Senate.

Mr. DILL. I propose that the men in the various States who are to carry it out shall be appointed by the President, with the advice and consent of the Senate, and that the employees and assistants under him shall be recommended by him, but approved by the corporation; and that the number of them, their compensation, and their duties, shall be determined by the corporation.

Mr. LONG. Mr. President, I wish to say that the Senator's mention of the recent fraud and corruption that at least is alleged to have been going on under these appointments that are springing up like mushrooms, such as this kit sale and other things of its kind, certainly convinces me that the Senator is right, and that we ought to follow the safe and ordinary course, and have appointments that the Senate will confirm. By that means we will avoid many hours of grief that we are having already as a result of this departure from that safe precedent.

Mr. BULKLEY. Mr. President, of course the subject matter of this amendment has not been before the committee, and I cannot speak for my colleagues. I do not wish anything I say to seem to be en endorsement of any criticism of other administrations that have been set up under emergency legislation; but I see no reason why we should not accept this amendment and let it go to conference.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Washington [Mr. DILL] to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. BONE. Mr. President, I send to the desk an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. On page 25, line 20, after the word "trust", it is proposed to insert—

or under power of attorney, or by voluntary surrender to the mortgagee.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Washington to the amendment of the committee.

Mr. BONE. Mr. President, this amendment has to do with the recovery of a home lost by mortgage foreclosure, and merely broadens the power of the corporation to relieve that type of victim. The present provision of the bill is that the corporation is authorized, for a period of 3 years after the date of enactment of the measure, to exchange bonds and to advance cash to redeem or recover homes lost by the owners by foreclosure or forced sale by a trustee under a deed of trust; and then the amendment proposes to insert the provision—

or under power of attorney, or by voluntary surrender to the mortgagee.

It merely broadens the measure; and I understand that the committee is willing to accept the amendment.

Mr. BULKLEY. Mr. President, this amendment is in line with the policy of the committee in drafting the subsection, and I feel safe in saying that it actually improves the language of the section. I hope it will be agreed to.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Washington to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. LONG. Mr. President, I move a reconsideration of the vote by which the amendment of the Senator from North Dakota [Mr. FRAZIER] was defeated. It is the amendment on page 25 which proposed to make the interest rate a flat 5 percent.

I move a reconsideration of that vote; and before yielding the floor—because it seems that my good friend from Ohio [Mr. BULKLEY] wants to apply the ax to this motion—I wish to say that I think we ought to have a record vote on this question. It is about the most important amendment we have voted on. Many Senators were not here at the time; and we ought not to pass on this question without a record vote.

Mr. TRAMMELL. Mr. President——

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

Mr. TRAMMELL. I desire to state that I am heartily in sympathy with that view. Let Senators express themselves on these matters which are of vital concern to the home owners of the country.

Mr. LONG. I agree with the Senator from Florida.

Mr. President, I do not think Senators want to leave here without a record vote on this matter. When only a few of us participate in a vote, it does not develop the sentiment of the Senate on an important matter of this kind.

This amendment provides for a uniform interest rate throughout the country. If the interest rate in New Jersey is 5 percent—and I understand that to be the legal rate of interest in that State——

Mr. KEAN. No, Mr. President; it is 6 percent.

Mr. LONG. Well, I am willing to make it 6 percent in this amendment, if the Senator wants to have it 6 percent. I wonder if I may get the consent of the Senator from North Dakota to make this 6 percent instead of 5 percent? I want to be liberal about it.

Mr. FRAZIER. Mr. President, as I understand, the motion to reconsider would have to be agreed to before we could change the rate. Six percent would be a great deal better than the present provision.

Mr. LONG. I may state, may I not, that we will modify the amendment so as to make it 6 percent if the motion to reconsider is agreed to?

Mr. FRAZIER. I will make it that.

Mr. LONG. I ask unanimous consent, with the consent of the Senator from North Dakota, to make the figure in the amendment 6 percent instead of 5 percent.

The PRESIDING OFFICER. That can be done only by unanimous consent to reconsider the vote by which the amendment offered by the Senator from North Dakota was rejected.

Mr. LONG. Then, on behalf of the Senator from North Dakota and myself and others of us, with the permission of the Senator from North Dakota, I announce that if the vote is reconsidered, we will make this amendment provide for 6 percent, so that there will be that much more allowed.

I have not read the act lately, but I am told that we made the Farm Mortgage Act a bond proposition, with the bonds bearing 4 percent and the loans 5 percent. In this instance we will make the figure 6 percent, and there is no reason under the sun why, if we are to lend this money to the people of the country to save their homes, the man in New Jersey shall borrow it at 6 percent, the man in North Dakota at 10 or 11 percent, and the man in Louisiana at 8 percent.

Mr. LOGAN. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LOGAN. The Senator from Louisiana suggests that if there is a reconsideration of the vote by which the amendment was rejected he will then offer to change the amendment and make it 6 percent. What I should like to know is whether or not there is anything that will prevent the Senator from Louisiana from offering an amendment now making the rate 6 percent, without a reconsideration at all.

Mr. LONG. I can do that; can I not, Mr. President?

The PRESIDING OFFICER. That would be in order.

Mr. LONG. Then, I will withdraw my motion to reconsider, without prejudice; and I now offer an amendment, in line 10, page 25, to strike out the words "the same rate as the mortgage or other obligation taken up", and in lieu thereof insert the words "a rate not to exceed 6 percent per annum."

The PRESIDING OFFICER. The Senator from Louisiana withdraws the motion to reconsider, and offers an amendment. The question is on agreeing to the amendment offered by the Senator from Louisiana to the amendment of the committee.

Mr. LONG. Mr. President, in line with what has been suggested by my distinguished colleague from Kentucky [Mr. LOGAN], I have made this amendment provide for 6 percent. That is enough; 6 percent is plenty; that is all it ought to be. We made the farm-mortgage rate 5 percent, and we certainly ought not to make this to exceed 6 percent. My amendment would allow them to charge not to exceed 6 percent per annum.

Mr. BLACK. Mr. President, I am thoroughly in sympathy with the idea that there should not be a higher rate of interest charged for Government money in one State than in another. I call the Senator's attention to the fact that under the amendment he has now proposed the corporation might still charge 5 percent in one State and 6 percent in another. If the Senator will simply make his amendment provide for a rate of interest which shall be uniform throughout the country, but which shall in no event be greater than a certain amount, he would cover the situation.

Mr. LONG. I am willing to modify the amendment to that extent so as to read:

A rate of interest which shall be uniform throughout the United States, but which in no event shall exceed 6 percent per annum.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana, as modified, to the amendment of the committee.

Mr. BULKLEY. Mr. President, this subject has been pretty fully discussed. The amendment as now offered does not seem to me to present the same dangers presented by the amendment carrying 5 percent. I do not think it is free from danger; I think it is a matter which ought to have further consideration, and that there ought to be further opportunity to find out how dangerous it is. With that

statement I am willing to accept the amendment as offered, and hope that the conferees will consider carefully whether such an arrangement is justified.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. LONG] to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. TRAMMELL. Mr. President, I desire to propose an amendment to the committee amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. There is proposed to be added a new section, as follows:

On the board of directors of the Federal home land banks, the Home Owners' Loan Corporation, and the Federal savings and loan associations, the Federal Home Loan Bank Board shall name such number of the directors as is equal to the proportion of the total as the capital paid-in stock of the Government bears to the total of all paid-in capital stock.

Mr. TRAMMELL. Mr. President, I offer this amendment for the purpose of giving the Government representation on the board of directors of these different agencies set up by the bill and also set up by the original Home Loan Bank Act.

At the present time, under the original Home Loan Act, the Government, although it has paid in more of the capital, as far as the cash contribution is concerned, than the other members of the organization, has no representation whatever upon the board of directors.

I should like to know where we could find a set of business men anywhere in this country who would contribute a greater proportion of the cash capital for a corporation than did other stockholders, and have no representation upon the board of directors.

The object of the amendment is to provide that if the Government has paid in $200,000,000 toward the capital stock of the corporation and other stockholders have paid in only $1,000,000 toward the capital stock, the Government shall have something to do with the management and the direction of the institution. It is upon a fairer basis, it is upon the basis of the amount of the paid-in capital stock of the Government, through the Reconstruction Finance Corporation, in proportion to that paid in by the other stockholders. It seems to me it is a very reasonable proposition.

Mr. BULKLEY. Mr. President, I desire to make sure that I understand the amendment. The Senator intends that the Home Loan Bank Board shall name directors of the home loan banks and of the Federal savings and loan associations in the same proportion the Government capital bears to the total capital?

Mr. TRAMMELL. That is the idea.

Mr. BULKLEY. I see no objection to that, but in the amendment as submitted by the Senator there is reference also to directors of the home owners' loan corporation. The bill provides that the directors shall be the Home Loan Bank Board, so if the Senator will eliminate that from the amendment, I shall see no reason for not accepting it.

Mr. TRAMMELL. I wrote that in for the reason that I was not sure whether it was contemplated there should be a board separate for that organization. I modify my amendment by striking out the reference to the Federal home loan corporation.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. FESS. Mr. President, before we vote on the bill, I should like to ask the Senator in charge of the bill a question.

As written here, the bill provides that the home owners' loan corporation shall be an instrumentality of the Government, and then there is authorization that it may issue $2,000,000,000 of bonds, and a provision that interest is guaranteed by the Government. Would the purchaser of one of the bonds have any basis for stating that the bond was a Government bond, guaranteed by the Government?

Mr. BULKLEY. In my opinion, he would not, and I think any reasonable precaution ought to be taken against that. Has the Senator any suggestion?

Mr. FESS. We wrote a provision in the Home Loan Act that the bonds must state that they were not Government obligations. It was stated that that might destroy their marketability, but I feared that if such a provision were not written in some might be misled.

Mr. BULKLEY. The bonds might be given a marketability to which they were not entitled.

Mr. FESS. Yes. What I wanted was the Senator's statement, so that there might be no misunderstanding, when these bonds are offered for sale, as to whether they are Government obligations or not.

Mr. BULKLEY. As I understand it, the intent of the measure is that the Government shall guarantee the interest until maturity, and no more interest and no principal whatever.

Mr. FESS. And no purchaser of the bonds would be purchasing Government bonds?

Mr. BULKLEY. He would not.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended.

The amendment, as amended, was agreed to.

Mr. TRAMMELL. Mr. President, I offer an amendment, on page 18, line 24, to strike out "$25,000" and to insert in lieu thereof "$15,000." Very briefly, this amendment seeks to limit the so-called "home loan" to $15,000 upon one piece of property instead of $25,00. I think $15,000 would probably be enough, but, in view of the fact that the attitude of the chairman of the committee and some other Senators is that there will not be sufficient funds for a spread to reach any great number of home owners in taking care of their mortgages, I believe that we should reduce the maximum so that we may increase the opportunity and assurance that people who live in homes of the value of $20,000 may still have available to them this character of loan, and may enlarge the opportunity to obtain loans on the part of the owners of five and ten thousand dollar homes and even of $3,000 or $1,000 homes. As a rule, the person who lives in the humble cottage or the medium-priced home needs assistance and the beneficent aid of the Government more than does the person who lives in a $25,000 or a $30,000 or a $50,000 home. I should like to have the limitation maximum reduced to $15,000, because I think there would thereby be a greater spread.

Mr. BULKLEY. Mr. President——

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

Mr. TRAMMELL. I yield.

Mr. BULKLEY. I want to inquire whether the committee amendment has not already been agreed to.

The PRESIDING OFFICER. The committee amendment has been agreed to, and, under the parliamentary situation, the amendment of the Senator from Florida is not now in order unless the vote by which the amendment was agreed to shall be reconsidered.

Mr. BULKLEY. I will ask the Senator from Florida to let the amendment go, under the circumstances. The bill as it passed the House provides for a $15,000 limit, and the issue which the Senator from Florida now raises will be before us in conference anyway. Many Members have urgently wanted a higher limit. I think if the Senator will let us consider the matter in conference, it will have fair consideration.

Mr. TRAMMELL. I gladly yield to that suggestion. I had noticed that the other House placed this restriction on the bill, providing a maximum of $15,000.

Mr. BULKLEY. That is correct.

Mr. TRAMMELL. As suggested by the Senator from Ohio, the matter will be in conference anyway, but I wish to make clear that, so far as my own preference is concerned, it is that the maximum should not exceed $15,000.

The PRESIDING OFFICER. The question is, Shall the amendment be ordered engrossed and the bill read a third time?

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

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read three times, the question is, Shall it pass?

The bill was passed.

Mr. BULKLEY. Mr. President, I move that the Senate insist on its amendment, ask for a conference with the House on the bill and amendment, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. BULKLEY, Mr. WAGNER, and Mr. TOWNSEND conferees on the part of the Senate.

REGULATION OF BANKING—INSURANCE OF DEPOSITS

Mr. VANDENBERG. Mr. President, I desire to submit a brief comment on the bank bill conference which is now in progress.

I understand that the Treasury Department, and perhaps even higher authority, recommended the rejection of the amendment which the Senate adopted to provide for immediate deposit insurance open to all Federal Reserve member banks and to all State banks which are qualified as solvent by the State banking authorities.

I do not care to go into the merits of the matter. I do want to comment on the attitude of the Treasury Department, because it is utterly inconsistent with the Treasury's own attitude respecting this same subject within the past 2 weeks, and I want to lay down a plain warning, that we shall have to have an explanation of the proposition which came from the Secretary of the Treasury 2 weeks ago if it shall now develop that the thoroughly limited proposition upon which the Senate agreed is to be rejected upon the Treasury's recommendation.

I remind the Senate that on May 19—and I am reading from the Washington Times—the Secretary of the Treasury proposed "a sweeping proposal for the guaranty of all bank deposits during the period of economic emergency."

I quote further:

> Machinery for the protection of depositors' funds would be administered by the Reconstruction Finance Corporation. The guaranty would be effective immediately.

Mr. President, I call the Senate's attention to the fact that within the past 2 weeks the Secretary of the Treasury has appeared before the Senate Committee on Banking and Currency proposing not a limited insurance, such as is included in the amendment which the Senate adopted, but a complete, 100-percent guaranty.

What is the difference between the proposal which the Senate passed and the proposal which the Secretary of the Treasury submitted? As nearly as I can discover, the difference is that the Secretary of the Treasury proposed to charge the entire hazard against the Public Treasury and against the taxpayers of the United States, whereas the formula which the Senate has approved requires a primary bank contribution and a primary bank responsibility behind the insurance. In other words, the Secretary of the Treasury is in no position to complain that the limited insurance proposed by the Senate is in any degree a hazard to the public credit when he himself, within the past 2 weeks, proposed four times as much of a charge against the public credit in this connection.

There is utterly no reason in consistency or rational attitude for the recommendation which is made to the conference by these higher authorities against the acceptance of the amendment for immediate-deposit insurance which the Senate has approved.

SECRETARY WOODIN'S STATEMENT AS TO MUSIC

Mr. LONG. Mr. President, it will be remembered by the Senate that in the closing days of Mr. Hoover's administration he advised the American people that it would be well if someone would write a poem that would inspire the country. I now have in my hand a message from Mr. Woodin, who suggests that if someone would inspire us with music it might bring the country back on its feet. I send this article to the desk and ask that it may be incorporated in the RECORD, and that the clerk may read the first paragraph down to the point I have marked.

The PRESIDING OFFICER. Without objection, the clerk will read the first paragraph of the article down to the point marked, and the remainder of it will be printed in the RECORD.

The legislative clerk read as follows:

> SYRACUSE, N.Y., June 5.—America, "unafraid and invincible", needs music more now than ever to stimulate courage, said William H. Woodin, Secretary of the Treasury, speaking at the sixty-second annual commencement at Syracuse University.

The remainder of the article is as follows:

> Dwelling for a moment on things financial, he said:
>
> "Fear, far more than any other thing, has been responsible for the failure of financial institutions. Fear spreads like forest fire, and many of the runs upon banks have been wholly unwarranted and entirely results of fear, the father and mother of panic. When a man draws his account from the bank and sticks it in a safety-deposit box or an old teapot for security, he does so because of fear; and buried money will not come out of hiding until full faith in the future is restored and the destructive hysteria or fear is turned into confidence."
>
> Some other high lights of the address:
>
> "Precisely as a small boy whistles instinctively to keep up his courage, so are we all crying for something to bring about confidence and to displace the absurd hysteria of fear which in the last few years has made men and women avoid great human responsibilities which these dynamic times demand.
>
> "Vibrations of fine music put mysterious initiative, resolution, and courage into the normal individual."
>
> Upon his arrival, Mr. Woodin was asked about unofficial rumors that he might resign.
>
> "I don't mind that a bit", he said. "I'm used to being asked that; but I have no statement to make, particularly today." Later he amplified this. "As I was leaving the President's room—he knew I was coming up here—he said: 'Will, you can tell them for me that when I get myself in trouble I always whistle a tune.'"
>
> "Isn't the harmony of the spheres more audible now than it was a year ago?" he was asked. "Some harmony is; but don't try to take me out of my sphere for the day", he replied.

INCOME TAXES—LETTER OF DR. LINSLY R. WILLIAMS

Mr. COPELAND. I have received a very interesting letter from Dr. Linsly R. Williams, of New York, relating to the income taxes. I ask that it may be printed in the body of the RECORD and referred to the Committee on Finance.

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

NEW YORK, *June 1, 1933.*

Hon. ROYAL S. COPELAND,
Senate Office Building, Washington, D.C.

DEAR SIR: For a number of years I have been deeply interested in the subject of taxation and particularly in the Federal income tax. I have written a number of letters to the Secretary of the Treasury and Members of Congress, criticizing the inequalities of the present tax law.

There has been an insistent demand on the part of many people that Congress should soak the rich, and in an endeavor to secure a larger amount of tax from the larger incomes there has been added from time to time a surtax and also a tax on capital gains, to prevent people from becoming too rich. It has been held by a former Secretary of the Treasury that a capital gain was income and that a tax on dividends from stock corporations was double taxation, but he and many others approved of the surtax, which was also a double tax.

To demonstrate the inequalities and injustice of the present Federal income-tax law, based on the tax for the year 1932, I would cite the following:

Case 1. A professor, 45 years of age; has practically no savings; has wife and two children; receives a salary of $7,000 a year. This professor paid a tax of $148.

Case 2. A spinster, 60 years of age; received a trust from her father, all of which is invested in preferred and common stocks, amounting to about $200,000. She has no dependents. She paid no tax on her income, but paid a surtax of $10.

Case 3. A retired business man of 65, invested all his savings, amounting to a little over $300,000 in Federal, State, and local tax-exempt bonds; has no dependents; his income for 1932 was $14,000. He paid a tax for 1932 of $140.

Case 4. An active business man who has a large fortune invested in securities of a marketable value of over thirty million, had an income during 1932 of over one million; at the end of the year he sold a considerable number of securities and under the law claimed a loss of over a million dollars. He paid no tax.

Very few people have taken cognizance of the fact that instead of soaking the rich, the present Federal income-tax law favors the rich in many instances, although many of them do pay enormous sums, especially in good times.

No doubt there will be many suggestions made for changes in the tax law, and I should strongly recommend that very earnest consideration be given to the following:

1. That the tax at the present rate of 13½ percent on the profits of stock corporations be abolished and there be substituted a 1 percent excise tax on the gross sales of the corporation, and that the recipient of the dividends pay the tax, instead of the corporation.

2. That steps be taken to discontinue the exemption of Federal, State, and other local and municipal bonds by constitutional amendment, if necessary.

3. That the capital gain and loss clauses be abolished and that capital gains be taxed at a rate of 5 percent and not considered as income, but all receipts from this source be placed in the sinking fund.

4. That the Government depend more on excise taxes, lower the rate of tax on the smaller incomes, and maintain the higher rates on large incomes.

If these amendments were adopted, the distribution of the tax would be more fair and the Government would receive a far larger income.

Very truly yours,

LINSLY R. WILLIAMS.

AMERICA—ON THE SEA AND IN THE AIR—ADDRESS BY ALFRED E. SMITH

Mr. COPELAND. Mr. President, the Senator from Georgia [Mr. GEORGE] has introduced and secured the passage of a joint resolution providing for the designation of a National Maritime Day. I have here a very illuminating address by the Honorable Alfred E. Smith on the subject of America—On the Sea and in the Air. I ask that it may be printed in the RECORD.

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

It is a pleasure for me to cooperate with the men interested in furthering the cause of the American merchant marine in the celebration of a National Maritime Day. I can make no claims to a sea-faring youth, but ships and the meaning of ships were things not unknown to the youth of my generation which enjoyed playtime adventures along the docks of the East River years ago. We saw ships there in those days. I remember that they entered in a very useful and practical way into one of my favorite sports. That sport was the using of the bowsprit of a ship as it overhung a dock as a sort of trapeze. There was one very interesting lesson about shipping which I learned in my search along the docks for a bowsprit to be used as a trapeze. The boats that were loaded were the ones to look for. A boat without cargo rode so high that it was impossible for us youthful trapeze artists to reach the bowsprit. The trick was to find either those which had not yet been unloaded or those which had been loaded preparatory to clearing for sea again. We came to know those ships which came in well loaded and those which, loading and unloading, made a quick turn-around. We came to see from our own viewpoint that cargo was an important factor in shipping.

We have a habit, however, of forgetting the lessons of the past. There was a very important lesson concerning shipping which was taught us as a result of the World War. When we went to war in 1917 we were woefully lacking in ships.

A merchant-marine and an air-transportation system play an important part in the scheme of national defense.

In case of a war where we are involved it is of invaluable assistance to have an adequate merchant marine for the transportation of troops and supplies and for use as auxiliary armed cruisers. The personnel is also of the greatest utility in furnishing the Navy a proper reserve of men trained in the ways of the sea.

In event of a war, such as the beginning of the Great War in 1914, a merchant marine is of equal use in assuring us of transportation for our products in keeping up our foreign trade. We had but 17 ocean-going vessels available in 1914; and when ships of the other countries that had been carrying more than 90 percent of American exports were withdrawn for use by their own countries, millions of dollars were lost by American farmers and manufacturers through inability to get shipping for their products).

As a result of our unpreparedness, we spent 3½ billion dollars through the Shipping Board, building 2,300 ships, which, as usual when things are done that way, resulted in the waste of hundreds of millions in the building and the waste of most of the balance in the end as the ships were entirely unsuited for commercial traffic in peace time. Some of our rivers have been clogged for years by the hundreds of ships moored in them, useless for anything except scrap.

And here is what this error of our ways really cost us:

Building program, $3,500,000,000.

Annual interest on the bonds put out to finance the building, $100,000,000.

More than a hundred million dollars loss to American farmers and manufacturers through inability to export their products.

The Jones-White Act of 1928 provided for Government loans to companies at low rates of interest to build ships and 10-year mail contracts on a basis that would enable them to be operated successfully upon American wage and living standards.

Owing to American wage scales and living standards, it costs more to build ships here than abroad and it also costs more to operate them. As a result of the Jones-White Act, in the past 5 years American ship lines have constructed 42 fine new ocean-going vessels costing more than a quarter of a billion dollars, giving employment during the depression to thousands of workmen. In these same 5 years, private initiative, backed by intelligent legislation, has added a new arm to American consumers with a national system of airways between this country and the markets of 32 nations. Today this merchant marine of the air has attained world leadership. Our aircraft factories are building a fleet of flying clipper ships, the largest merchant aircraft to hold this supremacy and to win for America its rightful place on the fast-developing trade airways of the world.

We have put the American flag back upon the world's main trade routes and created a reservoir of men and ships available for national emergency. It is the duty of every American to remember that now that we have at last consolidated our position again on the high seas—an achievement in which he has a direct and personal interest—that he must lend his support and patronage to his country's shipping.

In the North Atlantic trade, which is the most active in the world, of the 20 or 25 percent of the passengers who are foreigners, the proportion selecting American steamers is almost negligible, while of the remaining 80 or 75 percent, who are Americans, more than half use foreign vessels. In short, the German, French, and British steamers are invariably selected by their citizens, yet Americans are the chief support of these foreign-owned lines to the neglect of their own. The results of this neglect are not often felt at once, but in the long run they will rise up as a damper on export trade and an actual threat to security in case of war or other national emergency.

We have a half-billion-dollar annual bill for marine freight and passenger service which the American public pays. Of this amount, fully two thirds goes to foreign shipping, and the bulk of this share, estimated at 85 percent, is not spent in this country. In other words, upwards of 60 percent of the amount we pay for shipping service in the international trade leaves our country and is spent abroad. Add this sum to our national income, and thousands of Americans could be put to work.

The statistics here given are intended to awaken lively interest in our merchant marine on the part of our citizens. It means much to the country, adds materially to our prosperity, should be a large part of our national concern for trade both at home and abroad, and let us hope that this celebration of Maritime Day may influence all who can be brought within our influence to the end that this important national and business question be the concern of all our citizens.

REPORT OF INDUSTRIAL CONTROL AND PUBLIC WORKS BILL

Mr. HARRISON. From the Committee on Finance, I report back favorably, with amendments, the bill (H.R. 5755) to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes, and I submit a report (No. 114) thereon.

The PRESIDING OFFICER. The bill will be placed on the calendar.

Mr. HARRISON. May I say that I hope we can have this measure up tomorrow?

Mr. LONG. Mr. President, I desire to ask if the report just submitted by the Senator from Mississippi [Mr. HARRISON] is on the public construction bill?

Mr. HARRISON. It is.

Mr. LONG. I want to say that I hope the Senator from Mississippi will not try to bring that bill up tomorrow, because I have not been able to tell just what tax schedule some of us desire to propose. There are several of us who wanted to prepare and offer an amendment to the tax schedule which will be embraced in the bill.

Mr. ROBINSON of Arkansas. The Senator will have an opportunity to do that.

Mr. HARRISON. The tax features come last in the bill. I am sure the Senator from Louisiana will have ample opportunity while the bill is under discussion to study that feature of the bill.

Mr. McNARY. Mr. President, I understand the report submitted by the Senator from Mississippi is on the so-called "industrial recovery bill"?

Mr. HARRISON. It is on the so-called "industrial recovery bill".

Mr. McNARY. May I suggest to the Senator from Arkansas and to the Senator from Mississippi that the consideration of the bill go over for 1 day; that is, until Wednesday next?

Mr. HARRISON. Mr. President, I am not asking that it be considered now. I am merely submitting the report, so that it may be printed.

Mr. McNARY. I appreciate that, but I should like to continue my suggestion that we may have an understanding this afternoon that the bill shall go over for 1 day, until Wednesday. It is the most important proposal in the nature of legislation that has ever been presented to this or any other Congress. I desire to have a conference of the Republican minority on the measure. We should at least have a day to study the bill. That is a very fair request. Tomorrow let us take up the calendar and the conference report on the gasoline tax bill. Cleaning up the calendar and getting through with the conference report will probably fully occupy the time tomorrow, and then on Wednesday we may start in on a proper and intelligent consideration of the public works and so-called "industrial recovery" bill.

If we may have that understanding, we can take a recess at this time and come here prepared tomorrow to make a study of the bill and get through with the pending business, as I have suggested, or any other that may occur to the able Senator from Arkansas.

Mr. HARRISON. May I say to the Senator from Oregon that the Committee on Finance has been working night and day on this measure in order to report it to the Senate as quickly as possible? It is a measure of many angles and it is important in character. I have not any desire to project the measure unnecessarily or to have it considered hastily, but I do hope that we may secure consideration of it as quickly as possible and come to a definite conclusion. I shall abide by the wishes of the leader on this side with reference to taking the bill up Wednesday or tomorrow. I do, however, want it to be taken up as speedily as possible.

Mr. McNARY. I desire to cooperate, may I say to the Senator, in the matter of securing early consideration of the bill; but I am sure, in the interest of expedition and fairness to every Member of the Senate, we should have one day in which to study the bill and the report on it. That is my only reason for suggesting that we have an understanding that the bill shall not be brought up until Wednesday.

Mr. ROBINSON of Arkansas. Mr. President, the request of the Senator from Oregon is reasonable. The only consideration that causes me to hesitate at all to grant his request is the fact that is well known that it has been hoped the present session might be concluded at the end of the current week. In view of the importance of the bill, I can conceive that it might conserve time to let it go over until Wednesday morning; Senators will be afforded an opportunity of familiarizing themselves with it; and, in view of the very gracious spirit manifest by the Senator from Oregon and the cooperation he has given and is giving in connection with the disposition of legislation, I shall make no objection to his request.

It is my intention to move an adjournment in order that we may have a morning hour tomorrow. I understand that the arrangement suggested is satisfactory to the Senator from Mississippi.

Mr. HARRISON. It is entirely satisfactory to me. I merely want to give notice that, following the morning hour, I shall move to take up the conference report on the bill involving the tax on electrical energy.

Mr. ROBINSON of Arkansas. I also suggest that if there be other conference reports, Senators in charge of them may be prepared to present them, as in all probability ample opportunity will be afforded tomorrow for their consideration.

WHEN WAR CAME TO THE INDIAN—ARTICLE BY P. F. BYRNE (S.DOC. NO. 68)

Mr. FRAZIER. Mr. President, an article was sent to me a few days ago which is entitled "When War Came to the Indian—a Chapter of Neglected Truth in American History", by Mr. P. E. Byrne, of Bismarck, N.Dak. Mr. Byrne is an attorney there. He was secretary to former Governor Burke, and has made a deep study of the Indian question. He has written a great many articles on it. The article to which I now refer was published in the North Dakota Historical Quarterly by the State Historical Society of North Dakota. I referred the article to the present Commissioner of Indian Affairs, Mr. Collier, for his opinion, and he writes a letter commending it very highly and suggesting that it be printed as a Senate document.

It is an important article. The so-called "Custer massacre" has for years been greatly exaggerated and misrepresented by historians, and I believe that this little article, which I consider authentic, would do a great deal to correct the false impression that has been extant during all these years. It has been charged against the Sioux Indians that they massacred Custer's army. I believe the situation was that the Indians outgeneraled those in command of the forces of the United States.

I ask unanimous consent, Mr. President, to have this article printed as a Senate document and that the letter from the Commissioner of Indian Affairs may be printed as a preface to the Senate document.

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

ADJOURNMENT

Mr. ROBINSON of Arkansas. I move that the Senate adjourn until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 15 minutes p.m.) the Senate adjourned until tomorrow, Tuesday, June 6, 1933, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

MONDAY, JUNE 5, 1933

The House met at 12 o'clock noon.

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

Blessed Father in Heaven, for this radiant daylight hour we thank Thee for the marvelous revelation of Thy infinite self in the open book of nature. In Thy handiwork we see universal love and disinterested affection. Thy gracious gifts are not doled out to a selected few, but for the wide world's comfort and happiness. Thy sun shines upon the just and the unjust; the poor man is blest equally with the rich man; selfishness receives as much as benevolence. We praise Thee, merciful God, that from Thy throne there gush forth the streams of love which flow for all men. Thy kindness is universal and Thy forgiveness disinterested. We praise Thee that Thy sympathy, Thy kindness, and Thy generosity move over us like the glory of a summer sky, overflowing in countless treasure. Oh, may they all come to us with the gentle voice, namely, "Come unto Me all ye that labor and are heavy laden, and I will give you rest." Amen.

The Journal of the proceedings of Saturday, June 3, 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 without amendment a joint resolution of the House of the following title:

H.J.Res. 192. Joint resolution to assure uniform value to the coins and currencies of the United States.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 1815. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Owensboro, Ky.

CALL OF THE HOUSE

Mr. SNELL. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The Chair will count. [After counting.] Evidently there is no quorum present.

Mr. COLLINS of Mississippi. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. COLLINS of Mississippi. As I understand the parliamentary situation, the House stands now in exactly the attitude that it did on Saturday afternoon last when I rose and made objection to the vote because there was no quorum present. I should like to ask the Chair if the point of no quorum made at this time by the gentleman from New York [Mr. SNELL] does not automatically call for a roll call on this bill?

Mr. BLANTON. No; because the presumption is that a quorum is present this morning.

The SPEAKER. Evidently there is no quorum present.

Mr. BYRNS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 54]

Abernethy	Dingell	Jenckes	Pettengill
Almon	Disney	Keller	Ransley
Andrew, Mass.	Dowell	Kleberg	Rayburn
Auf der Heide	Edmonds	Kocialkowski	Reed, N.Y.
Bacon	Fitzgibbons	Kvale	Reid, Ill.
Boland	Fulmer	Lehlbach	Rich
Britten	Gasque	Lehr	Sears
Buckbee	Gavagan	Lewis, Md.	Sisson
Burke, Calif.	Gifford	McDuffie	Stokes
Celler	Goldsborough	McFarlane	Vinson, Ky.
Chavez	Greenwood	McReynolds	Wadsworth
Claiborne	Hamilton	McSwain	Waldron
Cochran, Pa.	Hart	Montague	Walter
Connolly	Hoeppel	Moynihan	Warren
Corning	Hornor	Muldowney	
Crump	Hughes	Murdock	
De Priest	Jeffers	Perkins	

Mr. HENNEY. Mr. Speaker, my colleague, Mr. HUGHES, of Wisconsin, is unavoidably detained because of business.

The SPEAKER. Three hundred and sixty-five Members have answered to their names. A quorum is present.

Mr. BYRNS. Mr. Speaker, I move that further proceedings under the call be dispensed with.

The motion was agreed to.

MEMORIAL DAY

Mr. RANDOLPH. Mr. Speaker, under permission to revise and extend my remarks in the RECORD, I wish to include an eloquent memorial address delivered by my colleague from West Virginia [Mr. RAMSAY].

The SPEAKER. Is there objection to the request of the gentleman from West Virginia [Mr. RANDOLPH]?

There was no objection.

Mr. RANDOLPH. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following memorial address delivered by Hon. ROBERT L. RAMSAY, of West Virginia, at McMechen, W.Va., May 30, 1933:

Today all over this broad land the people of the United States meet in sacred session to pay tribute of respect to their departed dead who have "crossed the bourn from whence no traveler e'er returns."

It is only natural that man should mourn and lament over the death of a friend. When the grim Reaper has passed among us and stricken one whom we loved with death, we stand appalled at the awful mystery of it all, for we do not understand why the light of yesterday does not shine today, and why we no more feel the loving touch of the vanished hand, nor hear the voice that is now still. And we cry out like infants crying in the dark, for the light, with no language but a cry. And yet—why grieve? Death has no more mystery than has life. Each is only an inevitable and necessary law of nature and an incident in some Infinite plan we know not of.

We do not know why our friend has died, yet we know not why he lived. His birth, life, and death are to us wrapped in a cloak of mystery. Yet we know that death is not all; we know that man with his fertile brain has made it possible to perpetuate the history of the past and to penetrate the future and lift the vale of ages yet unborn, and to even snatch the lightning from the skies and harness it to man's bidding. Yes; we know from the wonderful inventions and ingenuity of man that in death he is more than mortal. But in life he is only mortal and was born to die that others might live.

"The boast of heraldry, the pomp of power,
And all that beauty, all that wealth e'er gave,
Await alike th' inevitable hour.
The paths of glory lead but to the grave."

Civilization is progressive. Every generation has its front rank and its rear rank. But the march of progress goes steadily onward toward the evolution of God's final purpose; the rear rank of each generation and the front rank of the new generation take their stand far beyond the ken of men of days gone by.

Time was—and not many generations ago—when ordinary men like you and me were looked upon as mere pawns to be used and cast aside by the will of a man who wore a coronet on his brow and held a scepter in his hand. The life and welfare of the common man meant nothing to him. To the common man the gates of ambition were forever closed. For him life held no bright promise to lure him on to noble thoughts and valorous achievements.

Today the best spirit of the world has changed. Though the eternal battle of life still rages, though the strong continue to oppress the weak, though tears are shed, blows are struck, and blood is spilled, yet through the din of strife, above the clash of arms, now strong, now weak, but ever growing more distinct, we hear the harmony of a sweet refrain, "Truth, justice, and equality." It is the voice of the world's front rank—that mighty advance guard of civilization pouring forth that wondrous melody—that song of songs—the fatherhood of God and the brotherhood of man.

It has been said that a nation's dead constitute the Iliad of a nation's woe, and its best heritage is the lessons which it carries to the living.

To care for and preserve the memory of those who have gone before has been to the thoughtful student of history, at all times, one of the signboards which show the progressive march of civilization and the development of the races. The monument to a dead hero, whose life has contributed something to the State, stands not alone as a constant tribute to his virtues and his memory, but an inspiration to the living and the nations of the earth which have not responded to this honored sentiment have not long survived the empire of decay. However short or humble a man's life may be, there gathers about it always something of love and sympathy; and when it is gone, some fond hope or bright ambition perishes.

The dead leave their good deeds behind them to serve both as a warning and an example, to be judged by what has been accomplished, by the spirit which inspired it and temptations and environments which endanger it. No man has lived without making some impressions, for good or ill, upon his generation, and no one is wholly dead whose memory or whose example inspires the humblest to higher ideals or loftier purposes. Man's life leaves the body and is borne to the earth whence it came; fruits and flowers bloom and blossom in the springtime and, with chill November's surly blast, fall to the earth and decay; but there never was a fruit and there never bloomed a flower that did not leave its seed, and never a life that did not leave the fruit of its example. The sun of man's life goes down and passes below the horizon, but the star of his example and good works remains fixed, unalterable in the firmament.

On a hillock, above the narrow pass of Thermopylae, stands in heroic size a marble lion—fit emblem of intrepid courage—and at its base is found the inscription:

"Go, tell the Spartan, thou that passeth by,
That here obedient to their laws we lie."

To the shrine of Spartan valor, the Spartan mother brings her son and reading the message which the dead sends to the living, recounts the story of Leonidas, the young king, and his Spartan band, who gave up their lives in defense of their country's laws. The same sentiment, ever ancient and ever new, still survives and will continue to live.

Twenty-three centuries have not extinguished this feeling of veneration for the dead, who have left the impress of their lives and the force of their example behind them. It still lives to console and elevate humanity. Its memorials are today found in every civilized land.

On the banks of the Danube, the historic stream whose waves have witnessed the march of the hordes of Attila and the paladins of Charlemagne, whose shores have echoed to the tramp of Roman legions, the hymns of the Crusaders, and the artillery of Napoleon, stands a noble structure in marble, called the Hall of Heroes, containing the effigies of the great men of Germany. By the soft blue waters of Lake Lucerne stands the Chapel of William Tell; and in the black aisle of the old cathedral of Innsbruck the peasant of the Tirol comes from his Alpine home and kneels, with bowed head, before the statue of Andreas Hofer.

The Frenchman rejoices in the glories of his race as he stands under the dome of the Invalides and looks upon the sarcophagus which contains the ashes of the Corsican Corporal, who carried the eagles of France beyond the Alps, stood with the tricolor in his hand on the Bridge of Lodi, dictated the great treaty on a raft at Tilsit, and fought Russian fires and Russian snows at the gates of the Kremlin. The Great Emperor, whose heel rang out upon the tessellated floors of the capitols of Europe, as he toppled their thrones, and used them as stepping stones, upon which he mounted the throne of the Empire of France; and as his countryman follows him to that dazzling summit, he can weep over his passing as he sees him driven into exile, where, like the caged eagle, he beats out his heart against the barren rocks of St. Helena.

In England—in Westminster Abbey, the Valhalla where rest England's great, her mighty dead—under the arched domes, with its many-colored lights, there are shed soft rays from a thousand windows, where stand in flawless marble and well-burnished bronze statues and monuments of the statesmen and the warriors who have caused the drumbeat of England to circle the globe and enabled the Briton to indulge in the proud boast of an ancient Spanish King—that the sun never sets upon his possessions; and

there are found the statues of her great Kings and her murdered princes, the learned Canning, and the elder and younger Pitt, the illustrious Gladstone, and his great rival in statescraft, Disraeli, the incomparable Jew, who welded principalities into an empire and crowned his queen with the diadem of an empress. Throughout the whole of the United Kingdom stand statues to her Wellington, her Gordon, and her Nelson—to the heroes of wars and the statesmen of her Parliaments. In these memorials to her departed dead you can see some of the secrets of England's 10 centuries of achievement. During life she might forget Nelson's last request before he fell at Trafalgar, she may have deserted Chinese Gordon to languish and die in the Sudan, yet she perpetuated for the living their memories, by preserving the heroism of their lives, after their deaths.

To emphasize the universality of this sentiment, one need not wander into strange lands nor search for new evidence among strange peoples. In our National Capitol, over whose dome stands the bronze figure of the Goddess of Freedom, is a Hall dedicated by national law and affectionate sentiment to the segregated States of the American Union; and in the city countless monuments and statues to the heroes of our wars for freedom and liberty—Yorktown, Gettysburg, Santiago, the Marne, and Chateau Thierry. And yet we know that these memorials, which stand out like granite ledges in the pathways of recorded time, only mark the name and perpetuate the fame of him who, by precept or example, has done the State some service, and leave unsolved the great mysteries of life and death. It is the life beyond the grave, when the soul has taken its flight from its tenement of clay, which has challenged the best thought of theologians and philosophers throughout all time. Some, in the whirl of busy life and the carnival of earthly ambition, may treat with sneer or jest the power and beauty of the Christian religion, but the sneer is robbed of its sting, and the jest becomes a mockery in the face of the struggling soul amid the agonies of dissolving nature and the gloom of approaching death. It is the quiet still voice from within which makes us feel there is that about us which will conquer mortality; that man made in the image of his Creator, the most helpless at his birth and the most decrepit in old age, of all the animal creation, was not made to wholly die.

The pagan philosopher heard the same voice when he appealed to his gods, and yet regarded them only as a superior influence which controlled the material things of life, while others of the advanced pagan school admitted as they exclaimed, "It must be so, Plato; thou reasonest well."

The savage Indian, reveling in the savagery of his race, feels the same influence when he furnishes the dead chief with food and raiment for his long journey in search of the happy hunting ground, the home of the Minto, the land beyond the Dakotas, where Hiawatha felt the spirit of Minnehaha went.

The children of the Orient feel it when they take their honored guests to the tombs of their dead ancestors, appeal to their departed spirits as they recall the injunction of Confucius, the Chinese philospher, that, "He who in the morning has seen the light may in the evening die with hope and without regret."

The children of Brittany heard the same whispering when they gathered at midnight by the shores of the sea listening for some sound from the chimes in the towers of their vanished and sunken city, which they expected to bring to them some message of hope from their departed dead.

The early Christian martyr had the same intuitive feeling when he renounced his idolatry, braved the fury of a Pagan mob, and looked calmly into the red eyes of the ferocious wild beast in the Colosseum. In all the stories which recount the heroism and Christian fortitude of the three centuries of struggle between paganism and the immortality of the soul, there is none more pathetic than the classic story of Ion and his sister Clemantha. Ion, condemned to death, his sister went to him on the night before his death to ask him in the name of their mutual affection and the memory of their dead mother, to renounce his faith, that his young life might be saved, and in despair finally asked him if he were sure after death they would meet again. "I have", he said, "asked that dread question of the sun in the effulgence of his midday splendor; I have asked it of the hills which, rock-ribbed, seem eternal; of the flowing streams which limpid flow on forever; I have asked it of the stars, amid whose dome of azure blue my radiant spirit has trod in glory; and all were dumb. But now, as I thus gaze upon thy living face, I feel the light which kindles through thine eyes cannot wholly perish. Yes; we shall meet again, Clemantha!" And on the succeeding day not one but two Christian martyrs, young in years and beautiful to look upon, hand in hand, sealed with their blood their fealty to the Christian God.

The conflict between belief and unbelief has been but little dwarfed by the ravages of time. The struggle is as acute in many respects today as it was of old and will doubtless continue to the end of time.

The same carping critics are asking, in the name of science, the same questions as did the disciples of Plato, until the issue is today not one of sect or creed but of belief against unbelief in all forms of the Christian religion. Happy are those here assembled who follow its teachings, because among beatitudes is full belief in the doctrine of revealed religion. Its teachings do not enable its members to accept one part and reject another portion of the great Book, which is the cornerstone, the substructure upon which is founded the Christian religion. It teaches the simple faith worth more than Norman blood, the faith so beautifully described by Huntington, the great master of blank verses, in the dialogue between the two sisters, when the older asks the younger why it was that the God in whom she believed permitted the rain to fall and the sun to shine upon and make fruitful the crops of the just and the unjust man alike. Her answer was, "I know not how these things are, my sister, but I gently lend my hand to faith and meekly follow where the angels lead." The same teachings cause us to believe in an eternal life beyond the grave with the same simple faith, and makes us feel that there is, there must be, a beautiful land somewhere; and this simple faith in the immortality of the soul is the most ennobling, the brightest star that ever crossed the horizon of man's unillumined vision.

But let us turn for one brief moment to the memory of our departed dead. Once they were wont to gather in our festive halls and listen to the wit and merriment of God's gifted children, but now they are gone and we have but their memory. We call their names, but from their voiceless lips there comes no answering call. We cry aloud, and the only answer is the echo of our wailing cry. And we know that in a little while we shall see you face to face. Then, O Death, where is thy sting? O Grave, where is thy victory?

And if they could come and join the solemn ceremonies of this hour, what message would they bring? Would it not be the message which the angels brought to the shepherds in the early twilight of the long ago—"Peace on Earth, Good Will to Men"?

Would the message not tell us, who are still in the quick, to be true to our professions, faithful to our friends, and to cover with the mantle of a generous charity, the frailties of our enemies.

Would the message not exhort us to obey more sedulously the high ideals of life, in order that our arm may be strengthened and our soul refreshed in preparation for the time when we too shall wrap the drapery of our couch about us, and take our place in the cold and silent chambers of the dead? Would not the message bring happiness to the heart, strength to the body, inspiration to the soul, and enable us to forget the transitory things of this life and prepare for the more substantial ones in the life to come?

And when another year shall, in the order of the seasons, bring like memorial services, whose place will be vacant here, and for whom will we then mourn? Certain, it reasonably is, that someone here present will be absent when the long roll is again called.

Let us hope, in answer to this solemn question, that the one to whom the final summons does come, it may find him ready to meet his Creator; may find him, as the evening twilight darkens into the night of death, surrounded by his family and his friends, consoled and comforted by his religion, of whatever form of worship it may take; and that he may be able, as gentle hands wipe the death damp from his brow, to console the bereaved ones, in the beautiful language found in the passing of good King Arthur.

"Comfort thyself as best thou mayest! For me weep not because they will waft me to the Vale of Avalon, where it never rains, where it never snows, and where the winds never blow loudly, and where eternal summer reigns."

MINORITY VIEWS

Mr. MARTIN of Colorado. Mr. Speaker, I ask unanimous consent to file a minority report from the Committee on Foreign Affairs.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

Mr. GOSS. Reserving the right to object, is that to be incorporated with the majority report?

Mr. MARTIN of Colorado. Yes; that will be satisfactory.

Mr. GOSS. Does the gentleman include that in his request?

Mr. MARTIN of Colorado. Yes.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

INTERSTATE RAILROAD TRANSPORTATION

Mr. RAYBURN. Mr. Speaker, is not the regular order a vote on the railroad bill?

The SPEAKER. Yes. The question is on the passage of the bill.

Mr. COLLINS of Mississippi. Mr. Speaker, I demand the yeas and nays.

Mr. SABATH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. SABATH. Will it be in order to move to recommit with instructions to strike out section 206?

The SPEAKER. That would not be in order.

Mr. COLLINS of Mississippi. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were refused.

The question was taken and the bill was passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

PAYMENT OF SEA DUTY TO SURPLUS GRADUATES OF NAVAL ACADEMY

Mr. VINSON of Georgia. Mr. Speaker, I call up the conference report on 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, and I ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Georgia [Mr. VINSON]?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate 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 having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment.

CARL VINSON,
FRED A. BRITTEN,
Managers on the part of the House.

PARK TRAMMELL,
GEO. MCGILL,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate 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 submit the following statement in explanation of the action agreed upon and recommended in the accompanying conference report.

The amendment of the Senate provided 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.

This amendment, however, is no longer necessary since the class of 1933 has already graduated from the Naval Academy (at 11 a.m., June 1, 1933).

The managers consider that the surplus of graduates of the class of 1933 should each be paid 1 year's sea pay in accordance with the provision of the law which was in effect at the time they graduated.

In the future, however, whenever there may be a surplus of graduates, those who do not receive commissions as ensigns in the Navy or in the lowest commissioned grades of the Marine Corps or Staff Corps of the Navy will receive a certificate of graduation and an honorable discharge, but will not receive the 1 year's sea pay.

CARL VINSON,
FRED A. BRITTEN,
Managers on the part of the House.

The SPEAKER. The question is on the adoption of the conference report.

The conference report was agreed to.

A motion to reconsider the vote by which the conference report was agreed to was laid on the table.

NATIONAL-GUARD LEGISLATION

Mr. HILL of Alabama. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 5645) to amend the National Defense Act of June 3, 1916, as amended.

The Clerk read as follows:

Be it enacted, etc., That section 1 of the National Defense Act of June 3, 1916, as amended, be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"SECTION 1. That the Army of the United States shall consist of the Regular Army, the National Guard of the United States, the National Guard while in the service of the United States, the Officers' Reserve Corps, the Organized Reserves, and the Enlisted Reserve Corps."

SEC. 2. That the fourth paragraph of section 5 of said act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"All policies and regulations affecting the organization and distribution of the National Guard of the United States, and all policies and regulations affecting the organization, distribution, and training of the National Guard, shall be prepared by committees of appropriate branches or divisions of the War Department General Staff, to which shall be added an equal number of officers from the National Guard of the United States, whose names are borne on lists of officers suitable for such duty, submitted by the governors of their respective States and Territories, and for the District of Columbia by the commanding general, District of Columbia National Guard.

"All policies and regulations affecting the organization, distribution, training, appointment, assignment, promotion, and discharge of members of the Officers' Reserve Corps, the Organized Reserves, and the Enlisted Reserve Corps shall be prepared by committees of appropriate branches or divisions of the War Department General Staff to which shall be added an equal number of officers from the Officers' Reserve Corps: *Provided*, That when the subject to be studied affects the National Guard of the United States or the National Guard and the Officers' Reserve Corps, the Organized Reserves, or the Enlisted Reserve Corps, such committees shall consist of an equal representation from the Regular Army, the National Guard of the United States, and the Officers' Reserve Corps. There shall be not less than 10 officers on duty in the War Department General Staff, one half of whom shall be from the National Guard of the United States and one half from the Officers' Reserve Corps. For the purpose specified herein such officers shall be regarded as additional members of the General Staff while so serving: *Provided further*, That the Chief of Staff shall transmit to the Secretary of War the policies and regulations prepared as hereinbefore prescribed in this paragraph and advise him in regard thereto. After action by the Secretary of War thereon, the Chief of Staff shall act as the agent of the Secretary of War in carrying the same into effect.

SEC. 3. That section 37 of said act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"SEC. 37. Officers' Reserve Corps: For the purpose of providing a reserve of officers available for military service when needed, there shall be organized an Officers' Reserve Corps, consisting of general officers and officers assigned to sections corresponding to the various branches of the Regular Army and such additional sections as the President may direct. The grades in each section and the number in each grade shall be as the President may prescribe. All persons appointed in the Officers' Reserve Corps are reserve officers and shall be commissioned in the Army of the United States. Such appointments in grades below that of brigadier general shall be made by the President alone, and general officers by and with the advice and consent of the Senate. Appointment in every case in the Officers' Reserve Corps shall be for a period of 5 years, but an appointment in force at the outbreak of war shall continue in force until 6 months after its termination: *Provided*, That an officer of the Officers' Reserve Corps shall be entitled to be relieved from active Federal service within 6 months after its termination if he makes application therefor. Any officer of the Officers' Reserve Corps may be discharged at any time in the discretion of the President. In time of peace an officer of the Officers' Reserve Corps must at the time of his appointment be a citizen of the United States between the ages of 21 and 60 years. Any person who has been an officer of the Army of the United States at any time between April 6, 1917, and June 30, 1919, or who has been an officer of the Regular Army at any time, if qualified, may be appointed in the Officers' Reserve Corps in the highest grade which he held or any lower grade. No other person except as herein provided shall in time of peace be originally appointed as a Reserve officer of Infantry, Cavalry, Field Artillery, Coast Artillery, or Air Corps in a grade above that of second lieutenant. In time of peace, appointment in the Infantry, Cavalry, Field Artillery, Coast Artillery, and Air Corps shall be limited to former officers of the Army, former officers of the National Guard of the United States, graduates of the Reserve Officers' Training Corps, as provided in section 47b hereof; warrant officers, and enlisted men of the Regular Army, National Guard of the United States, and Enlisted Reserve Corps, and persons who served in the Army at some time between April 6, 1917, and November 11, 1918. Promotions in all grades of officers who have established, or may hereafter establish, their qualifications for such promotion, and transfer, shall be made under such regulations as may be prescribed by the Secretary of War, and shall be based, so far as practicable, upon recommendations made in the established chain of command, but in time of peace not less than 3 years' service in a grade shall be a condition precedent to promotion. So far as practicable, in time of peace, officers of the Officers' Reserve Corps shall be assigned to units in the locality of their places of residence. Nothing in this act shall operate to deprive an officer of the Reserve appointment he now holds: *Provided*, That this shall not apply to the discretionary-discharge power of the President previously mentioned. Members of the Officers' Reserve Corps, while not on active duty, shall not, by reason solely of their appointments, oaths, commissions, or status as such, or any duties or functions performed or pay or allowances received as such, be held or deemed to be officers or employees of the United States, or persons holding any office of trust or profit or discharg-

ing any official function under or in connection with any department of the Government of the United States."

SEC. 4. That section 38 of said act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"SEC. 38. Officers, National Guard of the United States: All persons appointed officers in the National Guard of the United States are reserve officers and shall be commissioned in the Army of the United States. Such appointments in grades below that of brigadier general shall be made by the President alone, and general officers by and with the advice and consent of the Senate.

"Officers in the National Guard of the United States shall be appointed for the period during which they are federally recognized in the same grade and branch in the National Guard: *Provided*, That an appointment in force at the outbreak of war shall continue in force until 6 months after its termination: *And provided further*, That such officer shall be entitled to be relieved from active Federal service within 6 months after its termination if he makes application therefor.

"In time of peace the President may order to active duty, with their consent, officers of the National Guard of the United States for the purposes set forth in sections 5 and 81 of this act. When on such active duty an officer of the National Guard of the United States shall receive the same pay and allowances as an officer of the Regular Army of the same grade and length of active service and mileage from his home to his first station and from his last station to his home, but shall not be entitled to retirement or retired pay: *Provided*, That such officers ordered to such active duty shall be paid out of the funds appropriated for the pay of the National Guard.

"Officers of the National Guard of the United States, while not on active duty, shall not, by reason solely of their appointments, oaths, commissions, or status as such, or any duties or functions performed or pay or allowances received as such, be held or deemed to be officers or employees of the United States, or persons holding any office of trust or profit or discharging any official function under or in connection with any department of the Government of the United States."

SEC. 5. That section 58 of said act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"SEC. 58. Composition of the National Guard and the National Guard of the United States: The National Guard of each State, Territory, and the District of Columbia shall consist of members of the militia voluntarily enlisted therein, who upon original enlistment shall be not less than 18 nor more than 45 years of age, or who in subsequent enlistment shall be not more than 64 years of age, organized, armed, equipped, and federally recognized as hereinafter provided, and of commissioned officers and warrant officers who are citizens of the United States between the ages of 21 and 64 years: *Provided*, That former members of the Regular Army, Navy, or Marine Corps under 64 years of age may enlist in said National Guard.

"The National Guard of the United States is hereby established. It shall be a reserve component of the Army of the United States and shall consist of those federally recognized National Guard units and organizations, and of the officers, warrant officers, and enlisted members of the National Guard of the several States, Territories, and the District of Columbia, who shall have been appointed, enlisted and appointed, or enlisted, as the case may be, in the National Guard of the United States, as hereinafter provided, and of such other officers and warrant officers as may be appointed therein as provided in section 111 hereof: *Provided*, That the members of the National Guard of the United States shall not be in the active service of the United States except when ordered thereto in accordance with law, and, in time of peace, they shall be administered, armed, uniformed, equipped, and trained in their status as the National Guard of the several States, Territories, and the District of Columbia, as provided in this act: *And provided further*, That under such regulations as the Secretary of War shall prescribe, noncommissioned officers, first-class privates, and enlisted specialists of the National Guard may be appointed in corresponding grades, ratings, and branches of the National Guard of the United States, without vacating their respective grades and ratings in the National Guard."

SEC. 6. That section 60 of said act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"SEC. 60. Organization of National Guard units: Except as otherwise specifically provided herein, the organization of the National Guard, including the composition of all units thereof, shall be the same as that which is or may hereafter be prescribed for the Regular Army, subject in time of peace to such general exceptions as may be authorized by the Secretary of War. And the President may prescribe the particular unit or units, as to branch or arm of service, to be maintained in each State, Territory, or the District of Columbia in order to secure a force which, when combined, shall form complete higher tactical units: *Provided*, That no change in allotment, branch, or arm of units or organizations wholly within a single State will be made without the approval of the governor of the State concerned."

SEC. 7. That section 69 of said act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"SEC. 69. Enlistments in the National Guard and in the National Guard of the United States: Original enlistments in the National Guard and in the National Guard of the United States shall be for a period of 3 years, and subsequent enlistments for periods of 1 or 3 years each: *Provided*, That all enlisted men of the National Guard on the date of approval of this act may, under such regulations as may be prescribed by the Secretary of War, be enlisted in grade, rating, and branch in the National Guard of the United States for the remaining unexpired portions of their enlistments in the National Guard: *And provided further*, That in the event of an emergency declared by Congress the period of any enlistment which otherwise would expire may by Presidential proclamation be extended for a period of 6 months after the termination of the emergency."

SEC. 8. That section 70 of said act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"SEC. 70. Men enlisting in the National Guard of the several States, Territories, and the District of Columbia, and in the National Guard of the United States, shall sign an enlistment contract and subscribe to the following oath or affirmation:

"I do hereby acknowledge to have voluntarily enlisted this —— day of ———, 19—, as a soldier in the National Guard of the United States and of the State of ———, for the period of 3 (or 1) year—, under the conditions prescribed by law, unless sooner discharged by proper authority. And I do solemnly swear that I will bear true faith and allegiance to the United States of America and to the State of ———, and that I will serve them honestly and faithfully against all their enemies whomsoever, and that I will obey the orders of the President of the United States and of the Governor of the State of ———, and of the officers appointed over me according to law and the rules and articles of war."

SEC. 9. That said act be amended by adding section 71 thereto, as follows:

"SEC. 71. Definitions: In this act, unless the context or subject matter otherwise requires—

"(a) 'National Guard' or 'National Guard of the several States, Territories, and the District of Columbia' means that portion of the Organized Militia of the several States, Territories, and the District of Columbia, active and inactive, federally recognized as provided in this act and organized, armed, and equipped in whole or in part at Federal expense and officered and trained under paragraph 16, section 8, article I, of the Constitution.

"(b) 'National Guard of the United States' means a reserve component of the Army of the United States composed of those federally recognized units and organizations and persons duly appointed and commissioned in the active and inactive National Guard of the several States, Territories, and the District of Columbia who have taken and subscribed to the oath of office prescribed in section 73 of this act, and who have been duly appointed by the President in the National Guard of the United States as provided in this act, and of those officers and warrant officers appointed as prescribed in sections 75 and 111 of this act, and of those persons duly enlisted in the National Guard of the United States and of the several States, Territories, and the District of Columbia who have taken and subscribed to the oath of enlistment prescribed in section 70 of this act."

SEC. 10. That section 72 of said act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"SEC. 72. An enlisted man discharged from service in the National Guard and the National Guard of the United States shall receive a discharge in writing in such form and with such classification as is or shall be prescribed for the Regular Army, and in time of peace discharges may be given prior to the expiration of terms of enlistment under such regulations as the Secretary of War may prescribe."

SEC. 11. That section 73 of said act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"SEC. 73. Oaths of National Guard officers—Appointment in the National Guard of the United States: Commissioned officers and warrant officers of the National Guard of the several States, Territories, and the District of Columbia and in the National Guard of the United States shall take and subscribe to the following oath of office:

"I, ———, do solemnly swear that I will support and defend the Constitution of the United States and the Constitution of the State of ——— against all enemies, foreign and domestic; that I will bear true faith and allegiance to the same; that I will obey the orders of the President of the United States and of the Governor of the State of ———; that I make this obligation freely, without any mental reservation or purpose of evasion, and that I will well and faithfully discharge the duties of the office of ——— in the National Guard of the United States and of the State of ——— upon which I am about to enter, so help me God.

"The President is authorized to appoint in the same grade and branch in the National Guard of the United States any person who is an officer or warrant officer in the National Guard of any State, Territory, or the District of Columbia and who is federally recognized in that grade and branch: *Provided*, That acceptance of appointment in the same grade and branch in the National Guard of the United States, by an officer of the National Guard of a State, Territory, or the District of Columbia, shall not operate to vacate his State, Territory, or District of Columbia National Guard office.

"Officers or warrant officers of the National Guard who are in a federally recognized status on the date of the approval of this act shall take the oath of office herein prescribed and shall be

appointed in the National Guard of the United States in the same grade and branch without further examination, other than physical, within a time limit to be fixed by the President, and shall in the meantime continue to enjoy all the rights, benefits, and privileges conferred by this act."

SEC. 12. That section 75 of said act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"SEC. 75. The provisions of this act shall not apply to any person hereafter appointed as an officer of the National Guard unless he first shall have successfully passed such tests as to his physical, moral, and professional fitness as the President shall prescribe. The examination to determine such qualifications for appointment shall be conducted by a board of three commissioned officers appointed by the Secretary of War from the Regular Army or the National Guard of the United States, or both. The examination herein provided for may be held prior to the original appointment or promotion of any individual as an officer or warrant officer and if the applicant has been found qualified, he may be issued a certificate of eligibility by the Chief of the National Guard Bureau, which certificate, in the event of appointment or promotion within 2 years to the office for which he was found qualified, shall entitle the holder to Federal recognition without further examination, except as to his physical condition.

"Upon being federally recognized such officers and warrant officers may be appointed in the National Guard of the United States."

SEC. 13. That section 76 of said act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"SEC. 76. Withdrawal of Federal recognition: Under such regulations as the President shall prescribe the capacity and general fitness of any officer or warrant officer of the National Guard of the several States, Territories, and the District of Columbia for continued Federal recognition may at any time be investigated by an efficiency board of officers senior in rank to the officer under investigation, appointed by the Secretary of War from the Regular Army or the National Guard of the United States, or both. If the findings of said board be unfavorable to the officer under investigation and be approved by the President, Federal recognition shall be withdrawn and he shall be discharged from the National Guard of the United States. Federal recognition may be withdrawn by the Secretary of War and his appointment in the National Guard of the United States may be terminated when an officer or warrant officer of the National Guard of any State, Territory, or the District of Columbia has been absent without leave for 3 months."

SEC. 14. That section 77 of said act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"SEC. 77. Elimination and disposition of officers of the National Guard of the United States: The appointments of officers and warrant officers of the National Guard may be terminated or vacated in such manner as the several States, Territories, or the District of Columbia shall provide by law. Whenever the appointment of an officer or warrant officer of the National Guard of a State, Territory, or the District of Columbia has been vacated or terminated, or upon reaching the age of 64 years, the Federal recognition of such officer shall be withdrawn and he shall be discharged from the National Guard of the United States: *Provided*, That under such regulations as the Secretary of War may prescribe upon termination of service in the active National Guard an officer of the National Guard of the United States may, if he makes application therefor, remain in the National Guard of the United States in the same grade and branch of service. When Federal recognition is withdrawn from any officer or warrant officer of the National Guard of any State, Territory, or the District of Columbia, as provided in section 76 of this act, or upon reaching the age of 64 years, he shall thereupon cease to be a member thereof and shall be given a discharge certificate therefrom by the official authorized to appoint such officer."

SEC. 15. That section 78 of said act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"SEC. 78. Men duly qualified for enlistment in the active National Guard may enlist for one term only in the inactive National Guard and in the National Guard of the United States for a period of 1 or 3 years, under such regulations as the Secretary of War shall prescribe, and on so enlisting they shall sign an enlistment contract and subscribe to the oath or affirmation in section 70 of this act.

"Under such regulations as the Secretary of War may prescribe, enlisted men of the active National Guard, not formerly enlisted in the inactive National Guard or the National Guard of the United States, may be transferred to the inactive National Guard; likewise enlisted men hereafter enlisted in or transferred to the inactive National Guard may be transferred to the active National Guard: *Provided*, That in time of peace no enlisted man shall be required to serve under any enlistment for a longer time than the period for which he enlisted in the active or inactive National Guard, as the case may be. Members of said inactive National Guard, when engaged in field or coast-defense training with the active National Guard, shall receive the same Federal pay and allowances as those occupying like grades on the active list of said National Guard when likewise engaged."

SEC. 16. That section 81 of said act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"SEC. 81. The National Guard Bureau: The Militia Bureau of the War Department shall hereafter be known as the National Guard Bureau. The Chief of the National Guard Bureau shall be appointed by the President, by and with the advice and consent of the Senate, by selection from lists of officers of the National Guard of the United States recommended as suitable for such appointment by their respective governors, and who have had 10 or more years' commissioned service in the active National Guard, at least 5 of which have been in the line, and who have attained at least the grade of colonel. The Chief of the National Guard Bureau shall hold office for 4 years unless sooner removed for cause, and shall not be eligible to succeed himself, and when 64 years of age shall cease to hold such office. Upon accepting his office, the Chief of the National Guard Bureau shall be appointed a major general in the National Guard of the United States, and commissioned in the Army of the United States, and while so serving he shall have the rank, pay, and allowances of a major general, provided by law, but shall not be entitled to retirement or retired pay.

"For duty in the National Guard Bureau and for instruction of the National Guard the President shall assign such number of officers of the Regular Army as he may deem necessary; also, such number of enlisted men of the Regular Army for duty in the instruction of the National Guard. The President may also order, with their consent, to active duty in the National Guard Bureau, not more than nine officers who at the time of their initial assignments hold appointments in the National Guard of the United States, and any such officers while so assigned shall receive the pay and allowances provided by law.

"In case the office of the Chief of the National Guard Bureau becomes vacant or the incumbent because of disability is unable to discharge the powers and duties of the office, the senior officer on duty in the National Guard Bureau, appointed from the National Guard of the United States, shall act as chief of said bureau until the incumbent is able to resume his duties or the vacancy in the office is regularly filled. The pay and allowances provided in this section for the Chief of the National Guard Bureau and for the officers ordered to active duty from the National Guard of the United States shall be paid out of the funds appropriated for the pay of the National Guard."

SEC. 17. That section 82 of said act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"SEC. 82. Armament, equipment, and uniform of the National Guard.—The National Guard shall, as far as practicable, be uniformed, armed, and equipped with the same type of uniforms, arms, and equipments as are or shall be provided for the Regular Army."

SEC. 18. That section 111 of said act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"SEC. 111. When Congress shall have declared a national emergency and shall have authorized the use of armed land forces of the United States for any purpose requiring the use of troops in excess of those of the Regular Army, the President may, under such regulations, including such physical examination as he may prescribe, order into the active military service of the United States, to serve therein for the period of the war or emergency, unless sooner relieved, any or all units and the members thereof of the National Guard of the United States. All persons so ordered into active military service of the United States shall from the date of such order stand relieved from duty in the National Guard of their respective States, Territories, and the District of Columbia so long as they shall remain in the active military service of the United States, and during such time shall be subject to such laws and regulations for the government of the Army of the United States as may be applicable to members of the Army whose permanent retention in active military service is not contemplated by law. The organization of said units existing at the date of the order into active Federal service shall be maintained intact insofar as practicable.

"Commissioned officers and warrant officers appointed in the National Guard of the United States and commissioned or holding warrants in the Army of the United States, ordered into Federal service as herein provided, shall be ordered to active duty under such appointments and commissions or warrants: *Provided*, That those officers and warrant officers of the National Guard who do not hold appointments in the National Guard of the United States and commissions or warrants in the Army of the United States may be appointed and commissioned or tendered warrants therein by the President in the same grade and branch they hold in the National Guard.

"Officers and enlisted men while in the service of the United States under the terms of this section shall receive the pay and allowances provided by law for officers and enlisted men of the reserve forces when ordered to active duty, except brigadier generals and major generals, who shall receive the same pay and allowances as provided by law for brigadier generals and major generals of the Regular Army, respectively. Upon being relieved from active duty in the military service of the United States all individuals and units shall thereupon revert to their National Guard status.

"In the initial mobilization of the National Guard of the United States war-strength officer personnel shall be taken from the National Guard as far as practicable, and for the purpose of this expansion warrant officers and enlisted men of the National Guard may in time of peace be appointed officers in the National

Guard of the United States and commissioned in the Army of the United States."

SEC. 19. That section 112 of said act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"SEC. 112. Rights to pensions: When any officer, warrant officer, or enlisted man of the National Guard or the National Guard of the United States called or ordered into the active service of the United States, or when any officer of the Officers' Reserve Corps or any person in the Enlisted Reserve Corps ordered into active service, except for training, is disabled by reason of wounds or disability received or incurred while in the active service of the United States, he shall be entitled to all the benefits of the pension laws existing at the time of his active service; and in case such officer or enlisted man dies in the active service of the United States or in returning to his place of residence after being mustered out of active service, or at any other time in consequence of wounds or disabilities received in such active service, his widow and children, if any, shall be entitled to all the benefits of such pension laws."

SEC. 20. That the seventh paragraph of section 127a of said act be, and the same is hereby, amended by striking out the same and inserting the following in lieu thereof:

"In time of war any officer of the Regular Army may be appointed to higher temporary grade without vacating his permanent appointment. In time of war any officer of the Regular Army appointed to higher temporary grade, and all other persons appointed, as officers, shall be appointed and commissioned in the Army of the United States. Such appointments in grades below that of brigadier general shall be made by the President alone, and general officers by and with the advice and consent of the Senate: *Provided*, That an appointment, other than that of a member of the Regular Army made in time of war, shall continue until 6 months after its termination, and an officer appointed in time of war shall be entitled to be relieved from active Federal service within 6 months after its termination if he makes application therefor."

The SPEAKER. Is a second demanded?

Mr. BLANTON. Mr. Speaker, I demand a second.

Mr. HILL of Alabama. Mr. Speaker, I ask unanimous consent that a second may be considered as ordered.

The SPEAKER. Without objection it is so ordered.

There was no objection.

Mr. HILL of Alabama. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, this bill is what is commonly known as the National Guard bill. It comes to you today with the unanimous report of your Committee on Military Affairs. It should be termed the child of the National Guard Association.

In 1926 the National Guard Association, meeting in Louisville, Ky., passed a resolution asking for legislation along the lines of this bill. In compliance with this resolution, the Secretary of War appointed a special committee, composed of officers of the Regular Army, of the National Guard, and of the Reserves. This special committee formulated this bill. It was then sent to Congress and introduced in this body. The bill was passed by this House in the Seventy-first Congress and has been favorably reported unanimously by your Committee on Military Affairs three different times.

It imposes no additional burden whatever upon the Federal Treasury. It is a bill of some 24 pages but has just one main object and most of its language is a repetition of what is now in the National Defense Act. Contrary to the general thought, the National Guard as now constituted is not a part of the Army of the United States. It is the Organized Militia, organized under the militia clause of section 8 of article I of the Constitution of the United States, and is subject to call by the Federal Government only for three purposes: First, to execute the laws of the United States; second, to suppress insurrections; and, third, to repel invasions. It is not subject to call for service beyond the boundaries of the United States.

Gentlemen will recall that at the time of the World War the National Guard could not be called into the Federal service for use in France. The individual members of the National Guard, as individuals, had to be drafted into the Federal service, and when this drafting had to be resorted to it meant that many units of the National Guard that had come down from the days of the Revolution were ruthlessly destroyed and members of these units had to go into new and entirely different units in the Army of the United States.

In the event of another war, the National Guard is anxious to come into the Army of the United States in its National Guard units and set-up and not have to be disbanded and its members drafted as individuals into new units.

Mr. TABER. Mr. Speaker, will the gentleman yield?

Mr. HILL of Alabama. I yield.

Mr. TABER. Does this bill go so far as to take the National Guard out of the control of the Governors of the States so that the National Guard cannot be called by the Governor in his own State for riot service, for instance?

Mr. HILL of Alabama. No; it does not affect the present status of the National Guard in any way whatsoever, except when the Congress of the United States has declared a national emergency to exist, or has declared war and has authorized the use of troops in addition to the Regular Army. It does not affect the National Guard in any way whatsoever so far as its peace-time status is concerned.

Mr. COLLINS of Mississippi. Mr. Speaker, will the gentleman yield?

Mr. HILL of Alabama. I yield.

Mr. COLLINS of Mississippi. The purpose of this bill, as I gather it, is to enable the National Guard to go into the service of the United States in the event of war as an organization and to come out as an organization?

Mr. HILL of Alabama. That is correct.

Mr. COLLINS of Mississippi. One more question, if the gentleman will permit. I read the provisions of the McSwain bill as introduced. Will the gentleman state to the Congress what amendments, if any, were added in committee?

[Here the gavel fell.]

Mr. HILL of Alabama. Mr. Speaker, I yield myself 5 additional minutes.

I may state to the gentleman from Mississippi that there were very few amendments added, and these were minor. As the bill was originally introduced, it provided that the chief of the National Guard Bureau, which today is known as the "Militia Bureau", might succeed himself. The bill as now before the House provides that the Chief of the National Guard Bureau shall have a term of 4 years and shall not succeed himself.

Mr. COLLINS of Mississippi. Does the gentleman approve of that amendment? The present Chief of the Militia Bureau is an up-to-date soldier. There is nothing obsolete about him.

Mr. HILL of Alabama. I think it was the intent of Congress when the National Defense Act was passed that the chiefs of these bureaus should have only a 4-year term and then step aside and let somebody else have the opportunity to be chief of the particular bureau. I wish to say, however, that I share the gentleman's esteem and appreciation of the present Chief of the Militia Bureau.

Mr. COLLINS of Mississippi. What are the other amendments?

Mr. HILL of Alabama. The other amendments in the bill are very minor. The bill was reintroduced after the committee had considered it, and any committee amendments do not show in this print, but they were not of any consequence. Does the gentleman from Mississippi have any particular section in mind?

Mr. COLLINS of Mississippi. I understand there were amendments relating to promotion. What is this amendment?

Mr. HILL of Alabama. There was no such amendment.

Mr. TERRELL. Mr. Speaker, will the gentleman yield for a question?

Mr. HILL of Alabama. I yield.

Mr. TERRELL. I have not had time to study this bill. Does it provide that the President may draft these units into the service in foreign fields without further legislation?

Mr. HILL of Alabama. No. The President cannot call the National Guard into the Army of the United States unless the Congress of the United States has declared war or has declared a national emergency to exist and has gone

farther and authorized the use of troops in addition to the Regular Army.

Mr. DOCKWEILER. Mr. Speaker, will the gentleman yield?

Mr. HILL of Alabama. I yield.

Mr. DOCKWEILER. What happens to the National Guard membership as to the pension situation after it is brought into the regular standing Army under the terms of this bill?

Mr. HILL of Alabama. When war or national emergency is declared by Congress and the National Guard is called into the Army of the United States side by side with the Regular Army, then the members of the National Guard share any pension benefits or privileges that may belong to the men or officers of the Regular Army.

Mr. DOCKWEILER. But not otherwise.

Mr. HILL of Alabama. Not otherwise; no.

Mr. HARLAN. Mr. Speaker, will the gentleman yield?

Mr. HILL of Alabama. I yield.

Mr. HARLAN. What is the attitude of the General Staff of the Army toward this bill?

Mr. HILL of Alabama. The War Department approves the bill. The National Guard Association approves the bill. The Reserve Officers' Association approves the bill. In fact, every group and element of our national defense approves the bill.

Mr. HARLAN. That includes the General Staff?

Mr. HILL of Alabama. That includes the General Staff of the War Department.

Mr. WEIDEMAN. Mr. Speaker, will the gentleman yield?

Mr. HILL of Alabama. I yield.

Mr. WEIDEMAN. Then, the main purpose of the bill is to expedite the induction of the National Guard units into the Federal service in a time of extreme emergency?

Mr. HILL of Alabama. Not only to expedite their induction, but to permit these units to come in as National Guard units in their National Guard organization or set-up, and then to permit them to be discharged and sent back into their peace-time service in their National Guard units or set-up.

Mr. WEIDEMAN. Only in the event of declaration of war by Congress do they become part of the Regular Army.

Mr. HILL of Alabama. Yes; and then only if the President of the United States, as Commander in Chief of the Army of the United States, sees fit to call them into service.

Mr. PARKER of Georgia. Mr. Speaker, will the gentleman yield?

Mr. HILL of Alabama. I yield.

Mr. PARKER of Georgia. Will the gentleman explain to the Membership of the House how it was that after the World War when the National Guard troops were disbanded they were disorganized and that the respective States had to reorganize the National Guard after the war?

Mr. HILL of Alabama. After the World War the National Guard units had to be reorganized to all practical intents and purposes as if there had been no National Guard.

Mr. PARKER of Georgia. And under this bill if the National Guard is used in an emergency it can be returned to the States as units; is that right?

Mr. HILL of Alabama. Yes. The gentleman from Georgia is a former adjutant general of the State of Georgia, a distinguished National Guard officer, and he has been one of the best and most helpful friends of this legislation.

Mr. PARKER of Georgia. I certainly am friendly to it, and I would like to see it passed without a single vote against it.

Mr. HILL of Alabama. Good.

Mr. STUDLEY. Will the gentleman yield?

Mr. HILL of Alabama. I yield.

Mr. STUDLEY. Is the gentleman convinced that this law will make the military forces more mobile and more efficient in time of war?

Mr. HILL of Alabama. I think it will do this. I am confident it will materially help the morale of the National Guard. When the men of the National Guard can come in with their own units and in their own organizations it will make for better morale and better esprit de corps.

Mr. STUDLEY. And easier mobilization.

Mr. HILL of Alabama. Yes.

Mr. TRUAX. There is nothing in this bill that affects the present drill pay of the National Guard?

Mr. HILL of Alabama. There is nothing that affects that whatever.

Mr. HEALEY. In other words, if the National Guard organizations go into service, they preserve their identity in the service.

Mr. HILL of Alabama. Yes; that is the purpose of the bill.

In passing this bill we are carrying out, after 150 years, the admonition of George Washington, made with reference to the establishment of a "well-regulated militia." On April 9, 1783, Alexander Hamilton, as chairman of a committee of the Congress of the United States composed of Hamilton, Madison, Osgood, Wilson, and Elsworth, and appointed to consider what arrangements should be made in the different departments of the Government with reference to peace, addressed a letter to Gen. George Washington asking for his views on the defense of the United States, particularly with reference to reconciling the principles of security with economy and with the republican institutions which all citizens were then intent upon setting up. Before complying with the request Washington called upon all of his generals, at or near his headquarters, for their written opinions on the subject, and received replies from such distinguished officers as Pickering, Knox, Putnam, King, Clinton, and Von Steuben. After digesting the papers submitted to him by his trusted lieutenants, Washington wrote his own views under the title of "Sentiments on a peace establishment", which he transmitted to the President of the Congress.

The Revolutionary War had been won by the Continental Army. This force from Washington down to the lowest private was composed of citizen soldiers. Its modern prototype is our National Guard. Washington desired to assure the speedy formation of a similar force for future emergencies. He therefore proposed that a sufficient number of the younger men of the militia be set apart and trained in time of peace. This would form a Continental Army of the future. This is what Washington meant by a "well-regulated militia", and this is what we provide by the passage of the pending bill.

[Here the gavel fell.]

Mr. BLANTON. Mr. Speaker, I am as good a friend of the National Guard as any other Member of this House. I will do just as much for them as any other Member here. I am going to vote for this bill, because it is their bill, and this will be the only opportunity to consider and pass it before we adjourn. And what I shall say respecting this "motion to suspend the rules" must not be construed in any way as any opposition to this National Guard bill, but a protest against calling up such important measures under a suspension of the rules, with only 20 minutes' debate allowed to the side, and when there is no opportunity for any Member to offer any amendment, however salutary and necessary, but all Members must vote for the bill just as it is written, and there cannot be one word or syllable of it changed.

Such important bills as this should be called up and considered under the general rules of the House, when their provisions may be known to and understood by all of the Members, and an opportunity given to offer proper amendments, if it should develop that same are necessary.

No committee is infallible. All committees make mistakes, once in a while. Every bad bill that was ever passed by Congress, had been favorably approved by some committee. Every bill that is defeated in this House, came from some committee with a favorable report. We have defeated several bad measures in this special session of Congress. Some committee had approved and asked for their passage.

This bill contains 25 printed pages. I will guarantee that outside of the Committee on Military Affairs, which reported it, there are not 10 Members who have ever read it. You

have not even heard it read by the Clerk. Our colleague from Alagama, Mr. HILL, in charge of it through unanimous consent, had the reading of it waived, and it will be passed here in a few minutes without the Membership knowing just what is contained in the many paragraphs of the 20 different sections of the 25 printed pages of this bill. Is that a sane way to legislate?

Now, remember, I am going to vote for this bill. I am for the National Guard. This is the National Guards' bill. I am for it. But I am registering my protest against this method of legislating. I am doing it as a suggestion and warning to my colleagues that they must watch the many bills closely that are to be called up under suspension between now and adjournment, because most of the bills that will be passed hereafter, excepting, of course, the Consent Calendar, will be passed under suspension of the rules, when they cannot be properly debated, and they cannot be amended in any particular. Some of them will not be so good. In fact, some of them will be bad. And there will be some of them that we must defeat.

This bill was introduced in this House on May 15, 1933, was referred to the Committee on Military Affairs, was printed that night, and on the next day was favorably reported by the committee, and on May 16, 1933, was put on the calendar of this House.

Mr. HILL of Alabama. Will the gentleman yield?

Mr. BLANTON. Certainly.

Mr. HILL of Alabama. The gentleman from South Carolina [Mr. MCSWAIN] introduced practically the bill we have before us today many weeks ago, and the committee went over that bill line by line and section by section and——

Mr. BLANTON. I cannot yield further.

Mr. HILL of Alabama. And then had the bill, as amended, introduced.

Mr. BLANTON. Mr. Speaker, the gentleman from Alabama has his own time and I will let him answer me in his own time.

This particular bill, H.R. 5645, as I say, was introduced on May 15, 1933. The next day, on May 16, 1933, as soon as it came from the Government Printing Office, it was taken up that day by the Committee on Military Affairs and favorably reported, and it was placed on this calendar for passage. Now all rules are to be suspended and this bill of 25 printed pages, without having been read here even once, is to be passed without allowing any amendment, with only 20 minutes debate to the side. This is pretty rapid procedure.

What time did the National Guard or the National Guard units of the United States have between the 15th day of May and the 16th day of May in the 48 States of the Union to pass upon the amendments that were put on the other McSwain bill and that are now in this present McSwain bill? I do not know that down in my State the National Guard has approved these amendments. I am with the National Guard of my State. I am for their program and for their bill. I am for passing a bill that will protect their interests, but I do not know that this bill protects them. I am forced to accept it blindly, because the National Guard are entitled to have their bill passed.

This special session is the session of the President of the United States. It was called for no purpose other than to put into effect the President's policies and the President's program. This particular bill has not come from the White House. Franklin D. Roosevelt has not sent this bill up here and asked us to report it on 24 hours' notice and to pass it under suspension of the rules. There may be excuse for passing the President's bills under suspension, because he wants them passed just as he has prepared them. He does not want them ruined by amendments that may come from across the aisle designed to hamper him.

Do you new Members know what you are going to have to do under this procedure? Dr. WEARIN, you are going to have to sit there like an open-mouth mocking bird and swallow a 25-page bill that you have not read and that you have not heard read, and of the contents of which you know nothing, when you cannot, as a good representative of the people of Iowa, offer an amendment, and you cannot debate it, even though you have been the Democratic leader in the Iowa Legislature for 4 years. You cannot change this bill by the dotting of an "i" or the crossing of a "t." You have got to vote for it as it is, after debate of 20 minutes on the side, and you cannot amend it in any particular. Is that the way to pass bills under orderly procedure?

Mr. STUDLEY and Mr. LLOYD rose.

Mr. BLANTON. In just a moment I will yield.

[Here the gavel fell.]

Mr. BLANTON. Mr. Speaker, I yield myself 5 more minutes. If any other gentleman wants any time to speak on this matter, I will yield him time.

Mr. LLOYD. Can the gentleman tell us what is the matter with this bill? What is wrong with it?

Mr. BLANTON. Possibly nothing. But there could be some provision in it that the National Guard would not approve. Has the gentleman read the bill?

Mr. LLOYD. Yes; I am on the committee, and I want to know what the gentleman has against it.

Mr. BLANTON. Was this bill read paragraph by paragraph in the committee?

Mr. LLOYD. Certainly.

Mr. BLANTON. On the 16th day of May 1933?

Mr. LLOYD. I do not know what day it was, but every paragraph has been read and considered.

Mr. BLANTON. That is the day it came from the Government Printing Office. And with its 25 pages it was reported that same day by the committee.

Mr. LLOYD. And all the members of the committee are for it.

Mr. BLANTON. That May 16 is the day it came from the Printing Office, and that is the day it was reported by the gentleman's committee and put on the calendar. It should have been read carefully that day paragraph by paragraph.

Mr. LLOYD. What is wrong with the bill?

Mr. BLANTON. I cannot yield further. I will let the gentleman get his time from the committee.

I am not fighting this bill. It is probably just what the National Guard in my district want. There is probably nothing wrong with it. But surely when it is being passed in behalf of the National Guard an opportunity should be given the National Guard of every State to pass upon amendments recently added to the bill by the committee. As I said before, I am merely registering my solemn protest against passing such measures of this importance under suspension of rules, where they cannot be read, where they cannot be properly debated, where they cannot be amended, and when over 400 Representatives of the people in this House know nothing whatever about its provisions. It is to stop other bills from being taken up under suspension of rules between now and adjournment, that I am taking this time and going to this trouble.

Let me call your attention to the number of bills which today are to follow this one and are to be called up under suspension of rules. Some are good bills and ought to be passed. Some are bad bills and ought to be defeated. But when passed under suspension of rules there is no time given for proper consideration. You have not time to properly explain the good ones, so as to insure their passage, and you have not time to explain the bad ones so as to be sure to cause their defeat.

Following this National Guard bill, which we ought to pass without a vote against it, there will be called up the bankruptcy bill of our friend from Oklahoma [Mr. MCKEOWN], H.R. 5884, which is a bill of 32 printed pages; and it was introduced in this House on June 2, 1933, and on that day was referred to the Committee on the Judiciary and ordered to be printed, and on that same day, June 2, 1933, was favorably reported by the Committee on the Judiciary, being report no. 194, and was immediately placed on the calendar, which shows some unusually speedy work. Outside of the committee there are not a dozen Members who have read that 32-page bill; and it will not be read here when it is called up. It will be passed perfunctorily and only a few here will know what it is all about. That is not the way to legislate sanely and judiciously. It is not the orderly way.

Fortunately we are assured by members of the Judiciary Committee that this is a proper bill. But we have to take their word for it. We do not know ourselves. Hence we are voting on it blindly.

Then there will be called up today to be passed under suspension of rules the Senate bill S. 604, which passed the Senate on May 1, and was favorably reported by our Committee on the Public Lands on May 22, 1933. How many Members here know anything about it? From inquiries we are told by the committee that it is "all right" and possibly it is; yet, after all, we must vote on it blindly, and must take the word of the committee for it, and we cannot amend it in any particular. Suppose there should be something wrong with it? Suppose it is unwise and not salutary? Our constituents will hold us responsible for it. We cannot excuse ourselves by saying, "We relied on the committee." Our constituents back home are expecting us to know that a bill is good before we vote for it. Our constituents are depending on us, and on us alone. They are not depending on the committee. We are their Representatives. They expect us to legislate for them.

Then there will be called up by our friend from Mississippi, Mr. RANKIN, the bill he introduced at the instance and request of the President of the United States, H.R. 5767, authorizing the President of the United States to appoint as Governor of Hawaii a citizen of the mainland. This is the President's bill. There is some reason for passing it under suspension. The President wants it passed. The President needs it. Just now, particularly, the President desires to appoint for this most important position as Governor of Hawaii someone whom he knows has proper qualifications, someone in whom he has perfect confidence, someone who has good judgment, someone who is wise and sagacious, someone who is dependable under all circumstances, and someone who will bring order out of chaos, and who will enforce law and maintain order, for the protection of all of the people of Hawaii. And it is to protect as well the United States. An unwise Governor there could involve us in serious complications and embarrassments. We have ample authority, both under the treaty and under the organic act, to pass this bill. And this bill is probably the only one that should have been called up here under suspension of rules. The other bills should have been considered under the general rules of the House.

Then, probably, there will be called up under suspension of rules Senate Joint Resolution 54, or a similar House measure, which provides that our criminal statutes shall be waived, and shall not 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 such benefits, thus permitting him to act as agent or attorney for another before departments, notwithstanding his employment by the Government, with a proviso that not more than three such officers shall hold such exemption. This is a bad bill. It should not pass. We should not extend any such unwise precedent. We should not let any man thus hold two jobs, where there are millions seeking one job and cannot find any. We should never allow any official on the pay roll of this Government to accept employment from another to represent such private interests against the Government. That is unthinkable.

I have discussed this unwise policy of passing bills under suspension of rules, hoping that we will stop the practice, except as to administration measures which the President desires to be passed during this crucial emergency, just as he writes them. And when this emergency is over, we must stop passing President's bills. Then they must be our own bills. We are not reading this 25-page bill. It is not the President's bill. Such bills should be read.

Mr. O'MALLEY. When the economy bill was passed we did not read it, and the gentleman's point is that this is too important a measure to pass without discussion by paragraph.

Mr. BLANTON. It is too important a matter to take up here without even reading it, when only emergency matters thus should be passed and passed under a suspension of the rules. It is a bill of 25 pages. We cannot have time to discuss the provisions, it cannot be read by paragraphs, and we cannot amend it.

Mr. TRUAX. Will the gentleman yield?

Mr. BLANTON. I am sorry, I have not the time. I will let the gentleman use the time of the committee. If you will look at section 19, on page 23 of this bill, you will see where it provides for pensions for the National Guard. Now, I am in favor of this provision. But in connection with it there are some disabled World War veterans and disabled veterans of the Spanish-American War who are lying on their backs disabled 100 percent and have had their pensions taken from them. Under regulations promulgated by Director Douglas and General Hines, under the economy bill men dying of tuberculosis, who are 100 percent disabled, have had their pensions taken away, when they cannot get a job and when their wives cannot get jobs, because when people find out that her husband has tuberculosis they will not employ the wife. They are helpless. Why not provide to suspend the rules and pass a bill to remedy these injustices General Hines is causing when men are dying of tuberculosis? They are becoming desperate; they do not know which way to turn. There are going to be thousands of men put on charity in every part of the United States. While we are passing a bill like this for men who are now able-bodied, and arranging pensions for them in the future, do not you think that at the same time we ought to provide pensions to men who were disabled on the battlefields of France and who are now helpless?

The man who went to France and who was gassed and come back and months and even years afterward developed tuberculosis—show me the scientists who can say with certainty that such tuberculosis is not the result of his service. Where is the scientist who can tell you that he knows that the tuberculosis did not result from the man's service?

I know some scientists have said so; they have told the Veterans' Administration so, and many of these men are now losing their pensions and all are going to be cut in their pay.

[Here the gavel fell.]

Mr. BLANTON. Mr. Speaker, I yield myself 5 minutes more.

Mr. BLANCHARD. Will the gentleman yield?

Mr. BLANTON. Is the gentleman in favor of taking up such bills under suspension?

Mr. BLANCHARD. I do not care when it is taken up.

Mr. BLANTON. Then I cannot yield to the gentleman. I am in favor of taking such bills up under orderly procedure, reading them under the 5-minute rule section by section, and give Members a chance to find out what is in the bills and a chance to amend them if they need amending. Oh, they say, members of the committee know what it means. How many of you gentlemen who are not on the committee know what it means? There are over 400 of you who are not on that committee. How do you know what is in this bill? It has not been read.

Mr. STUDLEY. We have confidence in the committee.

Mr. BLANTON. Then why do not you go home and let the committee bring in the bills and pass them? You are not needed here because you have confidence in the committee.

The gentleman is willing to follow the committee when he himself does not know anything against it. That is getting to be a habit with others.

Mr. MILLARD. Has not that been the custom right through the Seventy-third Congress so far?

Mr. BLANTON. Oh, to be sure, with respect to administration measures; the President knows what his policies are, and he has his program, and he prepares measures and sends them here to our leadership, and they are introduced for him and are favorably reported as a matter of course, and to be sure that they are passed as the President wants them and not as he does not want them; they have to be considered either under a rule that prevents amendments or else rules are suspended and they are passed without amendment. That has been the custom from time immemorial.

That happens regularly under Republican Presidents and it happens regularly under Democratic Presidents.

Naturally in this special session that rule has been much in vogue. This is the President's special session. He called it for the express purpose of putting his policies into effect. The people were not depending on Congress. They were depending on President Franklin D. Roosevelt. Our constituents back home, Republicans and Democrats alike, expected us to back the President. They wanted us to give the President what he asked for, because in no other way could he put his program into execution.

The people are relying upon the President and not upon you and me. The people want the President to have a chance, and I have been giving him the chance.

Mr. STUDLEY. The gentleman voted against the beer bill.

Mr. BLANTON. Oh, that involved a moral question. The gentleman ought to observe the rules and rise when he addresses a Member, and first get permission before he interrupts. He ought to study the manual. He ought to get the revised copy that our distinguished colleague from Missouri [Mr. CANNON], one of the greatest parliamentarians this House has ever known, is getting out now in the Printing Office.

It is in the last 6 days of every session that bills are passed without proper consideration. Having been here watching things for 16 long years, I have come to the conclusion there ought not to be any "last 6 days" of a Congress. When you pass bills under suspension, you cannot change them, you cannot amend them, and you cannot properly debate them. We ought not to bring up any bills hereafter in this special session except the President's measures that are a part of his program. We will have plenty of time in the next session to pass measures that are not sent here by the President.

Mr. SISSON. Mr. Speaker, I rise to a point of order. The gentleman is not discussing the bill. He is talking about the way it should be passed in the next session.

The SPEAKER. The gentleman will discuss the bill.

Mr. BLANTON. The Chair will not hold me out of order although the gentleman from New York may.

Mr. SISSON. Will the gentleman yield for a question?

Mr. BLANTON. No; I regret that I have not the time.

Mr. SISSON. For just one simple question.

Mr. BLANTON. No; I cannot, because I want to conclude. Mr. Speaker, I decline to yield.

Mr. CLARKE of New York. Mr. Speaker, I think the Chair should protect the gentleman from Texas.

Mr. BLANTON. With my other good friend from New York [Mr. CLARKE] here, I do not need any protection. I want to ask one question. Why should we not put other bills off that the President does not ask for until next session and take them up in an orderly way, when we can have the consensus of opinion of 435 Members, and not merely the opinion of one committee? When I first brought before this committee my Resolution 355 to remove William Wolff Smith as general counsel of the Veterans' Bureau many of the members of the committee were against me. But after placing before the committee a lot of evidence, the members of the committee helped me, and we forced him to resign.

Mr. SNELL. Mr. Speaker, I make the point of order that the gentleman is not in order.

The SPEAKER. The time of the gentleman from Texas has again expired.

Mr. SNELL. And the gentleman claims that he knows more about the rules than any man in the House.

Mr. BLANTON. Mr. Speaker, I yield myself 2 minutes more.

Mr. SNELL. I insist upon the point of order.

The SPEAKER. The gentleman will speak to the bill.

Mr. BLANTON. Of course I know my good friend from Potsdam is in favor of this bill.

Mr. SNELL. I make the point of order that the gentleman must proceed in order. He has not followed the rules of the House since he has been on the floor today.

The SPEAKER. The gentleman will proceed in order.

Mr. BLANTON. I am sure that the distinguished minority leader is in favor of these suspensions, even if he does come from Potsdam. He has passed so many bills during the time that he has been the Republican leader under suspension of the rules——

Mr. SNELL. Mr. Speaker, I make the point of order and insist the gentleman talk to the bill.

The SPEAKER. The point of order is sustained.

Mr. BLANTON. Is the gentleman in favor of suspensions?

Mr. SNELL. Mr. Speaker, I insist upon the gentleman confining himself to the bill. He has told us today that he is an expert on the rules and follows them, and I insist that he follow the rules of the House and talk on this bill.

The SPEAKER. The gentleman will proceed in order.

Mr. BLANTON. Mr. Speaker, I am going to do it in spite of the gentleman from Potsdam. This is a good bill. I am for it. It ought to be passed, even though there may be some things in here that may affect adversely the interest of every National Guard in any one of our States. These things get by the committee sometimes. A committee is not infallible.

Mr. Speaker, I am ready to conclude my remarks. I have registered my protest against passing large bills of great importance under suspension of rules, unless they are administration measures and are a part of the Chief Executive's program.

Mr. Speaker, I would not have used so much time if it had not been for the interruptions. If anyone desires time, I will be glad to give them what is left.

Mr. HILL of Alabama. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts [Mr. CONNERY].

Mr. CONNERY. Mr. Speaker, the gentleman from Texas [Mr. BLANTON] said this bill would put the National Guard, as far as pensions were concerned, in the same status as the disabled veterans. My distinguished friend from Texas is mistaken in this matter. If the Congress should declare war and the National Guard was inducted into service under the same conditions as the Regular Army, then those men in the guard would be entitled to a pension. So there is nothing in this bill which discriminates against the disabled veterans at all.

Mr. BLANTON. I did not say that. My distinguished friend from Massachusetts misunderstood me. I just called attention to section 19, which provided pensions, merely to remind the Congress that the Pension Bureau is now doing grave injustice to veterans of several wars.

Mr. CLARKE of New York. Mr. Speaker, a point of order. The gentleman from Texas has not been recognized.

Mr. BLANTON. I was speaking with the permission of my friend from Massachusetts, who has the floor.

Mr. CONNERY. Yes; I am always glad to yield to the gentleman from Texas. We have had many interesting colloquies on the floor of this House in the past 10 years.

Mr. BLANTON. Certainly. The gentleman from Massachusetts [Mr. CONNERY] knows how to protect himself and does not need any help from the gentleman from New York. [Laughter and applause.]

Mr. CONNERY. The National Guard has been trying to get this legislation since 1926. Seven years the guard has favored this type of bill. The gentleman from Texas gave the impression to the House that the National Guard did not know just exactly what was in this bill. They know what is in the bill. They have been after it for 7 years. Every National Guard unit in the United States wants this bill passed.

The National Guard is the backbone of national defense. They have a great esprit de corps, great love of their units, and during the World War when they went into service, just as the gentleman from Alabama [Mr. HILL] said, it was a source of great annoyance to them and great regret that they lost their unity in being thrown into other outfits. This bill protects that esprit de corps so necessary in fighting outfits and its passage will greatly help the morale of the guard. So I hope the bill is passed. It is a great bill for national defense, and anything we can do to help national defense is needed at this time. [Applause.]

The SPEAKER. The time of the gentleman from Massachusetts has expired.

Mr. HILL of Alabama. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. EAGLE].

Mr. EAGLE. Mr. Speaker, the object of this bill is that if ever war be declared, the National Guard units would be summoned by the President into the National Army as units.

I was here in 1917, and I happened to be the second Member of the Congress of the United States who declared he thought we should sever diplomatic relations and declare war upon Germany, Mr. Gardner, of Massachusetts, being the first. I was the first Member of Congress to declare in favor of the selective-service system. Whether we were wise or unwise in that position is not now the point, but my own idea is that when you have to fight you have to fight. I watched our men go to France. I saw the army commands in Europe try to disintegrate our men and put them into various European army commands as cannon fodder, and I saw that great American, Pershing, refuse absolutely to do it. [Applause.] One of the glories of the American armies is that we fought in Europe as an American army. And it was the solid American army unit who broke the Hindenberg line. Now, because this bill was not in effect then, to permit the National Guard units to be accepted as units, we had to draft our National Guard men not as units but as individual members, so that they did not have the esprit de corps they would have had if they had gone in under their own National Guard officers and with the associates with whom they were in close fellowship at home.

Mr. HOEPPEL. Will the gentleman yield?

Mr. EAGLE. Oh, I cannot yield, having only 2 minutes. Please excuse me.

There should not be a single vote against this bill. After it is passed the National Guard will go in as units and will fight as units and we will come out as units, and the States will not then be reorganizing their National Guard units again. [Applause.]

The SPEAKER. The time of the gentleman from Texas [Mr. EAGLE] has expired.

Mr. HILL of Alabama. Mr. Speaker, I yield 1 minute to the gentleman from Oregon [Mr. MARTIN].

Mr. MARTIN of Oregon. Mr. Speaker, I differ very much with my distinguished friend from Texas [Mr. BLANTON]. For one, I am delighted at this session that we are having less wind and more action. [Laughter.]

Why put off this bill? It has been before Congress for 7 years. It comes before you now with the approval of the War Department.

Mr. O'MALLEY. Will the gentleman yield?

Mr. MARTIN of Oregon. I yield.

Mr. O'MALLEY. There are close to 200 new Members in this Congress, who, I feel, should be entitled to have time to study these matters.

Mr. MARTIN of Oregon. They had better leave the study alone and take the advice of the oldtimers.

Mr. O'MALLEY. They did that on the economy bill, and what good did it do?

Mr. MARTIN of Oregon. If they will take the advice of the oldtimers, they will get along fine. What you need to do is get in and drill. [Laughter.]

Everybody is in favor of this bill. I say, everybody connected with the Military Establishment is in favor of the bill.

The SPEAKER. The time of the gentleman from Oregon [Mr. MARTIN] has expired.

Mr. HILL of Alabama. Mr. Speaker, I have only one speaker on this side, and I ask the gentleman from Texas [Mr. BLANTON] to use the balance of his time.

Mr. BLANTON. I yield 1 minute to the gentleman from California [Mr. HOEPPEL].

Mr. HOEPPEL. I simply wanted to ask the gentleman from Texas [Mr. EAGLE], who said he voted for the selective draft, if he voted for the National Economy Act?

Mr. EAGLE. I did not; and I am not having to "eat crow", as some people, in pretending that I did not know the effect of it, either. [Laughter and applause.]

Mr. BLANTON. Mr. Speaker, I yield 1 minute to the gentleman from Oklahoma [Mr. ROGERS].

Mr. ROGERS of Oklahoma. Mr. Speaker, I have obtained this time for the purpose of asking a question of the gentleman from Oregon, General MARTIN. In his remarks a few moments ago he said that this bill had been considered by Congress for 7 years. I do not see the general now——

Mr. MARTIN of Oregon. Here I am, right here.

Mr. ROGERS of Oklahoma. I wish to ask the gentleman what Congress he means?

Mr. MARTIN of Oregon. Before the Congress of the United States, House after House. Now it comes before us again.

Mr. ROGERS of Oklahoma. Just a moment. I want a definite answer to my question; it is certain that the same Congress has not considered this legislation for 7 years and most assuredly this is the first time it has been before the Seventy-third Congress.

Mr. MARTIN of Oregon. I am trying to answer the gentleman. He cannot take me off my feet.

Mr. ROGERS of Oklahoma. Just a moment. The gentleman says that it has been before Congress for 7 years. Congress has changed several times during the period of 7 years, and I am referring to its Membership. The present House has not discussed it at all previous to this debate today. More than one third of the House Members of this Seventy-third Congress are new men, and you expect us to accept measures like this with 20 minutes' discussion and no opportunity to offer amendments.

Mr. MARTIN of Oregon. The gentleman is a Member of it, however, and has the opportunity to study these things.

Mr. ROGERS of Oklahoma. That is the trouble with you, General; you want to give orders like you would in the Army, and expect us to obey like buck privates. [Applause.] You want to thrust legislation down our throats. I am not objecting to the bill, but I am objecting to the procedure under which it is being considered. [Applause.]

[Here the gavel fell.]

Mr. BLANTON. Mr. Speaker, in the remaining time left to me I desire to call attention to the fact that because I registered my protest against important measures embracing 25 printed pages being called up under the suspension of all rules, several speakers have indicated by their remarks that I was fighting the passage of this bill. Such is not the case. I am for this bill, and there probably will not be a vote against it.

When I mentioned section 19, on page 23 of the bill, I was not against the pensions there provided for, as my friend from Michigan [Mr. JAMES] in his remarks indicated. I merely referred to such section 19 in calling attention to the many injustices now being done other pensioners who are helpless and disabled. This section 19 provides:

> When any officer, warrant officer, or enlisted man of the National Guard or the National Guard of the United States called or ordered into the active service of the United States, or when any officer of the Officers' Reserve Corps or any person in the Enlisted Reserve Corps ordered into active service except for training, is disabled by reason of wounds or disability received or incurred while in the active service of the United States, he shall be entitled to all the benefits of the pension laws existing at the time of his active service; and in case such officer or enlisted man dies in the active service of the United States or in returning to his place of residence after being mustered out of active service, or at any other time in consequence of wounds or disabilities received in such active service, his widow and children, if any, shall be entitled to all the benefits of such pension laws.

There is nothing wrong with the above section. I am in favor of it. When our National Guard is mustered into service, I am in favor of giving them every right that is enjoyed by the Regular Military Establishment. This bill should have been passed long ago. But it should have been passed under the general rules of the House, so that we could study it and be sure that the amendments recently placed on same by the committee are right and proper and meet with the approval of the National Guard at home in our various States.

My earliest recollections as a young boy are centered around the brilliant achievements of the Houston Light

Guards, then the crack company of the United States. I then lived at the corner of Fannin and Lamar Streets, in the city of Houston. Just a block from my home was Bremond Square. It was here this champion company put on many of its wonderful drills. If I remember correctly, it took first prize both in New Orleans and Philadelphia in the competitive drills then annually held over the United States. Captain Price, of the Houston Light Guard, then was my hero. He lived close by. Many times he talked to me. He let me handle his sword. He explained to me just what his company meant to the United States. Having lived in such an atmosphere as a child, I could not be unfriendly to the National Guard. I am their friend. And having registered my protest against the unwisdom of passing measures under suspension of rules, I want to see this bill pass. And I hope there will not be a vote against it.

Mr. HILL of Alabama. Mr. Speaker, I yield the balance of my time to the gentleman from Michigan [Mr. JAMES].

Mr. JAMES. Mr. Speaker, this is not a General Staff bill. It is not a bill of the Military Affairs Committee. It is a bill which has been voted on and acted upon for 7 years by the National Guard and Reserve officers. The ones who have brought pressure upon Congress and the Military Affairs Committee to have action today—in fact, we have tried it several times this session—are the National Guard and the Reserve officers. We have been told by the National Guard that if this bill passes the House today they will get the bill through the Senate before we adjourn on June 10, and they will then have a bill for which they have been fighting for 7 long years.

In addition to that the Reserve officers are holding their annual convention at Chicago today and they are hoping before they adjourn they will get word that the House had passed this bill by unanimous vote.

The Gentleman from Texas [Mr. BLANTON] talked about the National Guard officers getting pensions. The only thing that happens is in case the National Guard are called into the Regular Army in times of war or national emergency they receive the same treatment as men of the Regular Army.

The necessity for this bill, more than any other, is well illustrated by the following: In 1898 I happened to be a volunteer—private in the "rear rank." We had five National Guard regiments in Michigan. We went from the National Guard into the Regular Army. These five National Guard regiments were disbanded. When the war was over we were discharged as individuals from the Regular Army, and it took some of us 2 or 3 years to get back the same regiments we had in Michigan before. The same thing happened in this last war. Although the war was over in 1919, we have been trying in Michigan, unsuccessfully, ever since to get the National Guard back as it was.

This bill means that when Congress after declaring war or a national emergency the President may call in a regiment of the National Guard and it will retain its National Guard status.

Gentlemen, this bill ought to pass the House. It has passed the House before, and it should pass today by a unanimous vote.

Mr. CASTELLOW. Mr. Speaker, will the gentleman yield?

Mr. JAMES. I yield.

Mr. CASTELLOW. Will this bill increase in any way the expenses of the Government?

Mr. JAMES. In no way whatsoever.

The SPEAKER. The question is, Shall the rules be suspended and the bill be passed?

The question was taken; and on a division (demanded by Mr. Goss), there were—ayes 169, noes 1.

So, two thirds having voted in favor thereof, the rules were suspended and the bill was passed.

REDUCTION OF PENSION OF A VETERAN OF THE SPANISH-AMERICAN AND WORLD WARS

Mr. CLARKE. I ask unanimous consent to extend my remarks in the RECORD.

There was no objection.

Mr. CLARKE of New York. Mr. Speaker, this defender of our Nation served in two wars—as a captain in the Spanish-American War and as a captain in the World War—and has had his pension reduced from $50 a month to $6.

He did not apply for a pension until his condition became so serious he was unfit for work in June 1920. His original pension was $12, was increased to $18, later to $30, and on June 2, 1930, to $50 a month, upon a rating of three quarters disability.

When he was mustered in he had a slight left inguinal hernia, and the records show it was "slight, but well sustained by truss." He could do everything any man could do, so was accepted for service. In camp in 1898 he contracted a severe cold and the cold developed into pleurisy, but sailed with his detachment for Honolulu and served at Camp McKinley; was again taken sick, this time with malarial fever, and was transferred to a military hospital.

On November 30, 1898, his regiment returned to the United States, but he was kept in the hospital in Honolulu until December 20. About December 10 he had a recurrence of the pleurisy. These two attacks affected his rupture very seriously and developed a tendency toward bronchial colds and cough incident to the pleurisy.

This soldier has had a slight shock, impairing the use of his right hand and partially of the left, affecting his speech and walk. At present he is wholly disabled and at 75 years of age there is little chance of improvement.

If there is a man in the United States entitled to a pension, it is this man; and I cite this fact in the CONGRESSIONAL RECORD, have brought it to the attention of Mr. Morgan, Director of Pensions, and the Director of the Budget, as I cannot believe that it was ever the intention of the Congress, and certainly not their expectation, that such injustices would be wrought under the guise of economy.

AMENDMENT OF BANKRUPTCY LAW

Mr. McKEOWN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 5884) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto, with an amendment.

The Clerk read the title of the bill.

Mr. McKEOWN. Mr. Speaker, I ask unanimous consent that the reading of the bill be dispensed with and that it be printed in the RECORD at this point.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The bill is as follows:

Be it enacted, etc., That the act of July 1, 1898, entitled "An act to establish a uniform system of bankruptcy throughout the United States", as amended by the acts of February 5, 1903, June 15, 1906, June 25, 1910, March 2, 1917, January 7, 1922, May 27, 1926, February 11, 1932, and March 3, 1933, be, and it is hereby, amended by adding to chapter VIII, entitled "Provisions for the relief of debtors", two new sections to read as follows:

"SEC. 78. Additional jurisdiction: In addition to the jurisdiction exercised in voluntary and involuntary proceedings to adjudge persons bankrupt, courts of bankruptcy shall exercise original jurisdiction in proceedings for the relief of debtors, as provided in section 79 of this act.

"SEC. 79. Corporate reorganizations: (a) Any corporation which could become a bankrupt under section 4 of this act, and any railroad or other transportation corporation, except a railroad corporation authorized to file a petition or answer under the provisions of section 77 of this act, and except as hereinafter provided, may file an original petition, or, before adjudication in an involuntary proceeding, an answer, or in any proceeding pending in bankruptcy, a petition stating that the corporation is insolvent or unable to meet its debts as they mature and that it desires to effect a plan of reorganization. The petition shall be filed with the court in whose territorial jurisdiction the corporation, during the preceding 6 months or the greater portion thereof, has had its principal place of business or its principal assets. The petition or answer shall be accompanied by payment to the clerk of a filing fee of $100, which shall be in addition to the fees required to be collected by the clerk under other sections of this act. Upon the filing of such a petition or answer the judge shall enter an order either approving it as properly filed under this section if satisfied that such petition or answer complies with this section and has been filed in good faith, or dismissing it. If the petition or answer is so approved, an order of adjudication in bankruptcy shall not be entered and the court in which such order approving the peti-

tion or answer is entered shall, during the pendency of the proceedings under this section, have exclusive jurisdiction of the debtor and its property wherever located for the purposes of this section, and shall have and may exercise all the powers, not inconsistent with this section, which a Federal court would have had it appointed a receiver in equity of the property of the debtor on the ground of insolvency. The corporation shall be referred to in the proceedings as a 'debtor.' Any corporation the majority of the capital stock of which having power to vote for the election of directors is owned, either directly or indirectly through an intervening medium, by any debtor, or substantially all of whose properties are operated by such debtor under lease or operating agreement, may file, with the court in which such debtor has filed its petition or answer, and in the same proceeding, a petition stating that it is insolvent or unable to meet its debts as they mature and that it desires to effect a plan of reorganization in connection with, or as a part of, the plan of reorganization of such other debtor; and thereupon such court, if it approves such petition, shall have the same jurisdiction with respect to such corporation, its property, and its creditors and stockholders as the court has with respect to such other debtor. Three or more creditors who have provable claims against any corporation which amount in the aggregate, in excess of the value of securities held by them, if any, to $1,000 or over may, if such corporation has not filed a petition or answer under this section, file with the court in which such corporation might file a petition under this section, a petition stating that such corporation is insolvent or unable to meet its debts as they mature and has committed an act of bankruptcy within 4 months, that such creditors propose that it shall effect a reorganization; and such corporation shall, within 10 days after the service of a copy of such petition upon it, answer such petition. If such answer shall admit (a) the jurisdiction of the court, (b) that the claims of the petitioning creditors constitute the amounts necessary to entitle them to file such petition under this section, and (c) that the corporation is either insolvent or unable to meet its debts as they mature, the court shall enter an order approving the petition as properly filed under this section if satisfied that it complies with this section and has been filed in good faith, or dismiss it if not so satisfied. If such answer shall deny either the jurisdiction of the court or that the claims of the petitioning creditors constitute such necessary amounts or that the corporation is insolvent or unable to meet its debts as they mature, the judge shall determine summarily the issues presented by the pleadings, without the intervention of a jury, and if the material allegations of the petition are sustained by the proofs and the court is satisfied that the petition complies with this section and has been filed in good faith it shall approve the petition; otherwise the court shall dismiss the petition; and if any such petition shall be so approved, the proceedings thereon shall continue with like effect as if the corporation had itself filed a petition or answer under this section. In case any such petition or answer or proceedings shall be dismissed in the manner provided in this subdivision (a) or in subdivision (c), clause (8), of this section, the same shall not constitute an act of bankruptcy or an admission of insolvency or be admissible in evidence, without the consent of the debtor, in any proceedings then or thereafter pending or commenced under this act or in any Federal or State court. If three or more creditors who have provable claims which amount in the aggregate in excess of the value of securities held by them, if any, to $1,000 or over, or if stockholders holding 5 percent in number of all shares of stock of any class of the debtor outstanding shall, prior to the hearing provided for in subdivision (c), clause (1), of this section appear and controvert the facts alleged in the petition or answer, the judge shall determine as soon as may be the issues presented by the pleadings, without the intervention of a jury, and unless the material allegations of the petition or answer are sustained by the proofs, the proceedings shall be dismissed.

"(b) A plan of reorganization within the meaning of this section (1) shall include provisions modifying or altering the rights of creditors generally, or of any class of them, secured or unsecured, either through the issuance of new securities of any character or otherwise; (2) may include provisions modifying or altering the rights of stockholders generally, or of any class of them, either through the issuance of new securities of any character or otherwise; (3) shall provide for the payment in cash of all costs of administration and other allowances made by the court except that compensation or reimbursement provided for in subdivision (c), clause (9), of this section, may be paid in securities provided for in the plan if those entitled thereto will accept such payment and the court finds such compensation reasonable; (4) shall provide in respect of each class of stockholders, a majority of which shall not accept such plan (unless the judge shall determine either that the debtor is insolvent, or that the interest of such class of stockholders will not be affected adversely by the plan), adequate protection for the realization by them of the value of their equity, if any, in the property of the debtor dealt with by the plan, either as provided in the plan, (a) by a sale of the property at not less than a fair upset price, or (b) by appraisal and payment in cash of the value either of their stock, or at the objecting stockholders' election, of the securities allotted to such stockholders under the plan, if any shall be so allotted, or (c) by such methods as will do substantial justice to such stockholders under and consistent with the circumstances of the particular case; (5) shall provide in respect of each class of creditors two thirds in amount of which shall not accept such plan (unless the claims of such class of creditors will not be affected by the plan, or the plan makes provision for the payment of their claims in cash in full), provide adequate protection for the realization by them of the value of their interests, claims, or liens, if the property affected by such interests, claims, or liens is dealt with by the plan, either as provided in the plan (a) by the transfer or sale of such property subject to such interests, claims, or liens, or by the retention of such property by the debtor subject to such interests, claims, or liens, or (b) by a sale free of such interests, claims, or liens at not less than a fair upset price and the transfer of such interests, claims, or liens to the proceeds of such sale; or (c) by appraisal and payment either in cash of the value either of such interests, claims, or liens, or, at the objecting creditors' election, of the securities allotted to such interests, claims, or liens under the plan, if any shall be so allotted; or (d) by such method as will in the opinion of the judge, under and consistent with the circumstances of the particular case, equitably and fairly provide such protection; (6) may reject contracts of the debtor which are executory in whole or in part, including unexpired leases except contracts in the public authority; (7) shall, in case any creditor or stockholder or class thereof shall not be affected by the plan, specify the creditor or stockholder or class or classes thereof not affected and contain such provisions with respect thereto as may be appropriate, and in case any controversy shall arise as to whether any creditor or stockholder or class thereof shall or shall not be affected, the issue shall be determined by the judge after hearing upon notice to the parties interested; (8) shall specify what claims, if any, are to be paid in cash in full; (9) shall provide adequate means for the execution of the plan, which may include the transfer of all or any part of the property of the debtor to another corporation or to other corporations, or the consolidation of the properties of the debtor with those of another corporation, or the merger or consolidation of the debtor into or with another corporation or corporations, or the retention of the property by the debtor, the distribution of assets among creditors or any class thereof, the satisfaction or modification of liens, indentures, or other similar instruments, the curing or waiver of defaults, extension of maturity dates of outstanding securities, the change in interest rates and other terms of such securities, the amendment of the charter of the debtor, and the issuance of securities of either the debtor or any such corporation or corporations, for cash, or in exchange for existing securities, or in satisfaction of claims or rights, or for other appropriate purposes; and (10) may deal with all or any part of the property of the debtor. No creditor or stockholder shall, for the purposes of this section, be deemed to be affected by any plan of reorganization unless the same shall affect his interests materially and adversely. The term 'securities' shall include evidences of indebtedness, either secured or unsecured, stock, certificates of beneficial interest therein, and certificates of beneficial interest in property. The term 'stockholders' shall include the holders of voting trust certificates. The term 'creditors' shall include for all purposes of this section and of the reorganization plan, its acceptance and confirmation, all holders of claims of whatever character against the debtor or its property, including claims under executory contracts and for future rent, whether or not such claims would otherwise constitute provable claims under this act. The term 'claims' includes debts, securities, other than stock, liens, or other interests of whatever character. For all purposes of this section unsecured claims which would have been entitled to priority over existing mortgages if a receiver in equity of the property of the debtor had been appointed by a Federal court on the day of the approval of the petition or answer under this section, shall be entitled to such priority, and the holders of such claims, and of other claims, if any, of equal rank, shall be treated as a separate class of creditors. In case any executory contract shall be rejected, the same shall be deemed to have been breached and the holder shall be entitled to file a claim for damages for such breach and such claim may be allowed provided such contract shall not have terminated by forfeiture, reentry, or otherwise. In the case of secured claims entitled to the provisions of clause (5) of this subdivision (b), the value of the security shall be determined in the manner provided in section 57, clause (h), of this act, and if the amount of such value shall be less than the amount of the claim, the excess may be classified as an unsecured claim. The provisions of section 60 of this act shall apply to claims against the debtor in a proceeding under this section. For all purposes of this section any creditor may act in person or by a duly authorized agent or committee.

"(c) Upon approving the petition or answer or at any time thereafter, the judge, in addition to the jurisdiction and powers elsewhere in this section conferred upon him, (1) may, after hearing upon notice to the debtor and to such others as the judge may determine temporarily continue the debtor in possession or appoint a trustee or trustees of the debtor's estate, and shall require the debtor, or such trustee or trustees, if appointed, to give such notice as the order may direct to creditors and stockholders and to cause publication thereof to be made at least once a week for 2 successive weeks of a hearing to be held within 30 days after such appointment, or, if no such appointment, within 30 days after the approval of the petition or answer, at which hearing or any adjournment thereof, or at any subsequent hearing after notice, the judge may make permanent any such appointment, or terminate it and restore the debtor to possession, or, if no trustee has been appointed, may appoint a trustee or trustees, and may remove any such trustee or trustees and continue the debtor in possession or appoint a substitute trustee or trustees and may appoint an additional trustee or trustees; (2) shall fix the amount of the bond of every such trustee, and every such trustee, upon filing such bond, shall have all the title and shall

exercise, subject to the control of the judge and consistently with the provisions of this section, all the powers of a trustee appointed pursuant to section 44 of this act, and, if authorized by the judge, the same powers as those exercised by a receiver in equity to the extent consistent with this section, and, subject to the authorization and control of the judge, the power to operate the business of the debtor during such period, fixed or indefinite, as the judge may from time to time prescribe; (3) may, for cause shown, authorize the debtor or the trustee or trustees, if appointed, to issue certificates for cash, property, or other consideration approved by the judge for such lawful purposes, and upon such terms and conditions and with such security and such priority in payments over existing obligations, secured or unsecured, as may be lawful in the particular case; (4) shall require the debtor, or the trustee or trustees, if appointed, at such time or times as the judge may direct, and in lieu of the schedules required by section 7 of this act, to file such schedules and submit such other information as may be necessary to disclose the conduct of the debtor's affairs and the fairness of any proposed plan; and may direct the debtor, or the trustee or trustees, if appointed, to prepare (a) a list of all known bondholders and creditors of, or claimants against, the debtor or its property, and the amounts and character of their debts, claims, and securities, and the last known post-office address or place of business of each creditor or claimant, and (b) a list of the stockholders of each class of the debtor, with the last known post-office address or place of business of each, which lists shall be open to the inspection of any creditor or stockholder of the debtor, during reasonable business hours, upon application to the debtor, or to the trustee or trustees, if appointed, and the contents of such lists shall not constitute admissions by the debtor or the trustees in a proceeding under this section or otherwise; (5) may direct the rejection of contracts of the debtor executory in whole or in part; (6) shall determine a reasonable time within which the claims and interests of creditors and stockholders may be filed or evidenced and after which no such claim or interest may participate in any plan, except on order for cause shown, the manner in which such claims and interests may be filed or evidenced and allowed, and, for the purposes of the plan and its acceptance, the division of creditors and stockholders into classes according to the nature of their respective claims and interests; and may, for the purposes of such classification, classify as an unsecured claim the amount of any secured claim in excess of the value of the security therefor, such value to be determined in accordance with the provisions of section 57, clause (h), of this act; (7) shall cause reasonable notice of such determination and of all hearings for the consideration of any proposed plan, or of the dismissal of the proceedings, or the liquidation of the estate, or the allowance of fees or expenses, to be given creditors and stockholders by publication or otherwise; (8) if a plan of reorganization is not proposed or accepted within such reasonable period as the judge may fix, or, if proposed and accepted, is not confirmed, may, after hearing, whether the proceeding be voluntary or involuntary, either extend such period or dismiss the proceeding under this section or, except in the case of a railroad or other public utility or of a debtor which has not been found by the judge to be insolvent, direct the estate to be liquidated, or direct the trustee or trustees to liquidate the estate, appointing a trustee or trustees if none shall previously have been appointed, as the interests of the creditors and stockholders may equitably require; (9) may allow a reasonable compensation for the services rendered and reimbursed for the actual and necessary expenses incurred in connection with the proceeding and the plan by officers, parties in interest, depositaries, reorganization managers and committees or other representatives of creditors or stockholders, and the attorneys or agents of any of the foregoing, but appeals from orders fixing such allowances may be taken to the circuit court of appeals independently of other appeals in the proceeding and shall be heard summarily; (10) in addition to the provisions of section 11 of this act for the staying of pending suits against the debtor, may enjoin or stay the commencement or continuation of suits against the debtor until after final decree; and may, upon notice and for cause shown, enjoin or stay the commencement or continuance of any judicial proceeding to enforce any lien upon the estate until after final decree; and (11) may refer any matters to a special master, who may be one of the referees in bankruptcy, for consideration and report, either generally or upon specified issues, and allow such master a reasonable compensation and reimbursement for his services and actual and necessary expenses. The debtor shall have the right to be heard on all questions. Any creditor or stockholder shall have the right to be heard on the question of the permanent appointment of any trustee or trustees, and on the proposed confirmation of any reorganization plan, and upon filing a petition for leave to intervene, on such other questions arising in the proceeding as the judge shall determine. In case a trustee is not appointed, the debtor shall continue in the possession of its property, and, if authorized by the judge, shall operate the business thereof during such period, fixed or indefinite, as the judge may from time to time prescribe, and shall have all the title to and shall exercise, consistently with the provisions of this section, all the powers of a trustee appointed pursuant to this section, subject at all times to the control of the judge, and to such limitations, restrictions, terms, and conditions as the judge may from time to time impose and prescribe. While the debtor is in possession (a) its officers shall be entitled to receive only such reasonable compensation as the judge shall from time to time approve, and (b) no person shall be elected or appointed to any office, to fill a vacancy or otherwise, without the prior approval of the judge.

"(d) A plan of reorganization which has been approved by creditors of the debtor, whose claims would be affected by the plan, being not less than 25 percent in amount of any class of creditors, and not less than 10 percent in amount of all the claims against the debtor, or, if the debtor is not found by the judge to be insolvent, but is found unable to meet its debts as they mature, by stockholders whose interests would be affected by the plan, provided said amount is not less than 10 percent of any class of stock outstanding and not less than 5 percent of the total number of shares of all classes of stock outstanding, may be proposed by any creditor or by any stockholder, or without such approval by the debtor, at a hearing duly noticed for its consideration or for the consideration of any other plan of reorganization similarly proposed.

"(e) (1) A plan of reorganization shall not be confirmed until it has been accepted in writing, whether before or after the filing of the petition or answer under this section, and such acceptance shall have been filed in the proceeding by or on behalf of creditors holding two thirds in amount of the claims of each class whose claims have been allowed and would be affected by the plan and by or on behalf of stockholders of the debtor holding a majority of the stock of each class: *Provided, however,* That such acceptance shall not be requisite to the confirmation of the plan by any creditor or class of creditors (a) whose claims are not affected by the plan, or (b) if the plan makes provision for the payment of their claims in cash in full, or (c) if provision is made in the plan for the protection of the interests, claims, or liens of such creditor or class of creditors in the manner provided in subdivision (b), clause (5), of this section: *And provided further,* That such acceptance shall not be requisite to the confirmation of the plan by any stockholder or class of stockholders (1) if the judge shall have determined either that the debtor is insolvent, or that the interests of such stockholder or stockholders will not be affected by the plan, or (2) if provision is made in the plan for the protection of the interests of such stockholder or class of stockholders in the manner provided in subdivision (b), clause (4), of this section. With such acceptance there shall be set forth, verified in such manner as the judge shall require, what, if any, contracts of the debtor are executory in whole or in part, and what unexpired leases have been rejected and surrendered. With such acceptance there shall be filed a statement, vertified in such manner as the judge shall require, showing what, if any, claims and shares of stock have been purchased or transferred by those accepting the plan after the commencement or in contemplation of the proceeding, and the circumstances of such purchase or transfer: *Provided, however,* That if the judge is satisfied that by reason of the number of securities outstanding and the extent of the public dealing therein the preparation of such a statement would be impractical, he may direct that it be not filed. If the United States of America is a creditor or stockholder, the Secretary of the Treasury is hereby authorized to accept or reject a plan in respect of the interests or claims of the United States.

"(2) In case the debtor is a utility subject to the jurisdiction of a regulatory commission or commissions or other regulatory authority or authorities, created by the laws of the State or States in which the properties of the debtor are operated, a plan of reorganization shall not be confirmed until (a) it shall be submitted to each such commission or authority having regulatory jurisdiction over the debtor, (b) an opportunity shall be afforded each such commission or authority to suggest amendments or objections to the plan, and (c) the judge shall consider such amendments or objections at a hearing at which each such commission or authority may be heard. In case the debtor is a public-utility corporation wholly intrastate in character, no court shall approve any plan of reorganization if the regulatory commission of such State having jurisdiction over such public utility certifies that the public interest is affected by said plan, unless said regulatory commission shall first approve of said plan as to the public interest therein and the fairness thereof. If said regulatory commission shall not within 30 days or such additional period as the court may prescribe after the submission of a plan to it file said certificate, it shall be deemed that the public interest is not affected by said plan.

"(f) After hearing such objections as may be made to the plan, the judge shall confirm the plan if satisfied that (1) it is fair and equitable and does not discriminate unfairly in favor of any class of creditors or stockholders, and is feasible; (2) it complies with the provisions of subdivision (b) of this section; (3) it has been accepted as required by the provisions of subdivision (e), clause (1), of this section; (4) the provisions of subdivision (e), clause (2), of this section have been complied with; (5) all amounts to be paid by the debtor or by any corporation or corporations acquiring the debtor's assets, and all amounts to be paid to committees or reorganization managers, whether or not by the debtor or any such corporation for services or expenses incident to the reorganization, have been fully disclosed and are reasonable, or are to be subject to the approval of the judge; (6) the offer of the plan and its acceptance are in good faith and have not been made or procured by any means or promises forbidden by this act; and (7) the debtor, and every other corporation, issuing securities or acquiring property under the plan, is authorized by its charter or by applicable State or Federal laws, upon confirmation of the plan, to take all action necessary to carry out the plan, and that, in case the debtor is a utility corporation subject to the jurisdiction of a regulatory commission or commissions or other regulatory authority or authorities, created by the laws of the State or States in which the properties of the debtor are operated, all authorizations,

approvals, or consents of each such commission or authority required by the laws of such State or States have been obtained. Before or after a plan is confirmed, changes and modifications may be proposed therein by any party in interest and may be made with the approval of the judge after hearing upon notice to creditors and stockholders, subject to the right of any creditor or stockholder who shall previously have accepted the plan to withdraw his acceptance, within a period to be fixed by the judge and after such notice as the judge may direct, if, in the opinion of the judge, the change or modification will be materially adverse to the interest of such creditor or stockholder, and if any creditor or stockholder having such right of withdrawal shall not withdraw within such period, he shall be deemed to have accepted the plan as changed or modified: *Provided, however,* That the plan as changed or modified shall comply with the provisions of subdivision (b) of this section and shall have been or shall thereafter be accepted as required by the provisions of subdivision (e), clause (1), of this section, including acceptances by reason of failure to withdraw as hereinbefore provided, and the provisions of this subdivision (f), and of subdivision (e), clause (2), of this section, shall have been complied with in respect thereof. Upon confirmation of the plan by the judge, the debtor and other corporation or corporations organized or to be organized for the purpose of carrying out the plan, shall have full power and authority to put into effect and carry out the plan and the orders of the judge relative thereto. The provisions of sections 721, 722, 723, 724, and 725 of the Revenue Act of 1932 shall not apply to the issuance, transfers, or exchanges of securities or making or delivery of conveyances to make effective any plan of reorganization confirmed under the provisions of this section.

"(g) Upon such confirmation the provisions of the plan and of the order of confirmation shall be binding upon (1) the debtor, (2) all stockholders thereof, including those who have not, as well as those who have, accepted it, and (3) all creditors, secured or unsecured, whether or not affected by the plan, and whether or not their claims shall have been filed, and, if filed, whether or not approved, including creditors who have not, as well as those who have, accepted it.

"(h) Upon final confirmation of the plan, the debtor and other corporation or corporations organized or to be organized for the purpose of carrying out the plan, shall have full power and authority to, and shall put into effect and carry out the plan and the orders of the judge relative thereto, the same and the orders of the judge relative thereto, shall be put into effect and carried out, under and subject to the supervision and control of the judge, and the property dealt with by the plan shall be transferred and conveyed by the trustee or trustees to the debtor or the other corporation or corporations provided for by the plan, or, if no trustee has been appointed, shall be retained by the debtor pursuant to the plan or transferred by it to the other corporation or corporations provided for by the plan free and clear of all claims of the debtor, its stockholders and creditors, except such as may consistently with the provisions of the plan be reserved in the order confirming the plan or directing such transfer and conveyance, and the court may direct the trustee or trustees, or if there be no trustee, the debtor, to make any such transfer or conveyance, and may direct the debtor to join in any such transfer or conveyance made by the trustee or trustees. Upon the termination of the proceedings a final decree shall be entered discharging the trustee or trustees, if any, making such provisions as may be equitable, by way of injunction or otherwise, and closing the case. Such final decree shall discharge the debtor from its debts and liabilities, and shall terminate and end all rights and interests of its stockholders, except as provided in the plan or as may be reserved as aforesaid.

"(i) If a receiver or trustee of all or any part of the property of a corporation has been appointed by a Federal, State, or Territorial court, whether before or after this amendatory act takes effect a petition or answer may be filed under this section at any time thereafter by the corporation, or its creditors as provided in subdivision (a) of this section and if such petition or answer is approved, the trustee or trustees appointed under this section, or the debtor if no trustee is appointed, shall be entitled forthwith to possession of and vested with title to such property, and the judge shall make such orders as he may deem equitable for the protection of obligations incurred by the receiver or prior trustee and for the payment of such reasonable administrative expenses and allowances in the prior proceeding as may be fixed by the court appointing said receiver or prior trustee. If a receiver or trustee has been appointed by a Federal or State or Territorial court prior to the institution of a poceeding under this section, and such proceeding shall be dismissed under subdivision (c), clause (8), of this section, the judge may include in the order of dismissal appropriate orders directing the trustee or trustees, or the debtor if no trustee is appointed, to transfer possession of the debtor's property within the territorial jurisdiction of such court to the receiver or prior trustee so appointed, upon such terms as the judge may deem equitable for the protection of obligations incurred by any trustee or trustees appointed under this section, and for the payment of administrative expenses and allowances in the proceeding hereunder. For the purposes of this section the words 'Federal court' shall include the district courts of the United States and of the Territories and possessions to which this amendatory act is or may hereafter be applicable, the Supreme Court of the District of Columbia, and the United States Court of Alaska, and the District Court of the United States for the Territory of Hawaii.

"(j) A certified copy of the final decree or of an order confirming a plan of reorganization, or of any other decree or order entered in a proceeding under this section, shall be evidence of the jurisdiction of the court, the regularity of the proceedings, and the fact that the decree or order was made. A certified copy of an order directing the transfer of the property dealt with by the plan as provided in subdivision (h) of this section shall be evidence of the transfer of title accordingly, and if recorded shall impart the same notice that a deed, if recorded, would impart.

"(k) If an order is entered directing the trustee or trustees to liquidate the estate pursuant to the provisions of clause (8) of subdivision (c) of this section: (1) The case may be referred to a referee as provided in section 22, who shall be compensated as provided in section 40; (2) the first meeting of creditors shall be held as provided in section 55, upon notice as provided in section 58; (3) a trustee or trustees shall be appointed as provided in section 44, and be compensated as provided in section 48; (4) claims which are provable under section 63 may be proved as provided in section 57, except that the time within which proof may be made shall not expire until 6 months after the date of the last publication of the notice of the first meeting; (5) debts shall be entitled to priority as provided in section 64; (6) sales shall be made as provided in subdivision (b) of section 70; (7) dividends may be declared and paid as provided in section 65. None of the sections enumerated in this subdivision (k), except subdivisions (g), (l), (j), and (m) of section 57, and subdivisions (a) and (e) of section 70, shall apply to proceedings instituted under this section 79 unless and until an order has been entered directing the trustee or trustees to liquidate the estate. All other provisions of this act, except such as are inconsistent with the provisions of this section 79, shall apply to proceedings instituted under this section, whether or not an order to liquidate the estate has been entered. For the purposes of such application, provisions relating to 'bankrupts' shall be deemed to relate also to 'debtors'; 'bankruptcy proceedings' or 'proceedings in bankruptcy' shall be deemed to include proceedings under this section; the date of the order approving the petition or answer under this section shall be taken to be the date of adjudication, and such order shall have the same consequences and effect as an order of adjudication.

"(l) No judge, debtor, or trustee acting under this section shall deny or in any way question the right of employees on the property under the jurisdiction of the judge to join the labor organization of their choice, and it shall be unlawful for any judge, debtor, or trustee to interfere in any way with the organizations of employees or to use funds under such jurisdiction in maintaining so-called 'company unions' or to coerce employees in an effort to induce them to join or remain members of such company unions.

"(m) No judge, debtor, or trustee acting under this section shall require any person seeking employment on the property under the jurisdiction of the judge to sign any contract or agreement promising to join or to refuse to join a labor organization; and if such contract has been enforced on the property prior to the property coming under the jurisdiction of said judge, then the judge, debtor, or trustee, as soon as the matter is called to his attention, shall notify the employees by an appropriate order that said contract has been discarded and is no longer binding on them in any way.

"(n) Nothing contained in this section shall be construed or be deemed to affect or apply to the stockholders, creditors, or officers of any corporation operating or owning a railroad or railroads, railway or railways, owned in whole or in part by any municipality and/or owned or operated by a municipality, or under any contract to any municipality by or on its behalf or in conjunction with such municipality under any contract, lease, agreement, certificate, or in any other manner provided by law for such operation: *Provided, however,* That this paragraph shall not apply to or affect any corporation or the stockholders, creditors, or officers thereof, if not more than 20 percent of its operating revenue is derived from such operations.

"(o) In proceedings under this section and consistent with the provisions thereof, the jurisdiction and powers of the court, the duties of the debtor and the rights and liabilities of creditors, and of all persons with respect to the debtor and its property, shall be the same as if a voluntary petition for adjudication had been filed and a decree of adjudication had been entered on the day when the debtor's petition or answer was approved.

"(p) This section shall take effect and be in force from and after the date of the approval of this amendatory act and shall apply as fully to debtors, their stockholders and creditors, whose interests or debts have been acquired or incurred prior to such date, as to debtors, their stockholders and creditors, whose interests or debts are acquired or incurred after such date. Proceedings under this section may be taken in proceedings in bankruptcy which are pending on the effective date of this amendatory act."

SEC. 2. Section 74, subdivision (e), of such act of July 1, 1898, as amended, is amended by adding a new sentence at the end of the subdivision, to read as follows: "After the first meeting of the creditors as provided in subdivision (c), the debtor fails to obtain the acceptance of a majority in number of all creditors whose claims are affected by an extension proposal representing a majority in amount, the debtor may submit a proposal for an extension including a feasible method of financial rehabilitation for the debtor which is for the best interest of all the creditors,

including an equitable liquidation for the secured creditors whose claims are affected."

SEC. 3. In the administration of the act of July 1, 1898, entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, as amended, the district court or any judge thereof shall make in its or his discretion such an equitable distribution of appointments as receiver as will prevent any persons, firms, or corporations from having a monopoly of such appointments within such district.

SEC. 4. (a) Section 63 (a) of the act of July 1, 1898, entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, as amended, is amended to read as follows: "(a) Debts of the bankrupt may be proved and allowed against his estate which are (1) a fixed liability, as evidenced by a judgment or an instrument in writing, absolutely owing at the time of the filing of the petition against him, whether then payable or not, with any interest thereon which would have been recoverable at that date or with a rebate of interest upon such as were not then payable and did not bear interest; (2) due as costs taxable against an involuntary bankrupt who was at the time of the filing of the petition against him plaintiff in a cause of action which would pass to the trustee and which the trustee declines to prosecute after notice; (3) founded upon a claim for taxable costs incurred in good faith by a creditor before the filing of a petition in an action to recover a provable debt; (4) founded upon an open account, or upon a contract express or implied; (5) founded upon provable debts reduced to judgments after the filing of the petition and before the consideration of the bankrupt's application for a discharge, less costs incurred and interest accrued after the filing of the petition and up to the time of the entry of such judgments; (6) founded upon an award of an industrial accident commission, or other commission, body, or officer, of any State or Territory having power or jurisdiction to make awards as workmen's compensation in case of injury or death for injury prior to adjudication; and (7) claims for damages respecting executory contracts including future rents whether the bankrupt be an individual or a corporation, which claims shall be liquidated under section 63 (b) of this act."

(b) The provisions of clause (6) of section 63 (a) of such act of July 1, 1898, as amended by this section, shall apply to estates pending at the time of the enactment of this act, and claims provided for in such clause (6) shall have the priority provided for in clause (7) of section 64 (b) of such act of July 1, 1898, as amended.

SEC. 5. Section 67 (f) of the act of July 1, 1898, entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, as amended, is amended to read as follows: "That all levies, judgments, attachments, or other liens, obtained through legal proceedings against a person who is insolvent, at any time within 4 months prior to the filing of a petition in bankruptcy against him, and any bond which may be given to dissolve any such lien so created, shall be deemed null and void in case he is adjudged a bankrupt, and the property affected by the levy, judgment, attachment, or other lien, and any nonexempt property of his which he shall have deposited or pledged as security for such bond or to indemnify any surety thereon, shall be deemed wholly discharged and released from the same, and shall pass to the trustee as a part of the estate of the bankrupt, unless the court shall, on due notice, order that the right under such levy, judgment, attachment, or other lien shall be preserved for the benefit of the estate; and thereupon the same may pass to and shall be preserved by the trustee for the benefit of the estate as aforesaid. And the court may order such conveyance as shall be necessary to carry the purposes of this section into effect: *Provided*, That nothing herein contained shall have the effect to destroy or impair the title obtained by such levy, judgment, attachment, or other lien, of a bona fide purchaser for value who shall have acquired the same without notice or reasonable cause for inquiry.

SEC. 6. Conciliation commissioners appointed under section 75 of such act of July 1, 1898, as amended, shall be entitled to transmit in the mails free of postage under cover of a penalty envelope all matters which relate exclusively to the business of the Government, including notices to creditors.

The SPEAKER. Is a second demanded?

Mr. KURTZ. Mr. Speaker, I demand a second.

Mr. McKEOWN. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. McKEOWN. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, at the last session of Congress we passed a law amending the Bankruptcy Act, giving the right to individuals, farmers, and railroads to adjust their debts or obligations by consent of their creditors. As the bill passed the House it included corporations. It went to the Senate in the last days of the Congress. They did not have time enough to consider the corporate reorganization feature of the bill, so it was dropped out of the bill, and the act became a law granting to individuals, farmers, and railroads the right to go into court and compose their differences and have extensions and reorganizations of their debts.

So there comes now a great urge from corporations throughout the country who ask the same privilege enjoyed by the individuals, the farmers, and the railroads.

All this bill does is to give a forum where corporations may come in and ask to compose their differences or for extensions of time to work out their obligations or a reorganization of the corporation.

Now, in this bill, as to corporation reorganization, we have safeguarded the minority creditors and safeguarded the rights of the minority stockholders, and as to utility corporations we have protected the public interest in the reorganization of utility corporations by requiring the corporations in the States where they are reorganized, and that must be the State where they have their principal place of business or where their principal assets are located, to get the consent or approval of the plan by the regulatory commission of the State, if its business is wholly intrastate. If it does business in more than one State, the regulatory body of each such State is to be heard, if it desires, upon the plan or any objections to the plan.

Mr. SNELL. Will the gentleman yield for a question?

Mr. McKEOWN. I yield.

Mr. SNELL. If I remember correctly, a short time ago we passed a bill similar to this applying to individuals.

Mr. McKEOWN. Yes.

Mr. SNELL. When that bill was introduced originally, did it not contain the word "corporations"?

Mr. McKEOWN. We had a section on corporations and it passed the House, but when it was over in the Senate they did not have time in the closing days of the session to go through the matter with respect to corporation reorganizations and the railroads were pressing more strongly than the corporations for the legislation, so they dropped out the corporation section.

Mr. SNELL. You are now doing practically what we did originally in the House?

Mr. McKEOWN. Yes; and we have made a correction to meet an objection raised in the Senate that there was no regulatory body to look after the public interest in the reorganization of utilities. We have straightened that out in this bill.

Mr. O'MALLEY. Will the gentleman yield?

Mr. McKEOWN. I yield.

Mr. O'MALLEY. There is nothing in this measure applying to municipalities?

Mr. McKEOWN. No; nothing at all as to municipalities. This bill is to give the same thing to corporations that the individual now has.

Mr. DUNN. As I understand the gentleman, this bill does not pertain to municipalities.

Mr. McKEOWN. No; municipalities are not included in this measure.

I do not know whether any of you are overlooking it or not, but in the act that was approved on March 3 last, there is a provision with respect to the farmers by which they can obtain extensions of their debts. There is a provision that 15 farmers in any county can petition the Federal judge and he must appoint a referee or conciliator, whose business it is to get the creditors together and see if they can adjust the debts of the farmer.

This was a forerunner of the legislation that has passed, whereby loans out of the $200,000,000 fund can be made available to farmers to refinance their farm mortgages.

Let me show you why you should call the attention of your constituents to this act. Under the act, if 15 farmers in any county petition the Federal judge of that district, it is his duty to appoint one of these conciliators or referees, and the maximum charge to the farmer is not in excess of $10. That is all he pays. Then let us see what takes place. By using one of the conciliators, the farmers in the county that are in debt and have mortgages which they cannot pay can call in all of their creditors and sit around the table, and they can scale down their debts or postpone them as they may

agree. If they agree on the scaling down, the first mortgagee, for instance, agrees to cut his mortgage $2,000, and the bank and the merchant and the blacksmith and all the others agree to scale their claims in like proportion, and then they can submit this and make it permanent by having it confirmed by the court, and then this farm refinancing section will advance the money and take a second mortgage on the place. So you have the farmer out of debt, with nothing but his obligation to the Government.

Mr. CONNERY. Will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. CONNERY. As I get the remarks of the gentleman, this is following along the line of the bill we passed previously, and helps the more to do away with that racket whereby they can petition a man into involuntary bankruptcy and mulct him of everything he has.

Mr. McKEOWN. Yes; and this will reduce the cost of administration, because it provides that the owners of the property may continue it as a going concern and will be able to handle it much better and cheaper than to have some trustee or receiver appointed to handle the property.

Mr. TRUAX. Will the gentleman yield?

Mr. McKEOWN. I yield.

Mr. TRUAX. I would like to ask the gentleman if he has any information as to the number of farmers who have taken advantage of this amended act.

Mr. McKEOWN. We have information that they are beginning to utilize it in several of the States and in this measure I have amended the other bill in this regard. We gave the conciliator $10 and that was his full compensation. It was found that when he went to get his supplies he could not have the franking privilege to send out these notices and it cost him more in stamps than he got out of it. We have changed that so that now he will be able to send out the notices in a franked envelope.

Mr. TRUAX. But the effectiveness of the amendment depends wholly upon the willingness of the mortgagee to agree to scale down his mortgage.

Mr. McKEOWN. No; not necessarily. We have an amendment to this bill that if you cannot get a majority of the creditors to agree in amount and in number, and we will say a mortgagee is the largest creditor in the whole bunch and he stands out and refuses to agree, or if a majority will not agree, the farmer may present a plan that looks toward his rehabilitation as well as being fair to all his creditors.

Mr. TRUAX. But in the final analysis if the mortgagee refuses to agree, then he can go on and foreclose his mortgage and sell him out.

Mr. McKEOWN. He cannot. When the farmer files his petition the court stays any kind of action against the farmer without the consent of the judge.

Mr. TRUAX. Or any action on an involuntary petition in bankruptcy?

Mr. McKEOWN. They cannot put the farmer into involuntary bankruptcy. He is not called a bankrupt but a distressed "debtor." That is the title. It is the petition of a distressed debtor, and no man can sue him on any debt.

The SPEAKER. The time of the gentleman has expired.

Mr. McKEOWN. I yield myself 5 minutes more.

Mr. McFARLANE. Will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. McFARLANE. What is the difference between a distressed debtor and a bankrupt; they are both in the same boat.

Mr. McKEOWN. There is a great misapprehension about bankruptcy. Because a man is insolvent and cannot meet his debts when they mature, you cannot put him into bankruptcy. You cannot put him into bankruptcy unless you show that he has committed some act of bankruptcy like preferring creditors, and so forth.

Mr. ZIONCHECK. Will the gentleman yield?

Mr. McKEOWN. I yield.

Mr. ZIONCHECK. How long can you forestall or prevent the mortgage from being foreclosed?

Mr. McKEOWN. For such time as the judge may deem it to be fair to the debtor and to the man who holds the mortgage.

Mr. ZIONCHECK. That will be heard in a Federal court?

Mr. McKEOWN. Yes; in a Federal court.

Mr. BUSBY. Will the gentleman yield?

Mr. McKEOWN. Yes.

Mr. BUSBY. Does this bill include municipal corporations as well as other corporations?

Mr. McKEOWN. No.

Mr. BUSBY. That is embraced in the provisions of the Wilcox bill. Can the gentleman state when that will come up?

Mr. McKEOWN. I cannot. I believe it has been reported out.

Mr. BUSBY. Does not the gentleman think it should include municipal corporations?

Mr. McKEOWN. That will come up as a separate bill.

Mr. WILCOX. Will the gentleman yield?

Mr. McKEOWN. I yield to the gentleman.

Mr. WILCOX. It is well understood that there are now in the United States between a thousand and fifteen hundred governmental units that are in default of payment of public obligations, and so serious that the very existence of the local government in at least that number of units is seriously threatened. Does not the gentleman think that some system of relief is just as essential to these municipal units as the taking care of corporations?

Mr. McKEOWN. I agree with the gentleman.

Mr. Speaker, I reserve the balance of my time.

Mr. KURTZ. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. HOOPER].

Mr. HOOPER. Mr. Speaker, there is no reason why there should be protracted debate on this bill, for it is of such character that it ought to pass practically without much debate. There was no challenge to it in the committee on either the part of the majority or the members of the minority. The bill has been considered for a good number of days past and every possible phase of it has been carefully gone over.

I am inclined to think the verbiage of the bill may be in some way obscure, but on the other hand, I cannot easily see how the gentleman from Oklahoma [Mr. McKEOWN], who handled it, could have made a bill of that character less obscure. It furnishes a reasonable way to fight bankruptcy on the part of corporations which may be tottering on the brink of bankruptcy. As far as the minority side of it is concerned, and I think I speak for them, we are as one in the idea that this should pass the House.

Mr. ELTSE of California. May I ask the gentleman what precaution has been taken in the bill to protect an employee upon an award in his favor where the bankrupt employer is an insurance carrier—will the insurance company be released by the adjudication of the principal?

Mr. HOOPER. I shall hardly have time in my 3 minutes to answer that. The ranking committee member is going to explain. Suffice it to say that there is a protection in the bill which he will set forth.

Mr. McKEOWN. Does the gentleman from Pennsylvania desire to use any more time?

Mr. KURTZ. Not unless the majority does. I want first to answer a question. I am asked what there is to protect a creditor for labor under this act.

Mr. McKEOWN. The provision is in the bill that labor shall have its priority, as applied by the State laws. It has the same priority for wages as under the State law.

Mr. KURTZ. But not to exceed $600.

Mr. ELTSE of California. Mr. Speaker, will the gentleman yield?

Mr. KURTZ. Yes.

Mr. ELTSE of California. The specific question I have in mind is this: Take it in the State of California. The employers carry insurance in one or more companies. I notice here that you have extended the Bankruptcy Act to include awards of commissions. What protection has the

employer got, where he holds an insurance, against a release of the insurance?

Mr. McKEOWN. This is put in here because at the time of the passage of the Bankruptcy Act in 1898 there was no such social legislation on the books as the Workingmen's Compensation Act. So the Workingmen's Compensation Act is not proven now in bankruptcy, so that if a man is insured and he receives an award and the corporation goes into bankruptcy, he should have the opportunity to file his claim with the bankrupt and get whatever his part is. It has the same priority as wages.

Mr. ELTSE of California. He gets a clearance in that way; but what about the creditor?

Mr. McKEOWN. The creditor recovers against the insurance company.

Mr. ELTSE of California. What is there in the bill that protects the holder of an insurance policy?

Mr. McKEOWN. The gentleman means the workman who has been injured?

Mr. ELTSE of California. Yes.

Mr. McKEOWN. He does not give up anything because he files against the bankrupt's estate. He has an election. He is not required to file it at all.

Mr. ZIONCHECK. Mr. Speaker, will the gentleman from Oklahoma yield?

Mr. McKEOWN. Yes.

Mr. ZIONCHECK. Mr. Speaker, will the gentleman from that the laboring man would get the same amount as is allowed by the State law. The Bankruptcy Act provides for not more than $600.

Mr. McKEOWN. Yes; but my bill does not limit it to bankruptcy.

Mr. ZIONCHECK. In the State of Washington we have only $100, while the bankruptcy law allows $600. The gentleman only wants it $100 in that State?

Mr. McKEOWN. I want the State law to remain.

Mr. McFARLANE. Is this an administration measure?

Mr. McKEOWN. Oh, yes.

The SPEAKER. The question is on the motion to suspend the rules and pass the bill.

The question was taken; and in the opinion of the Chair two thirds having voted in favor thereof, the rules were suspended and the bill was passed.

H.R. 4544

Mr. STUBBS. Mr. Speaker, I ask unanimous consent to extend my remarks and to place therein an editorial from one of the papers in my district, which will take about half a column.

The SPEAKER. Is there objection?

There was no objection.

Mr. STUBBS. Mr. Speaker, under the leave to extend my remarks in the RECORD, I wish to include an editorial which appeared on Tuesday, May 30, in the Bakersfield Californian, which aptly discusses the myth of overproduction of crude oil in the United States during the past 5 years.

The Bakersfield Californian's editorial on this subject is ably authored by Alfred Harrell, dean of the Democratic Party in California, a publisher of Nation-wide repute and the first eminent editor of the entire West brave enough and far-seeing enough to take up the torch in favor of a protective tariff or an embargo on the importations of crude oil.

Those of you who are interested in the subject of Federal control of the domestic petroleum industry would do well to study his editorial closely, which follows:

THE OVERPRODUCTION MYTH

The wisdom of the proposal for Federal control of the oil industry will be questioned by independent producers and by the public generally just so long as there is no restriction on importations. And particularly will that be true as people understand that the claim which has been stressed for so long that there is great overproduction, is not borne out by the figures with production measured against consumption.

If we go back for a period of 5 years, to 1928, the daily average production in the United States was 2,400,000 barrels; the daily consumption during that year was 2,600,000 barrels. In 1929 the daily average production was 2,700,000 barrels; the daily average consumption was 2,800,000 barrels. In 1930 the daily average production was 2,400,000 barrels, the daily average consumption, 2,600,000 barrels. In 1931 daily production was 2,300,000 barrels against 2,500,000 barrels daily consumption. In 1932 the daily production was 2,100,000 barrels against a daily consumption of 2,200,000 barrels.

So it will be observed that in those 5 years the domestic production was below the country's consumption, and the fact that we have now a colossal surplus is due to another factor, and that is importations. Let us consider imports for the same 5 years. In 1928 we had a daily average importation of 218,000 barrels; in 1929 a daily average of 216,000 barrels; in 1930 a daily average of 173,000 barrels; in 1931 a daily average of 129,000 barrels, and in 1932 a daily average of 122,000 barrels.

As against these daily average imports, exports were, daily: In 1928, 52,000 barrels; in 1929, 72,000 barrels; in 1930, 65,000 barrels; in 1931, 70,000 barrels; and in 1932, 75,000 barrels.

The gain in surplus from year to year—and surplus is the thing that menaces the stability of the industry—is not, then, due to overproduction, but is directly traceable to importations. For in a period of 10 years the total volume of importations is just about equal to the total oil in storage. Which means, if it means anything, that if there had been no importations there would have been no surplus and no stagnation in the oil business. So it is we find the claim of overproduction to be a myth.

The Federal Government and all others who are interested in stabilizing the oil business would find a ready willingness on the part of those concerned with the industry to cooperate in a policy of curtailment if there were legislation to prohibit the incoming of foreign oil. But in the absence of any such legislation, there will be a disinclination in the future, as in the past and at the present, to cooperate in a movement which, in effect, makes either a market for foreign-produced oil, or adds said oil to the surplus to menace the prosperity of the industry.

The figures quoted by Alfred Harrell are authentic, being based upon calculations of the United States Bureau of Mines, and they are particularly refreshing in view of the false statements concerning production and consumption in the United States upon which we have been fed these many years by organizations operating solely for their own selfish ends.

I agree with my distinguished friend and compatriot in California that we cannot hope for an equitable adjustment within the petroleum industry through the avenue of Federal control until we have set our house in order by an effective restriction of crude-oil importations, and as the life of the first session of the Seventy-third Congress draws to a close, I want to serve notice that when we meet again it is my intention to wage a valiant battle for the adoption of H.R. 4544, which calls for the prohibition of all importations of crude oil.

APPOINTMENT OF GOVERNOR OF HAWAII

Mr. RANKIN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 5767) to authorize the appointment of the Governor of Hawaii without regard to his being a citizen or resident of Hawaii, which I send to the desk and ask to have read.

The Clerk read as follows:

Be it enacted, etc., That section 66 of the Hawaiian Organic Act, as amended (U.S.C., title 48, sec. 531), is amended to read as follows:

"SEC. 66. The executive power of the government of the Territory of Hawaii shall be vested in a Governor, who shall be appointed by the President, by and with the advice and consent of the Senate of the United States, and shall hold office for 4 years and until his successor shall be appointed and qualified, unless sooner removed by the President. He shall be not less than 35 years of age; shall be a citizen of the United States; shall be commander in chief of the Militia of Hawaii; and may grant pardons or reprieves for offenses against the laws of the said Territory and reprieves for offenses against the laws of the United States until the decision of the President is made known thereon."

The SPEAKER. Is a second demanded?

Mr. GIBSON. Mr. Speaker, I demand a second.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent that a second may be considered as ordered.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The gentleman from Mississippi is entitled to 20 minutes and the gentleman from Vermont to 20 minutes.

Mr. RANKIN. Mr. Speaker, as is well known, we have only two Territories, Alaska and Hawaii. The Philippines, Puerto Rico, and the Virgin Islands come under the designation of insular possessions. With the exception of Hawaii, the Governors of Alaska and the various insular possessions

are appointed from anywhere in the United States that the Chief Executive may deem proper. He may appoint a Governor of Alaska from the Territory of Alaska or he may appoint him from the continental United States. One President appointed a Governor of Puerto Rico from Kansas, and he appointed one Governor from New York.

In Hawaii up to the present time, under the law, it has been necessary to appoint the Governor from the Territory of Hawaii, as he must be a citizen or a resident of that Territory. The President, in the exercise of his duties as Chief Executive, has asked authority to appoint a Governor of Hawaii from anywhere within the United States, whether residing in Hawaii or in continental United States. He sent a message to the House a few days ago, in which he said:

> It is particularly necessary to select for the post of Governor of Hawaii a man of experience and vision, who will be regarded by all citizens of the islands as one who will be absolutely impartial in his decisions on matters as to which there may be a difference of local opinion. In making my choice I should like to be free to pick, either from the islands themselves or from the entire United States, the best man for this post. I request, therefore, suitable legislation temporarily suspending that part of the law which requires the Governor of Hawaii to be an actual resident of the islands.

Acting in accordance with that message, the Committee on Territories met and reported this measure, which we hope to have passed today and at the other end of the Capitol very soon, in order that this authority may be given to the President at once, so that he may proceed to appoint a Governor of the Territory of Hawaii to enter upon the discharge of his duties there without delay.

Mr. Speaker, I reserve the balance of my time.

Mr. GIBSON. Mr. Speaker, I yield myself 3 minutes, and in that time I will endeavor to state my objections to the measure.

Mr. Speaker, Hawaii is located 2,100 miles west of the mainland. Its government was formerly a monarchy with a long line of kings and queens. The people overthrew the monarchy and Hawaii became a republic. When it became a republic, application was made to join the United States. A committee was formed, made up in part of citizens of Hawaii and an agreement arrived at as to the basis of joining the American Nation. This was covered by a resolution adopted by the Congress of the United States.

Its relation to the United States and its status are fixed by the Organic Act. The Organic Act provides, among other things, that the Governor shall be a resident of Hawaii. At first he was required to be a resident for 1 year. In 1920 or 1921 it was changed to 3 years. Since that time one of the requisites has been that the Governor be a resident of Hawaii for 3 years.

It is proposed by this bill to permit the appointment of any citizen of the United States, of 35 years of age, and with other qualifications. I am opposed to it. In the first place, no good reason was shown to the committee for the change. Not a word of testimony was brought out except the message of the President, in which he asked for a temporary suspension of the provisions of the organic law. I am opposed to it because it is opposed by the people of Hawaii, by the business men, and by the legislature. I am opposed to it because no investigation has been had to determine whether this should be passed or not. I am opposed to it because it breaks faith with the people of Hawaii. You must remember that Hawaii is a defense outpost in the Pacific Ocean, and we should be in harmony with those people, and we should encourage their cooperation and that spirit of patriotism that has always actuated them.

Mr. SNELL. Will the gentleman yield for a question?

Mr. GIBSON. I will.

Mr. SNELL. Was there any information before your committee except that contained in the message of the President of the United States why this should be done?

Mr. GIBSON. Not any in favor of the passage of the measure.

Mr. SNELL. There was no investigation of any kind?

Mr. GIBSON. None whatsoever.

Mr. SNELL. I am a little surprised that the gentleman from Mississippi [Mr. RANKIN] should bring in a bill advocating carpetbag government in any Territory or in any part of the United States. That is the last place I would suppose it would come from. It might come from New York State, but when it comes from Mississippi, there is something back of it.

Mr. RANKIN. Will the gentleman yield,

Mr. SNELL. I will.

Mr. RANKIN. The gentleman is so easily surprised these days that we are not surprised ourselves.

Mr. SNELL. Well, you have taken practically all the surprise out of me.

The SPEAKER. The time of the gentleman from Vermont [Mr. GIBSON] has expired.

Mr. GIBSON. Mr. Speaker, I yield 5 minutes to the Delegate from Hawaii [Mr. MCCANDLESS].

Mr. MCCANDLESS. Mr. Speaker, ladies, and gentlemen, this bill which proposes to change the residence qualifications for the Governor of Hawaii, as set forth in our Organic act, is not an emergency measure. No mention has been made of any emergency to justify the change proposed in this bill. In fact, no arguments or evidence were brought forth in committee that would justify this change.

The bill would, without apparent reason, vitally affect the rights which were granted the people of Hawaii when those islands were made by joint resolution of Congress a part of the United States.

Throughout Hawaii's history as a Territory it has been provided by law that our Governor shall be a resident of the islands. The organic act as first passed in 1900 provided a 1-year residence qualification. Twenty-one years later Congress felt that this length of residence was not sufficient to properly acquaint the Governor with conditions in Hawaii. Consequently, in 1921 the residence qualification was increased to 3 years. This has assured the people of Hawaii a Governor familiar with local conditions, not a stranger.

The Government of this Nation is founded on the principles of freedom and the right of the people to rule themselves. My forefathers of Pennsylvania fought and bled with Washington to secure for this country those rights, which were incorporated in the Constitution of the United States.

We people of Hawaii had identical rights, identical freedom, when as an independent republic, a sovereign nation, we voluntarily and by mutual agreement became a part of the United States, and the Constitution was extended to us, covering and protecting us as it covers and protects every State in the Union.

You now propose to take from us one of the most sacred of these rights, the guaranty in our organic act that the people of Hawaii shall have their Governor chosen from among their own citizens. What logical reasons have the proponents of this bill for partially disenfranchising the people of Hawaii? Thomas Jefferson, the father of Democracy, was a defender of State rights, and through his efforts these rights were preserved for the people. We in Hawaii feel that Congress should continue to preserve for us this same constitutional right of self-government.

Before you take action in this important measure, I ask that you appoint a committee from this Congress to visit Hawaii and investigate conditions there at first hand. Let this committee report its findings back to Congress at the next regular session, and then base your actions on the report of your own Members after a personal investigation. I appeal to you not to act in haste and without sufficient knowledge upon which to base your actions.

The people of Hawaii are unanimous in their opposition to any change in the residence qualifications of their Governor. They resent the sending of a stranger to Hawaii to run their affairs, just as you men from the South resented the wave of carpetbaggers which flooded your States in the years immediately following the Civil War.

The Legislature of Hawaii, now in session, has just passed a concurrent resolution appealing to Congress to make no change in our organic act. That resolution has been read

into the RECORD of this House. The Chamber of Commerce of Honolulu and the Honolulu Realty Board and Board of Retail Trade have wired me opposing this bill. It is un-American, undemocratic, and unjust.

Every Members of this House would resent, and rightfully resent, having a stranger thrust upon him as Governor of his State. I plead with you, therefore, to treat us as you would yourselves be treated. [Applause.]

Mr. ZIONCHECK. Will the gentleman yield?

Mr. McCANDLESS. Yes; I yield.

Mr. ZIONCHECK. Have the natives of Hawaii resented the intrusion of the white people who are down there now to rule them?

Mr. McCANDLESS. They have not.

Mr. ZIONCHECK. Did they resent it in the first place?

Mr. McCANDLESS. They never have.

Mr. ZIONCHECK. I think history will not bear out the gentleman's statement.

Mr. McCANDLESS. History will bear me out, and the Territorial legislature is unanimous in opposing any change in the Organic Act of Hawaii that would take away the residence qualification of our Governor, and a majority of the legislature are Hawaiians.

The SPEAKER. The time of the Delegate from Hawaii has expired.

Mr. McCANDLESS. Mr. Speaker, I ask unanimous consent to revise and extend my remarks, to include a telegram and two resolutions.

The SPEAKER. Without object it is so ordered.

There was no objection.

The matter referred to is as follows:

HONOLULU, *May 20, 1933.*

L. L. McCANDLESS,
Hawaii Delegate, Washington, D.C.:

Representing business community, we strongly oppose any change to organic act of Territory to make possible the appointment of a nonresident as Governor. We respectfully urge such an amendment is unfair to Hawaii and unnecessary, as there are many able men in Hawaii qualified to fill the position of Governor.

CHAMBER COMMERCE OF HONOLULU.
RETAIL BOARD OF HONOLULU.
HONOLULU REALTY BOARD.

Resolution

Whereas it has come to the attention of the Democratic County Committee of the City and County of Honolulu from press reports that there is now under consideration in Washington a movement to amend the Hawaiian Organic Act so as to permit the appointment of a nonresident as Governor of the Territory or Hawaii; and

Whereas the Democratic Party in Hawaii has always strongly opposed any encroachment upon our rights of local self-government; and

Whereas we firmly believe that if any action were taken permitting a nonresident of the Territory of Hawaii to be appointed as its chief executive, it would be a step backward and would be a distinct reversal to the hopes held out since annexation to the United States of ultimate statehood for Hawaii; and

Whereas because of the many problems in Hawaii peculiar to itself we believe that the President of the United States could only be properly served and represented by one who has had long residence here and who is familiar with all angles of the situation: Now, therefore, be it

Resolved by the Democratic county committee of the city and county of Honolulu, That this committee is unalterably opposed to any amendment to the organic act which would permit of the appointment of a nonresident Governor of the Territory of Hawaii by the President of the United States; and be it further

Resolved, That copies of this resolution be immediately forwarded to the President of the United States, Secretary of the Interior, the President of the Senate, the Speaker of the House of Representatives, the chairman of the Democratic National Committee, the Delegate in Congress from Hawaii, national committeeman and national committeewoman from Hawaii.

The undersigned, secretary of the Democratic county committee of the city and county of Honolulu, does hereby certify that the foregoing is a full, true, and correct copy of a resolution this day adopted by the Democratic county committee in and for said city and county.

Done at Honolulu, Territory of Hawaii, this 21st day of May A.D. 1933.

PETER E. CHU,
Secretary County Committee, City and County of Honolulu.

Resolution

Whereas the delay in appointing a Democratic Governor for the Territory of Hawaii has been a great disappointment to the Democratic Party in Hawaii and the people as a whole; and

Whereas latest press reports received in Hawaii indicate the possibility that the organic act of the Territory may be amended to permit the appointment of a nonresident as Governor of Hawaii; and

Whereas assurances were given by persons in high authority at the last Democratic National Convention at Chicago that the principle of home rule for Hawaii would be adhered to by the national Democratic administration; and

Whereas there are in Hawaii a number of Democrats eminently qualified for the post of Governor who would fill the office to the satisfaction of the President and the people of Hawaii; and

Whereas in the interest of true democracy and of all the residents of the Territory, regardless of party affiliations it is most desirable that a resident of the Territory who is familiar with its problems and sympathetic with its people be named as Governor: Now, therefore, be it

Resolved, That the Territorial central committee of the Democratic Party of Hawaii assembled on the 20th day of May 1933, unanimously and most emphatically protest any change in the Organic Act of Hawaii having for its purpose the appointment of a nonresident to the governorship of the Territory of Hawaii; and be it further

Resolved, That copies of this resolution be forwarded to the President of the United States, the President of the Senate, the Speaker of the House of Representatives, the Honorable Horold L. Ickes, Secretary of Interior, and the Honorable James A. Farley, chairman National Democratic Committee.

I, the undersigned assistant secretary of the Democratic Territorial central committee of Honolulu, do hereby certify that the foregoing resolution was duly and regularly adopted at a meeting of said Territorial central committee held on Saturday, May 20, A.D. 1933, in Honolulu, city and county of Honolulu, Territory of Hawaii.

ERNEST N. HEEN,
Assistant Secretary Democratic Territorial Central Committee.

Mr. RANKIN. Mr. Speaker, I yield 3 minutes to the gen-gentleman from Ohio [Mr. TRUAX].

Mr. TRUAX. Mr. Speaker, it happens to be my good fortune to be a member of the Committee on Territories. I frankly confess I do not know a lot about Hawaii from observation, but I am for this bill because it is a bill requested by the President of the United States.

I submit to you if the President of the United States, Franklin D. Roosevelt, can be trusted to control the destinies of agriculture, if he can be entrusted by this Congress to control the destinies of industry, if he can be entrusted with all the broad, vast powers with which we have clothed him, then surely he can be entrusted to appoint a Governor of Hawaii who will be competent, capable, and fearless. He appoints the Governor now, even though he must be a resident of Hawaii. This is an important military post or point of vantage to the United States. Who is better able to judge, who is more capable to select, than this great President of ours, who is giving the country a new deal, Franklin D. Roosevelt?

I think we should support this measure and wave aside the arguments that may be made against it, if for no other reason than that the President deems it vitally necessary; that he considers it positively vital to the welfare of Hawaii itself, and he should be given broad powers and latitude to select whomever he deems to be best fitted for that high position.

Mr. DUNN. Will the gentleman yield?

Mr. TRUAX. I only have 3 minutes. I cannot yield.

I repeat, we have entrusted the President with almost unlimited power. We went along with him on the so-called "Economy Act". We went along with our friend, Mr. McKEOWN, from Oklahoma, on a measure which the gentleman said was a Presidential measure. This, my friends, is a measure which the President of the United States has deemed of sufficient importance to send to the Congress of the United States a special message, so that there will be no question in the mind of anybody.

Mr. O'MALLEY. Will the gentleman yield?

Mr. TRUAX. I cannot yield.

I want to urge all of you Members who want to support the President, who are continually standing in the well of this House and waving the flag and shouting "Follow the President", to support the President on this measure which he asks you to pass. [Applause.]

The best argument in favor of this bill is the fact that the Chief Executive of this Nation, who is also the Chief Executive for the Territory of Hawaii, considers it necessary that he be free to pick the best man for the job whether he be a citizen of Hawaii or a citizen of the United States.

The United States has complete Territorial jurisdiction over Hawaii. It is invested with all the sovereign jurisdiction which a nation has over its territorial possessions and waters and over all personnel or property within them. As has been stated on this floor, two political factions diametrically opposed to each other in politics, in principles, and in practices are in existence in Hawaii. They operate and function much as do the two major political parties of the United States, with this exception—they do not vote for their chief executive; hence when an appointment for Governor is made from the ranks of the one faction, the other faction is naturally displeased and incensed, friction follows, most disagreeable and annoying to say the least. No one is better acquainted with this situation, no one is more familiar with the intrigue and plotting and maladministration that may take place than the President of the United States, who is also the Commander in Chief of the Army and Navy. It is now his prerogative to appoint the Governor of Hawaii. Do not handicap him, do not hamstring him, do not tie his hands by forcing him to make his selection from those only who have lived in or adopted this Territory as their home and legal residence.

It is natural that some of the people affected by this act and new order of choosing a Governor are objecting to the procedure. In every major piece of legislation some of the people affected object, and many of them most strenuously. For instance, witness the effects of the administration of the so-called "Economy Act." Members of this House daily are importuned by those affected to use their best efforts to urge that the administration of the law will be made less drastic than at present. I myself receive dozens of letters every day from World War veterans, Spanish War veterans, and even widows of Civil War veterans who face the zero hour, having received notice that their pensions, their compensation, and disability allowances representing their income, their daily bread, their all, will be taken away from them or reduced most drastically on July 1, 1933.

The taxpayers of this country have been affected adversely by the huge loans of the Reconstruction Finance Corporation to the tottering banks, bankrupted railroads, heartless insurance companies, and 36-percent loan sharks, yet those complaining taxpayers are compelled to stagger along under the tremendous burden of taxation.

This bill really needs no lengthy explanation. The executive power of the Territory of Hawaii is vested in a Governor. "Governor" means merely that which the word implies, namely, a person appointed to govern a Province or Territory; one who governs or, as in the United States in each of the various States, the person elected as chief executive in a State. The old act, section 66 of the Hawaiian Organic Act, as amended:

That the executive power of the government of the Territory of Hawaii shall be vested in a Governor, who shall be appointed by the President, by and with the advice and consent of the Senate of the United States, and shall hold office for 4 years and until his successor shall be appointed and qualified, unless sooner removed by the President. He shall be not less than 35 years of age; shall be a citizen of the Territory of Hawaii; shall have resided therein for at least 3 years next preceding his appointment; shall be commander in chief of the militia thereof; and may grant pardons or reprieves for offenses against the laws of the said Territory and reprieves for offenses against the laws of the United States until the decision of the President is made known thereon.

The law as amended under H.R. 5767 will read:

The executive power of the government of the Territory of Hawaii shall be vested in a Governor, who shall be appointed by the President, by and with the advice and consent of the Senate of the United States, and shall hold office for 4 years and until his successor shall be appointed and qualified, unless sooner removed by the President. He shall be not less than 35 years of age; shall be a citizen of the United States; shall be commander in chief of the militia of Hawaii; and may grant pardons or reprieves for offenses against the laws of the United States until the decision of the President is made known thereon.

It will be thus readily observed that this amendment merely effectuates the desire of the President that the Governor of Hawaii shall be a citizen of the United States, instead of a citizen of the Territory of Hawaii, and leaves the President unfettered and unbound, free to use his best judgment and pick a man from either the islands themselves or someone among the 120,000,000 people of the United States of America.

And now, Mr. Speaker, I want to address myself for a few moments to the bill introduced by the gentleman from Oklahoma [Mr. McKEOWN], H.R. 5884, to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto. The gentleman in charge of time on the minority side was courteous enough to give me time, but the gentleman from Oklahoma requested a vote before I was recognized.

I expect to vote for this bill, not because it is perfect but because it is one of the many amendments to the National Bankruptcy Act that should be adopted by this Congress to preserve the rights and property of thousands and thousands of our citizens who are having their property legally confiscated by the money lenders and Shylocks of the country. The gentleman from Oklahoma states that the Bankruptcy Act as now written will save the farmer from being foreclosed by the mortgagee. He says that it will acccomplish the same purpose as will my bill (H.R. 5237) which was introduced on this floor April 25. I must take issue with the gentleman on this point. I maintain that the National Bankruptcy Act as now written does not protect the harassed property owner from having his property confiscated. It provides that his property will be saved only when a majority of his creditors reach an agreement to scale down his debts or to extend his time. If it accomplishes the purposes the gentleman claims for it, then why are 3,000 farmers and home owners being set out in the country roads and the city streets every day? I cannot for the life of me understand why the Committee on the Judiciary has not reported my bill favorably as a companion measure. They all want to save the farmer and the home owner, I am sure. Then why do they not support this measure?

In my bill there are no "ifs" or "whens." The property owner is not thrown on the tender mercies of the unscrupulous money lender. Under the bill we say that when a real-estate owner cannot pay his taxes, interest, or principal to the mortgagee, then he automatically becomes a bankrupt for the purpose of this act only. The mortgagee or any other creditor can then proceed against him only through the bankruptcy courts. If undeterred then, these Shylocks do go ahead and try to dispossess the mortgagor, then under the provisions of my bill we authorize any court of record in the United States to enjoin the mortgagee from further proceedings for the period of 1 year, until the property owner can refinance his property through the provisions of the Farm or Home Mortgage Acts of 1933, which carry appropriations of $4,000,000,000 to save American homes and farms. The following letters are typical of the many hundreds received from all sections of the United States supporting my bill. These people are at a loss to understand why Congress fails to act on this most important of all humanitarian measures.

PROPERTY OWNERS ASSOCIATION,
FORMERLY MINNEAPOLIS ASSOCIATION OF APARTMENT OWNERS,
Minneapolis, Minn., June 3, 1933.

Hon. CHARLES V. TRUAX,
Washington, D.C.

DEAR MR. TRUAX: Our congratulations. Your bill providing for a year's suspension on the foreclosure of mortgages on farms, homes, and other real estate is one of the most commendable measures of relief yet to be effected for the suffering, down-trodden property owner.

This association is in accord with your measure to the *n*th degree. You, as well as the other Congressmen from the Middle West, have indicated broad judgment in introducing for the home owner this vitally important measure of relief. We represent over $100,000,000 worth of real-property owners, and have worked night and day for the past 3 months in securing for them a similar mortgage-suspension payment. We are the sponsors of the 2-year moratorium mortgage payment law in this State, which was recently held unconstitutional by one of our very sympathetic (?) lower-court jurists. At the present time we are optimistic in our hopes that our State supreme court, to whom we appeal the case, will find a decision in favor of the much-suppressed home and property owners.

We believe precisely as you have outlined in your bill that in this time of national emergency steps should be taken at once

by the Government to retard this wholesale dispossessing of property owners from their homes and apartments; this horrible loss of life savings of thousands of people through the predatory plundering of these mortgage-loan companies. The situation has become so serious in this Commonwealth that we have thought it necessary to draft a letter to the President, a copy of which we are enclosing, pleading for his assistance and consideration toward effecting relief as speedily as possible.

Anything we can do to assist in helping you and your colleagues put your outstanding bill into effect will be a distinct pleasure as well as a duty. Don't fail to call on us at any time. Our support is yours whole-heartedly. Over $100,000,000 worth of real-property owners in this State are behind you pulling for your success. We are confident you will win. Please accept our vote of thanks.

Respectfully,

PROPERTY OWNERS ASSOCIATION OF MINNESOTA,
H. S. GOLDIE, *Secretary.*

4728 MATHIS STREET,
Cincinnati, Ohio, June 2, 1933.

Hon. FRANKLIN D. ROOSEVELT,
President of the United States, Washington, D.C.

DEAR PRESIDENT ROOSEVELT: I am writing you in the interest of that large group of home owners (of which I am one) who because of the economic situation find themselves faced today with the loss of their homes through mortgage foreclosures unless Federal action prevents.

We have been looking forward hopefully and expectantly to the final passage of the home-owners-relief measure, but there are many rumors current today that the building-and-loan associations here in Cincinnati are organizing and will refuse to accept 4-percent Government bonds in payment of mortgages, if and when this relief bill becomes a law, as most of the present mortgages carry a much higher rate of interest, some running as high as 8 percent, I am told.

Will these moneyed interests be allowed to take the last dollar of the hard-pressed home owner to pay their excessive interest charges, and then, when they cannot pay the interest, take his home, which in most instances represents the entire savings of the individual?

Is there not some way of making it mandatory on the part of the building-and-loan associations and other mortgage holders to accept 4-percent Government bonds in exchange for mortgages, or of making them reduce their interest rates to 5 percent?

We sincerely appreciate your efforts in behalf of this much-needed Federal relief, and we are depending on you to make this relief effective.

Sincerely yours,

GRACE D. RICHMOND.

Mr. GIBSON. Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. ENGLEBRIGHT].

Mr. ENGLEBRIGHT. Mr. Speaker, it is well to remember that the Territory of Hawaii was not acquired by conquest or purchase, but was the result of the meeting of minds of two independent governments, resulting in an agreed annexation.

Annexation was first officially considered in 1854, when a treaty with that as its objective was drawn up and signed by the officials of both nations, but failed of ratification by the United States Senate, because it provided for the admission of Hawaii as a State. The drafts of the treaty show that attempts were made to persuade Hawaiian officials, especially the king, to accept the status of a Territory, but this they refused to do. This treaty failed of ratification, but the project of annexation was kept alive. The United States often demonstrated its interest in and a protecting attitude toward Hawaii.

President Abraham Lincoln said of Hawaii in 1864 in a letter to Elisha Allen, envoy extraordinary from the United States to Hawaii:

> Its people are free, and its laws, language, and religion are largely the fruit of our own teachings and examples.

This is a strong statement of the attitude of the United States at that time toward the government created by the people of Hawaii. It certainly was not contemplated by President Lincoln to annex Hawaii and give it a less free government than it then had or now has.

In 1875 a step nearer to annexation was taken by the two countries by a reciprocity treaty, which was signed that year and went into effect the following year.

The island government remained in the hands of the natives of the island under a monarchial form until 1893, when a successful revolution, headed by Sanford Ballard Dole, overthrew the monarchy and caused the establishment of the republic. Negotiations for annexations were at once opened by both countries along the lines similar to the treaty of 1854. President Harrison, in his message transmitting the treaty to the Senate, February 15, 1893, said:

> Only two courses are now open: One, the establishment of a protectorate by the United States, and the other annexation, full and complete. I think the latter course, which has been adopted in the treaty, will be highly promotive of the best interests of the Hawaiian people, and is the only one that will adequately secure the interests of the United States.

The treaty contained the following phrase:

> Especially in view of the desire expressed by the said government of the Hawaiian Islands that these islands should be incorporated into the United States as an integral part thereof.

It is evident from these treaty stipulations, and from statements made by the Presidents of the United States and several Secretaries of State that both Nations agreed that Hawaii, if annexed, was to become an integral incorporated part of the United States; that the people of Hawaii had demonstrated their ability to govern themselves; and that after annexation the people would be more free, secure, and self-governing than they had been in the past. Indeed, this was one of the objects of annexation.

Almost immediately after the inauguration of President McKinley another important treaty was negotiated and signed June 16, 1897. The treaty said: "These islands should be incorporated into the United States as an integral part thereof." As a result, Hawaii was annexed by joint resolution of Congress, approved July 7, 1898.

The Hawaiian Islands are not merely a foreign possession of the United States, but are an integral and incorporated part thereof, and have been so defined by decisions of the United States Supreme Court.

Following annexation the United States initiated in the islands the usual American form of government, and it is modeled after the governments of most of the American States.

For more than 30 years the Territory has been operating under the American form of government, happily, patriotically, and successfully.

Mr. HOOPER. Mr. Speaker, will the gentleman yield?

Mr. ENGLEBRIGHT. I yield.

Mr. HOOPER. Is the gentleman aware of the fact that in the island of Hawaii, an island the size of the State of Rhode Island, there has been but one murder in the past 25 years?

Mr. ENGLEBRIGHT. I understand that to be the fact.

The Territory, through taxation, raises money to defray all ordinary expenses. It supports excellent public schools for its 90,000 children who are subject to compulsory education along strictly American lines. Its university is attended by 2,000 students.

The various activities of the Territory are maintained just as the States carry on such activities, and cost about $12,000,000 a year. In the middle of the year 1932, while many of the States and municipalities on the mainland were in difficulty, Hawaii struck a balance and found that with all bills paid she had $5,000,000 in cash on hand and $5,000,000 more in liquid bonds. In addition to her Territorial taxes, it was shown that during the previous year Hawaii had also contributed to the Federal Government $5,375,000 in income and custom taxes. A balancing of the books between the Territory of Hawaii and the Federal Government showed that during the preceding 30 years it had sent to Washington $175,000,000, while the Federal Government had spent upon activities that might be properly charged up against the Territory, about $32,000,000, leaving a net profit to the Federal Government of some $149,000,000 in taxes received from the islands. Thus, the islands have not been an expense to the Government of the United States, but have yielded a direct, handsome cash profit. The record of self-government that Hawaii has made in more than 3 decades of Territorial life, from every aspect, has been an enviable one. It is safe to say that its institutions compare favorably with those of the half dozen more progressive States on the mainland. Within the short period of 30

years, it has developed itself into one of the most important subdivisions of the United States.

At this time to change its organic act, to change its form of government, to set up a dictatorship over the islands in violation of the spirit of the treaty negotiations, in violation of the spirit of the articles of annexation without giving its people a chance to be heard, and in opposition to the expression of its legislature, and over the protest of its duly elected representative here in this House is an autocratic and an un-American procedure.

Mr. GIBSON. Mr. Speaker, I yield 2 minutes to the gentleman from Oregon [Mr. MOTT].

Mr. MOTT. Mr. Speaker, this is a proposal to change the fundamental law of a Territory in order to permit the President of the United States to make a political appointment of a character that has for 33 years been prohibited by that fundamental law.

It is a proposal to repeal a portion of the Organic Act of Hawaii in order to permit the President to appoint as Governor of that Territory a nonresident.

I understand the appointment is to be made immediately. The appointee is to be selected from the continental United States. There can be no question about that. The President intends, if given this authority, to put it into effect at once and to send to Hawaii as Governor a person who is a stranger to the people of that Territory. This he intends to do without the consent of the people there and in disregard of the formal protest of the Legislature of Hawaii filed with the Congress.

Now, whatever of merit there may be to this proposal, and I leave the discussion of that to others, if they know, the fact remains, and I do not see how it can be contradicted, that in passing this resolution you are repudiating a solemn covenant which was entered into by the Government of the United States and the Republic of Hawaii when the treaty of annexation was effected more than 30 years ago.

It is true the Organic Act of Hawaii is not a constitution, but it is the nearest thing that the people of a Territory can have to a constitution. The organic act of a Territory is the law which guarantees to the people of that Territory the kind and character of government under which they are to live; and the only fundamental difference between the organic act of a Territory and the constitution of a State is that the constitution of a State may be changed only by action of the people of the State themselves, while the organic act of a Territory may be changed without the consent of the people of that Territory by an act of Congress. I think on account of this fact Congress should be very, very careful in changing a fundamental portion of the organic act of a Territory which guarantees to the people of that Territory a specific right.

[Here the gavel fell.]

Mr. RANKIN. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. DOUGLASS].

Mr. DOUGLASS. Mr. Speaker, the fact the President has sent a special message on this matter shows it is of great moment. The very first words to us in his message are these:

> It is particularly necessary to select for the post of Governor of Hawaii a man of experience and vision who will be regarded by all citizens of the island as one who will be absolutely impartial in his decisions of matters as to which there may be a difference of local opinion.

After all, Mr. Speaker, Hawaii is a Territory of the United States and it is the most important Territory or insular possession of the United States because our Government would not have accepted it unless we had needed it for purposes of national defense. In considering this request of the President, it should be remembered that the greatest portion of the population of Hawaii is Asiatic; that one third of the population is Japanese; that we have in the Hawaiian Islands one of the biggest military establishments in our defense system, and we have there one of the greatest naval harbors intended for our national defense—Pearl Harbor. We have these defenses there for a purpose which need not be elaborated upon at this time. I think any American who knows what is going on in foreign affairs has the idea.

The President of the United States knows what is going on and he knows what may transpire. As the Chief Executive of this Nation charged with the solemn responsibility of protecting our Pacific coast from possible attack he asks for this authority, Mr. Speaker, to appoint a man either from the Islands or from the mainland as he chooses, who shall be an American patriot with the American viewpoint. When the President of the United States asks an American Congress for this power, a patriotic American Congress should give it to him in this crucial hour. [Applause.]

Mr. Speaker, I yield back the balance of my time.

Mr. GIBSON. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. ELTSE].

Mr. ELTSE of California. Mr. Speaker and Members of the House, in the name of justice, democratic liberty, and fair play in the new deal, I arise to address you.

The preamble to the Federal Constitution provides:

> We, the people of the United States, in order to form a more perfect Union, establish justice, insure domestic tranquillity, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this Constitution for the United States of America.

With every breath I emphasize the purposes expressed in that preamble: (1) In order to establish justice; (2) insure domestic tranquillity; (3) promote the general welfare; (4) and secure the blessings of liberty, we ordain and establish this Constitution.

Upon the voluntary request of the people of Hawaii, the islands were annexed to the United States on July 7, 1898. These people then sought, as they have ever since sought, the protection afforded by the Constitution, the laws, and the power and prestige of the United States. They have enjoyed that protection and 35 years of brotherhood and friendliness in the family of States and Territories comprising the Nation. They have felt secure under the mantle of justice and liberty which our Government threw over them. The Bill of Rights—the Magna Carta—guaranteeing the rights of these people is to be found in the organic act providing for the government for the Territory of Hawaii. This act was approved by the President on April 30, 1900. Section 5 of the original act provided:

> That the Constitution, and * * * all the laws of the United States * * * shall have the same force and effect within said Territory or elsewhere in the United States.

Section 4 of the original act defined citizenship and provided, among other things, that all citizens of the United States who were residents there on August 12, 1898—

> And all the citizens of the United States who shall hereafter reside in the Territory of Hawaii for 1 year shall be citizens of the Territory of Hawaii.

Note that the residence required was 1 year.

Section 66 of the original act dealt with the Executive power, and provided that the Governor should be appointed by the President, and—

> Shall be a citizen of the Territory of Hawaii; shall be commander in chief of the militia thereof; may grant pardons or reprieves for offenses against the laws of the said Territory. * * *

Under this section no one could be Governor unless he had been a citizen for at least 1 year.

On July 9, 1921, section 66 of the act was amended to require and provide that the Governor—

> Shall have resided therein (meaning Hawaii) for at least 3 years next preceding his appointment.

The demand and necessity for this amendment requiring 3 years' residence instead of 1, as a prerequisite to governorship, was mostly occasioned by the extreme dissatisfaction growing out of the carpetbagging practices and misrule of former Gov. L. E. Pinkham. That gentleman was appointed by President Wilson, and it subsequently developed that he had not maintained a bona fide residence in the islands for the requisite time prior to his appointment, and that upon his induction into office he immediately proceeded to dispense patronage to his personal friends in a manner after the fashion of the worst carpetbagger of reconstruction days.

Congress has twice decided that the Governor of Hawaii should be appointed from among her own citizens. The people of Hawaii, through a concurrent resolution of its legislature recently passed, voice vigorous opposition to any change in the residence qualifications of the Governor. Notwithstanding, Congress is now asked to amend the organic act permitting the appointment to be made from among the citizens of the islands or from the entire United States. It is perfectly obvious that the appointment is to be given to a resident of the mainland, else the power would not be sought.

This Government which mantles the various States of the Union and the Territories is a democratic, representative government. Its essence is one of autonomy and self-rule. Are we now to say to the people of the Commonwealth of Hawaii, "You are no longer fit to rule yourselves—we shall take this power away from you." Are they to be told that the Constitution is just another scrap of paper; that in order to establish justice their autonomy must be taken away from them by the appointment of a Governor not from their own people; that in order to insure domestic tranquillity they must have an outside commander in chief of their militia, an outsider who alone can grant pardons or reprieves for offenses against their own laws? Are they to be told that the only way they can "secure the blessings of liberty" is to have a carpetbagger from the mainland appointed their feudal overlord?

My Constitution, the Constitution of the United States and of the people of Hawaii, in the words of the gentleman from Arkansas [Mr. RAGON], may be dressed "with the silver buckles, the long stockings, and powdered wigs of 150 years ago", but it is still the living, dynamic Constitution of every liberty-loving citizen of the United States and of its Territories, not the least—the Commonwealth of Hawaii.

Mr. GIBSON. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Speaker, the people of Hawaii do not want the passage of this bill, the Chamber of Commerce of Hawaii is opposed to it, the Legislature of Hawaii is opposed to it, and the only thing that has been offered on the affirmative side in favor of this bill is a simple request of the President of the United States, without a single iota of fact or evidence to support it.

LINCOLN MCCANDLESS, the Delegate from Hawaii, has lived there for 51 years. His family is there, his brothers are there, his money and his property are there, and he has been a lifelong Democrat, and if I were a consistent, loyal Democrat I would rather take the word of LINCOLN MCCANDLESS, the Delegate from Hawaii, on this matter than I would the President of the United States, who is uninformed and comes here with a mere, simple patronage request. Let me also say this: You know from the public prints that the man who is to be appointed Governor of Hawaii is Judge Ben Lindsey, of Denver, one time juvenile judge, later disbarred by the Supreme Court of Colorado, and now out in Los Angeles, Calif. As a good Republican I ought to be selfish enough not to say it, because he was a progressive Republican at one time, and yet he is the man who is slated for this job, and when you look at the President's message and his request for a man of "experience and vision", can you say that Ben B. Lindsey, whose life has been devoted to juvenile work, is a man of experience, is a man of vision to deal with an island, one third of whose population is Japanese?

It seems to me that the demand of the President of the United States and the substance of the message are contradictory. So I prefer to follow the ideas of LINCOLN MCCANDLESS, the Delegate from Hawaii, whose interests are there and who loves Hawaii, who wants to see it prosper and wants to see progress made in the islands. In this particular matter I would rather follow him than I would the President of the United States, who is not particularly informed on the matter. [Applause.]

Mr. RANKIN. Mr. Speaker, I yield 1 minute to the gentleman from Florida [Mr. GREEN].

Mr. GREEN. Mr. Speaker, I do not view this bill with the alarm that my Republican colleague seems to view it. I believe the United States has done a good part toward Hawaii, and Hawaii is a most valued and loyal Territory. America thinks much of Hawaii. This does not necessarily mean taking power away from the Hawaiians. It merely gives the President authority and power to appoint someone residing on the mainland or residing in Hawaii, for the best interests of the Hawaiian Islands and for the best interests of the Government. I am deeply interested in the people of Hawaii and I believe their interest can well be served by thus permitting the President wide latitude in selecting their Governor.

The President believes he should have this authority at this time, and for one I will cheerfully give it to him. I am glad to trust the President to select the best man for Governor of Hawaii. [Applause.]

Mr. RANKIN. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Speaker, the President of the United States can appoint a resident of Hawaii, if he wants to, under this bill. But conditions might cause him to prefer to appoint someone else.

The United States of America is responsible for Hawaii. We Americans have the right, under the treaty and the organic act, to provide, as we are doing in this bill, for the President of the United States to select as Governor of Hawaii the man whom he thinks can properly preserve law and order there. A Governor with poor judgment could involve us seriously.

I have always heard that there are two distinct factions there fighting at each other's throats. If the President appoints as the Governor a man from one of those factions the other faction would be against him, and vice versa.

Mr. RANKIN. Will the gentleman yield?

Mr. BLANTON. Yes; certainly, to my friend from Mississippi.

Mr. RANKIN. And one faction is in favor of the gentleman from Hawaii [Mr. MCCANDLESS] for Governor.

Mr. BLANTON. Well, that may be; and while I am a friend of our colleague [Mr. MCCANDLESS] because he is a good fellow, I am also for this bill. Why has not the President the same right to appoint a man from the mainland as Governor of Hawaii the same as he has to appoint a resident here as Governor General of the Philippines?

A MEMBER. Or Alaska.

Mr. BLANTON. Of course, the situation is a little different as to Alaska, because we purchased Alaska and Hawaii came in voluntarily. But the President now can and does appoint a Governor General of the Philippines from the mainland.

I call the attention of my friend from Hawaii to the fact that Albert Burleson appointed Macadam, a distinguished newspaper man from that press gallery up there, as postmaster general of Honolulu, and he was from the mainland. He went down there and served the country well. It was asserted from the other side of the aisle, by our Republican friends who are fighting this bill, that the author of Companionate Marriage is to be appointed Governor. I do not believe it. I have such confidence in our President of the United States that I do not believe he would consider for one moment such a man. For this position we want an outstanding man of good judgment, poise, and sagacity. No Ben Lindseys will be appointed.

Mr. GIBSON. Mr. Speaker, I yield 1 minute to the gentleman from Wisconsin [Mr. O'MALLEY].

Mr. O'MALLEY. Mr. Speaker, I think this question is not one of patronage. I think the question goes deeper than that. It is a question of local self-government. I do not know what kind of Democrats they have in Mississippi and Ohio, but I cannot imagine that either of those gentlemen from those States who are on the committee would go around campaigning in their States opposed to local self-government.

In 1917 and 1918 we went to war, and one of the reasons was that we were told we were fighting for self-government by small countries. The kind of Democrats I have always known have favored local self-government, and I think this

is entirely a question of local self-government. The people of Hawaii are entitled to a man in their own Territory. The last Congress passed a bill that would grant independence to the Philippine Islands, and now you are reversing yourselves in taking away independence from the people of Hawaii. A true Democrat, believing in the rights of people to govern themselves, cannot support a measure like this.

[Here the gavel fell.]

Mr. GIBSON. Mr. Speaker, I yield 1 minute to the gentleman from Minnesota [Mr. ARENS].

Mr. ARENS. Mr. Speaker, as a member of the committee, I voted against reporting this bill.

The conditions that brought about a union between the people of the United States and Hawaii in 1898 were drafted by a committee of 5 members—3 were appointed by the United States and 2 were appointed by the Republic of Hawaii. These five drew up the organic act whereby they joined the United States.

It is my contention now that we have no right to change the organic act without the consent of the Hawaiians who had a part in drafting it. I do not believe we should govern any Territory without the consent of the governed. The Legislature of Hawaii unanimously passed a resolution opposing this measure. I believe that the will of Hawaii as expressed by its legislature should prevail. [Applause.]

Mr. RANKIN. Mr. Speaker, the gentleman from Wisconsin [Mr. O'MALLEY] speaks of local self-government. That question is not involved here, for the reason that the President has the power to appoint a governor now from the Territory of Hawaii. Local self-government involves the question of electing a governor or a person who is to do the governing.

So far as annexation is concerned, that application was made by Americans who had gone over there and who had taken the islands away from the natives. That is how they got into the United States.

The gentleman from New York [Mr. SNELL] talks about carpetbag government. He undertakes to compare this with conditions in the South. There is no comparison whatsoever. The truth of it is that conditions grew so bad under carpetbag government in the South that the people rose up and threw it off, and under the conditions in Hawaii, they have become such that the President is asking for this right in order to correct some of those conditions.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. No. I am going to answer now what the gentleman said about repudiation. Any uninformed Member of the House would have thought, from what the gentleman said, that we are repudiating a treaty with Hawaii. There is not a word in the treaty between us and Hawaii as to how the Governor shall be selected. It is only this organic law that we are amending.

Mr. McCANDLESS. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. Yes.

Mr. McCANDLESS. Is it not true that the organic act passed in 1900 contained a provision that the Governor should have a residence there of 1 year?

Mr. RANKIN. But that was changed in 1921, and it is going to be changed again in 1933.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. Yes.

Mr. MOTT. Inasmuch as the organic law of the Territory of Hawaii restricts the appointment of the Governor to a man who is a resident of Hawaii, and this amendment proposes to take off that restriction, how can the gentleman say that the question of self-government is not involved?

Mr. RANKIN. That is not the question involved here. He may appoint a Governor from over there, but he is not going to allow the two factions there quarreling with one another to dictate to him whom he shall appoint Governor of Hawaii. Not only that, but there are other questions. Every Member of the House knows, as the distinguished gentleman from Massachusetts [Mr. DOUGLASS] has pointed out, that this is the most remote outpost, the western outpost of the United States. It is a very vital point for the maintenance of our security at times. The President is charged with the duty of seeing what goes on in Hawaii, just as he is in seeing what goes on in continental United States. He is charged with a duty, and a higher duty, if you please, than that of even the Governor of a State; because in dealing with these great questions there is involved not only the safety and welfare of the people of Hawaii, but the safety and welfare of the American people as well. He is not captious about this matter. Understanding his duty, understanding his responsibility, understanding the conditions there as no man in the House possibly understands them, understanding world conditions, understanding our situation, he has asked us to give him this authority; and I trust that every Member of the House will vote to give it to him, in order that he may pick the best man for the governorship of Hawaii, taking into consideration his responsibility to the people of that island as well as his responsibility to the people of continental United States.

I ask for a vote.

The SPEAKER. All time has expired. The question is on the motion to suspend the rules and pass the bill with the amendment.

The question was taken.

Mr. SNELL. Mr. Speaker, I demand the yeas and nays.

Mr. RANKIN. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 222, nays 114, answered "present" 1, not voting 93, as follows:

[Roll No. 55]

YEAS—222

Abernethy	Disney	Kennedy, N.Y.	Reilly
Adair	Dobbins	Kenney	Richards
Adams	Dockweiler	Kloeb	Richardson
Allgood	Doughton	Kniffin	Robertson
Arnold	Douglass	Kopplemann	Robinson
Ayers, Mont.	Doxey	Kramer	Rogers, N.H.
Bankhead	Drewry	Lambeth	Rogers, Okla.
Beam	Driver	Lamneck	Rudd
Beiter	Duffey	Lanham	Ruffin
Berlin	Duncan, Mo.	Larrabee	Sanders
Black	Eagle	Lee, Mo.	Sandlin
Blanton	Eicher	Lewis, Colo.	Schaefer
Bloom	Ellzey, Miss.	Lindsay	Schuetz
Boehne	Faddis	Lozier	Schulte
Boylan	Farley	McCarthy	Scrugham
Brennan	Fernandez	McDuffie	Sears
Brooks	Fiesinger	McFarlane	Shallenberger
Brown, Ky.	Fitzgibbons	McGrath	Shannon
Brown, Mich	Fitzpatrick	Major	Sirovich
Browning	Flannagan	Maloney, Conn.	Sisson
Brunner	Fletcher	Maloney, La.	Smith, Va.
Buchanan	Ford	Marland	Snyder
Bulwinkle	Fulmer	Martin, Colo.	Somers, N.Y.
Burke, Nebr.	Gambrill	May	Spence
Byrns	Gasque	Mead	Steagall
Cady	Gillette	Meeks	Strong, Tex.
Caldwell	Glover	Miller	Stubbs
Cannon, Mo.	Goldsborough	Milligan	Sullivan
Carden	Gray	Mitchell	Sumners, Tex.
Carley	Green	Monaghan	Swank
Carpenter, Kans.	Gregory	Montet	Sweeney
Carpenter, Nebr.	Griswold	Moran	Tarver
Cartwright	Haines	Murdock	Taylor, Colo.
Cary	Hancock, N.C.	Musselwhite	Taylor, S.C.
Castellow	Harlan	Nesbit	Thomason, Tex.
Chapman	Harter	Norton	Thompson, Ill.
Chavez	Hastings	O'Connell	Truax
Christianson	Henney	O'Connor	Turner
Cochran, Mo.	Hildebrandt	Oliver, Ala.	Umstead
Colden	Hill, Ala.	Oliver, N.Y.	Underwood
Cole	Hill, Knute	Owen	Utterback
Colmer	Hill, Samuel B.	Palmisano	Vinson, Ga.
Cooper, Tenn.	Hoeppel	Parks	Wallgren
Cox	Hoidale	Parsons	Wearin
Crosby	Howard	Patman	Weaver
Cross	Huddleston	Peterson	Weideman
Crosser	Imhoff	Peyser	Werner
Crowe	Jacobsen	Pierce	Wilcox
Cullen	James	Polk	Willford
Dear	Jeffers	Pou	Wilson
Deen	Johnson, Okla.	Ragon	Wood, Ga.
Delaney	Johnson, Tex.	Ramsay	Wood, Mo.
DeRouen	Johnson, W.Va.	Ramspeck	Woodrum
Dickstein	Jones	Randolph	Zioncheck
Dies	Keller	Rankin	
Dingell	Kemp	Rayburn	

NAYS—114

Allen	Beedy	Buck	Cavicchia
Andrews, N.Y.	Blanchard	Burnham	Chase
Arens	Bland	Busby	Church
Bacharach	Boileau	Cannon, Wis.	Clarke, N.Y.
Bailey	Bolton	Carter, Calif.	Collins, Calif.
Bakewell	Brumm	Carter, Wyo.	Condon

Cooper, Ohio	Hess	Martin, Mass.	Swick
Crowther	Higgins	Martin, Oreg.	Taber
Culkin	Hollister	Merritt	Taylor, Tenn.
Darrow	Holmes	Millard	Thom
Dirksen	Hooper	Morehead	Thurston
Dondero	Hope	Mott	Tinkham
Doutrich	Jenkins	O'Malley	Tobey
Eaton	Johnson, Minn.	Parker, Ga.	Traeger
Eltse, Calif.	Kahn	Parker, N.Y.	Treadway
Englebright	Kelly, Ill.	Peavey	Turpin
Evans	Kelly, Pa.	Powers	Watson
Fish	Kinzer	Reece	Welch
Focht	Knutson	Rogers, Mass.	Whitley
Foss	Kurtz	Secrest	Whittington
Gibson	Lemke	Seger	Wigglesworth
Gilchrist	Lloyd	Shoemaker	Withrow
Gillespie	Lundeen	Simpson	Wolcott
Goodwin	McFadden	Sinclair	Wolfenden
Goss	McKeown	Smith, Wash.	Wolverton
Griffin	McLean	Snell	Woodruff
Guyer	McLeod	Stalker	Young
Hancock, N.Y.	Mapes	Strong, Pa.	
Hartley	Marshall	Studley	

ANSWERED "PRESENT"—1

Dunn

NOT VOTING—93

Almon	Darden	Kocialkowski	Prall
Andrew, Mass.	De Priest	Kvale	Ransley
Auf der Heide	Dickinson	Lambertson	Reed, N.Y.
Ayres, Kans.	Ditter	Lanzetta	Reid, Ill.
Bacon	Dowell	Lea, Calif.	Rich
Beck	Durgan, Ind.	Lehlbach	Romjue
Biermann	Edmonds	Lehr	Sabath
Boland	Foulkes	Lesinski	Sadowski
Britten	Frear	Lewis, Md.	Smith, W.Va.
Buckbee	Fuller	Luce	Stokes
Burch	Gavagan	Ludlow	Sutphin
Burke, Calif.	Gifford	McClintic	Terrell
Celler	Granfield	McCormack	Vinson, Ky.
Claiborne	Greenwood	McGugin	Wadsworth
Clark, N.C.	Hamilton	McMillan	Waldron
Cochran, Pa.	Hart	McReynolds	Walter
Coffin	Healey	McSwain	Warren
Collins, Miss.	Hornor	Mansfield	West, Ohio
Connery	Hughes	Montague	West, Tex.
Connolly	Jenckes	Moynihan	White
Corning	Kee	Muldowney	Williams
Cravens	Kennedy, Md.	O'Brien	
Crump	Kerr	Perkins	
Cummings	Kleberg	Pettengill	

So (two thirds not having voted in favor thereof) the motion to suspend the rules and pass the bill was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Corning and Mr. Gavagan (for) with Mr. Bacon (against).
Mr. Lehr and Mr. Boland (for) with Mr. Ditter (against).
Mr. Auf der Heide and Mr. Burke of California (for) with Mr. Connolly (against).
Mr. McReynolds and Mr. Hamilton (for) with Mr. Wadsworth (against).
Mr. Walter and Mr. Jenckes (for) with Mr. Ransley (against).
Mr. McCormack and Mr. Healey (for) with Mr. Rich (against).
Mr. Granfield and Mr. Connery (for) with Mr. Waldron (against).
Mr. Cravens and Mr. Vinson of Kentucky (for) with Mr. Kvale (against).
Mr. Warren and Mr. Kocialkowski (for) with Mr. Andrew of Massachusetts (against).
Mr. Hughes and Mr. Greenwood (for) with Mr. Edmunds (against).
Mr. Prall and Mr. Smith of West Virginia (for) with Mr. Britten (against).
Mr. Mansfield and Mr. Sabath (for) with Mr. Luce (against).
Mr. Celler and Mr. Almon (for) with Mr. Beck (against).
Mr. Sadowski and Mr. West of Ohio (for) with Mr. Muldowney (against).
Mr. Kerr and Mr. Crump (for) with Mr. Stokes (against).
Mr. McSwain and Mr. Sutphin (for) with Mr. Moynihan (against).
Mr. Hornor and Mr. Kennedy of Maryland (for) with Mr. Reed of New York (against).
Mr. Kee and Mr. McMillan (for) with Mr. Buckbee (against).

General pairs:

Mr. Burch with Mr. Gifford.
Mr. Kleberg with Mr. Dowell.
Mr. McClintic with Mr. Cochran of Pennsylvania.
Mr. Ludlow with Mr. Frear.
Mr. Fuller with Mr. Lehlbach.
Mr. Romjue with Mr. McGugin.
Mr. Lewis of Maryland with Mr. Reid of Illinois.
Mr. Hart with Mr. Perkins.
Mr. Ayres of Kansas with Mr. Lambertson.
Mr. Collins of Mississippi with Mr. Cummings.
Mr. Montague with Mr. O'Brien.
Mr. Williams with Mr. Darden.
Mr. Clark of North Carolina with Mr. Claiborne.
Mr. Dickinson with Mr. Biermann.
Mr. Pettengill with Mr. Terrell.
Mr. Lesinski with Mr. West of Texas.
Mr. White with Mr. Coffin.
Mr. Durgan of Indiana with Mr. Foulkes.

Mr. HOPE. Mr. Speaker, the gentleman from Kansas, Mr. McGUGIN, was unavoidably absent when this vote was taken by reason of having been called as a witness in one of the courts in the District of Columbia.

Mr. MUSSELWHITE. Mr. Speaker, I desire to announce the absence of the gentleman from Michigan, Mr. HART, on account of illness.

Mr. HENNEY. Mr. Speaker, my colleague, Mr. HUGHES, of Wisconsin, is unavoidably absent. If present, he would vote "aye."

The result of the vote was announced as above recorded.

Mr. BLANTON. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BLANTON. Pursuant to the applause upon the Republican side over their defeat of a bill sent here by the President, I want to ask the Chair—— [Cries of "Regular order!"]

Mr. BLANTON. I have a right to make a parliamentary inquiry, and cries of "regular order" from Republicans over there will not stop me.

I want to ask the Chair if it is not a fact that it will be in order for the Committee on Rules to bring this same bill in under a rule tomorrow, so that we can then pass it with a majority vote?

Mr. SNELL. Does not the gentleman know the rules?

Mr. RANKIN. We will have a rule on the bill tomorrow.

Mr. BLANTON. And we will have you Republicans vote on it again; and we will pass it, in spite of Republican opposition.

Mr. O'MALLEY. Mr. Speaker, I ask unanimous consent to revise and extend my remarks.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. GIBSON. Mr. Speaker, I move to reconsider the vote by which the motion was rejected, and lay that motion on the table.

Mr. BLANTON. Mr. Speaker, I move that the House do now adjourn.

The SPEAKER. The motion of the gentleman from Texas takes precedence, of course. The question is on the motion to adjourn.

The question was taken, and the motion was rejected.

Mr. GIBSON. Mr. Speaker, I move to reconsider the vote by which the motion to suspend the rules and pass the bill was rejected and lay that motion on the table.

Mr. BLANTON. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BLANTON. If that motion is carried, then the Rules Committee nevertheless will be able to bring in a rule tomorrow to take that bill up when it can be passed by a majority vote?

The SPEAKER. The Rules Committee can bring in a bill suspending the rules.

The question is on the motion of the gentleman from Vermont [Mr. GIBSON].

The motion was agreed to.

ENTRY ON OIL RESERVES FOR GRAZING PURPOSES

Mr. DEROUEN. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (S. 604) amending section 1 of the act entitled "An act to provide for stock-raising homesteads, and for other purposes", approved December 29, 1916 (ch. 9, par. 1, 39 Stat. 862), and as amended February 28, 1931 (ch. 328, 46 Stat. 1454).

The SPEAKER. Is there objection to the request of the gentleman from Louisiana [Mr. DEROUEN]?

Mr. McFADDEN. Reserving the right to object, I would like the gentleman to explain what the bill provides.

Mr. DEROUEN. I shall be glad to do that.

This bill is to amend the act of 1916. It has to do with that section of the Stock Raising Homestead Act of 1916, as amended by the act of February 1931. The only change made by this act is that it permits stock-raising people to make entry on those lands reserved in the oil-producing sections, but goes no further. That is all it does. I shall be very glad to answer any questions so that the House may understand it.

Mr. ENGLEBRIGHT. Will the gentleman yield?

Mr. DEROUEN. I yield.

Mr. ENGLEBRIGHT. This is S. 604, which the committee unanimously reported, is it not?

Mr. DEROUEN. It was unanimously reported by the House Public Lands Committee. It has passed the Senate unanimously and is now before the House for final action.

Mr. HOPE. Will the gentleman yield?

Mr. DEROUEN. I yield.

Mr. HOPE. Does this bill make any change in the law as far as the question of reserving the oil, gas, and mineral rights to the Government is concerned?

Mr. DEROUEN. Not at all. Those are all reserved.

Mr. HOPE. It does not relax the restrictions?

Mr. DEROUEN. No; not at all. It simply makes it permissible for stock raising on those lands.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana [Mr. DEROUEN]?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That section 1 of the act entitled "An act to provide for stock-raising homesteads, and for other purposes", approved December 29, 1916 (ch. 9, par. 1, 39 Stat. 862), and as amended February 28, 1931 (ch. 328, 46 Stat. 1454), be amended to read as follows:

"From and after December 29, 1916, it shall be lawful for any person qualified to make entry under the homestead laws of the United States to make a stock-raising homestead entry for not exceeding 640 acres of unappropriated unreserved public lands in reasonably compact form: *Provided, however*, That the land so entered shall theretofore have been designated by the Secretary of the Interior as 'stock-raising lands': *Provided further*, That for the purposes of this section lands withdrawn or reserved solely as valuable for oil or gas shall not be deemed to be appropriated or reserved: *Provided further*, That the provisions of this section shall not apply to naval petroleum reserves and naval oil-shale reserves: *And provided further*, That should said lands be within the limits of the geological structure of a producing oil or gas field, entry can only be allowed, in the discretion of the Secretary of the Interior, in the absence of objection after due notice by the lessee or permittee, and any patent therefor shall contain a reservation to the United States of all minerals in said lands and the right to prospect for, mine, and remove the same."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LIMITATIONS ON SECTIONS 109 AND 113 OF THE CRIMINAL CODE

Mr. JONES. Mr. Speaker, I move to suspend the rules and pass the resolution (S.J.Res. 54) limiting the operations of sections 109 and 113 of the Criminal Code, as amended.

The Clerk read the Senate joint resolution, 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 one person shall be so designated.

The SPEAKER. Is a second demanded?

Mr. SNELL. Mr. Speaker, for the present I demand a second.

Mr. JONES. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. JONES. Mr. Speaker, the sole purpose of this resolution is to permit the Department of Agriculture to utilize the services of Frederic Lee, who was for many years one of the draftsmen for the House and Senate, and who assisted in preparing and shaping legislation. He is now a member of a law firm in Washington. He cannot afford to accept regular employment from the Department, because that would necessitate his foregoing his practice for a period of 2 years.

The Department is very anxious to utilize his services and his experience for a limited period, at least until such time as they can get their machinery working and get the Farm Act in operation. I think it would be a very great assistance to anyone who might be charged with the duty of administering the Farm Act. I am sure that the services of Mr. Lee would be more valuable in getting the program started than anyone who had not had his experience.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. JONES. I yield.

Mr. SNELL. Of course, it has been a principle that has been very carefully guarded by Congress for a great many years, that no man should be allowed to practice and bring claims against the Government who is drawing pay from the Government.

Mr. JONES. That is correct, but there is no intention to do away with that principle.

Mr. SNELL. Because it gives him, of course, a great advantage over other men.

Mr. JONES. Yes.

Mr. SNELL. And this has always been very carefully guarded. If you start breaking it down you are going to be asked to have this exception made by other departments.

For instance, a member of the Department of Justice called me this morning and said they had some matters which made it very important that such an exception be made for that department that we are asked to make for the Department of Agriculture at the present time.

Now, if we are going to do it for one, we ought to do it for both.

It is simply a question whether we are going to maintain the principle that Congress has so carefully guarded and believes is so important for the welfare of the Public Treasury.

Mr. JONES. I may say to the gentleman from New York that I am opposed to breaking down the principle. I think the principle should be maintained, but there come times when an unusual situation calls for an unusual procedure.

When Mr. Pomerene and Mr. Roberts, who is at the present time on the Supreme Court, were employed, it was found necessary to pass an identically similar resolution. I understand the same sort of resolution was passed in the Huston Thompson case some years ago. So there is precedent for this type of resolution.

Now, Mr. Lee probably knows more about the farm bill and its mechanics than anyone else who might be obtained. His services cannot be obtained if he is to be regularly employed. He does not particularly care about the employment, but he is willing to serve temporarily if this exception can be made.

The department itself has asked him to serve and is very desirous of utilizing his services.

As the gentleman knows, it will be a very hard job anyway to handle this great farm program.

Mr. BYRNS. Mr. Speaker, will the gentleman yield?

Mr. JONES. I yield.

Mr. BYRNS. I want to endorse what the gentleman from New York has said.

It has been the understanding in Congress, with possibly one or two exceptions to which the gentleman has referred, that men who work for the Government and draw a salary or fees from the Government shall not at the same time be permitted to practice in the departments against the Government, and I think this is a splendid policy.

I have not made any objection to this bill on account of the interest of the gentleman, but I heard this morning that the Department of Justice was asking for the same privilege. I do not know why they want it, because they have not communicated with me; but I immediately said that, so far as this bill was concerned, that while I had stated to the gentleman from Texas that I would interpose no objection if it was proposed to bring it up under unanimous consent so that it could be amended, then I was going to object to it because I think Congress ought to be jealous of this policy that has been established.

I do not question what the gentleman from Texas has said with reference to the value of the services of Mr. Lee; but it is asking a great deal for us to believe that there is no one else anywhere whose services could be obtained who would not render just as valuable service as Mr. Lee.

I do think that Congress ought to stop passing this kind of bills. So far as I am concerned, if there is any other

effort made to pass a bill similar to this applying to other departments, so far as my vote is concerned, it is going to be recorded against it. [Applause.]

Mr. JONES. Mr. Speaker, I am in hearty accord with the sentiment expressed; but this, Mr. Chairman, is a somewhat complicated measure. We all know, of course, there are others who could be obtained who could do this work; but I think any member of either the House or the Senate committee who has had opportunity to know Mr. Lee's work will say he would rather have him with his experience in this particular type of legislation than any other man, at least until the program is started.

I believe it would be economy to make this exception, and I have limited the Senate resolution so that this particular case is the only one that can be handled by the Department.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. JONES. I yield.

Mr. SNELL. The gentleman, of course, would admit that in any future practice Mr. Lee and his firm here in Washington would have a very great advantage, especially in practicing before the Department of Agriculture.

Mr. JONES. No; the Department of Agriculture is excepted.

Mr. SNELL. Yes, for a limited time; but they would likewise have a great advantage in any of the other departments.

Mr. JONES. We have provided in the resolution that he may not practice before the Department of Agriculture for 2 years.

Mr. SNELL. He will later on.

Mr. JONES. He would have to wait until 2 years have elapsed.

Mr. SNELL. But perhaps 3 years from now important matters may be pending before that Department and his firm would have the advantage.

Mr. JONES. I am in favor of the principle, I may say to the gentleman from New York. But the application of the farm bill involves a vast untried field. I do not want it to be handicapped in any way.

Mr. SNELL. What is the gentleman going to do with the Department of Justice, which is going to ask for a similar privilege?

Mr. JONES. The majority leader has just stated that he would not permit this bill to come up by unanimous consent for fear it might be broadened, and that he is opposed to extending it.

Everyone knows this is a tremendous task that the Farm Administrator will have in administering the act which has been passed. I believe it will be rather captious for us to say as a Congress that when the Secretary of Agriculture and the Administrator himself are very anxious to have the services for the time of the man who sat in and helped draft this complicated piece of legislation, especially with the limitation we have placed in the resolution, not to pass it and give every opportunity that may be had for that measure and its administration to be a success.

Mr. SNELL. Your own Attorney General is coming before you with the same kind of a proposition, that the man he wants to appoint for specific work is absolutely necessary to carry it out; and that man cannot take it unless this exception is made because he also has other practice here in the city of Washington.

Mr. JONES. We have made exceptions before in special cases for that Department. We made an exception in the Pomerene case and in the Roberts case for that Department in a much more important measure involving much larger compensation than is suggested today in behalf of the Department of Agriculture. Those men were paid much larger fees than this man can possibly be paid on the terms of this resolution.

Mr. COLLINS of Mississippi. Will the gentleman yield?

Mr. JONES. I yield to the gentleman from Mississippi.

Mr. COLLINS of Mississippi. It is my understanding we appropriate about $100,000 for the legislative drafting service of the House and Senate. Congress is expected to adjourn in a few days. Why would it not be possible to utilize the services of some of these gentlemen who are now on the pay roll—Mr. Beaman, for instance? This gentleman for a long time was an understudy of Mr. Beaman.

Mr. JONES. As the gentleman knows, those men have assignments all through the summer, perhaps enough to carry them through the time Congress is not in session; and that does not meet the situation, because this is the man the Department wants. He is familiar with the legislation, and his services are desired by the Department, and I think we ought to let the Department have them.

Mr. SHANNON. Will the gentleman yield?

Mr. JONES. Yes.

Mr. SHANNON. Has not this man appeared repeatedly before the Committee on Agriculture as a hired attorney for interests seeking legislation?

Mr. JONES. He has appeared representing certain people, as any other attorney would, but at the same time he is not representing them at the present time.

Mr. SHANNON. I understand that, but it was with respect to legislation of this kind.

Mr. JONES. I assume many lawyers have done that. I presume there are members of the Supreme Court who have done that.

Mr. SHANNON. Is it not unique that this man should have appeared for years before your committee and now somebody wants him in the Department of Agriculture?

Mr. JONES. Oh, no.

Mr. SHANNON. Why not let those interests who have hired him heretofore engage him now?

Mr. JONES. No; the gentleman is in error. This man for years was a member of the legislative drafting service and was only for a brief period of time employed by certain cooperative organizations to assist them in presenting their matters.

Mr. SHANNON. But he has been employed in the past with respect to such legislation.

Mr. JONES. Yes.

Mr. SHANNON. And now they wish the law enforced and they want their attorney to go into the Department.

Mr. JONES. Oh, no; he is not their attorney.

Mr. SHANNON. He was their attorney.

Mr. JONES. He was their attorney at one time, but he has not been for some months.

Mr. CARPENTER of Nebraska. Will the gentleman yield?

Mr. JONES. Yes.

Mr. CARPENTER of Nebraska. Can the gentleman tell us whether Mr. Lee is a Republican or a Democrat?

Mr. JONES. I understand he is a Democrat, although I could not give the gentleman very definite information about that, and I may be in error. Inasmuch as the Department which is charged with handling this tremendous problem only wants him for a limited time, I thought his other qualifications were more important.

Mr. BEAM. Will the gentleman yield?

Mr. JONES. Yes.

Mr. BEAM. How long has Mr. Lee been engaged in the Government service?

Mr. JONES. He is not in the Government service at the present time; he is practicing law. It has been some 4 or 5 or 3 or 4 years since he was in the legislative drafting service of the Government.

Mr. BEAM. And now he is practicing law independently?

Mr. JONES. Yes; as a member of a firm here.

Mr. BEAM. As the gentleman knows, Mr. Lee has represented several clients before the Committee on Agriculture.

Mr. JONES. Yes.

Mr. BEAM. At absolute variance with the program of the administration with respect to different measures.

Mr. JONES. At times, perhaps, but I do not think many times; at the same time he appeared in a certain capacity and disclosed his capacity.

Mr. BEAM. I understand that.

Mr. JONES. And appeared as a draftsman and made explanatory statements in reference to measures.

Mr. BEAM. How long does the gentleman desire his services to continue under this resolution?

Mr. JONES. That was not disclosed, but they indicated they would not be able to keep him for a great length of time. He is willing to help them to start off the work but does not want to give up his practice.

Mr. BEAM. How much expense to the Government is this going to entail?

Mr. JONES. Under the terms of the bill they could not possibly pay him a higher salary than $8,500 a year. That is the highest amount that can be paid under the bill under any circumstances.

Mr. BEAM. How much of his services does he give for this $8,500 a year?

Mr. JONES. They expect to use his services a great deal pending the time they get the bill in operation. They think he is well informed on the measure, knows its limitations, and knows its powers, and that he will be of a great deal of service to them.

Mr. BEAM. Is there any other attorney in the service that could render the committee or the Department of Agriculture the services that Mr. Lee can render?

Mr. JONES. There are, of course, plenty of men who have the ability, but it would take a man a good, long while, as the gentleman knows, since he is a member of the committee, to become as well informed on the terms of the bill and the facts essential to its successful operation as is Mr. Lee.

Mr. BEAM. I understand that and that is what I am concerned about. I am a practicing attorney myself, and I dislike very much to take any position against a practicing attorney, but I feel it is a bad precedent for the Department of Agriculture or the Committee on Agriculture to bring out a joint resolution here employing a man who formerly represented certain people, and, as the minority leader so ably said and as our majority leader also stated, to establish a precedent whereby this man, by the admission of the chairman, becomes practically indispensable to the Government service, and for one, I object to it.

Mr. JONES. The gentleman is mistaken about that. This does not establish a precedent. The precedent is already established, and this man does not ask for this employment. They have gone to him and asked that he render these services.

Mr. BEAM. So far as I am concerned, I object to such a practice.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. JONES. Yes.

Mr. WEIDEMAN. Does it not appear that out of all the hundreds of thousands of dollars we pay for attorneys in the Government service, there ought to be someone competent to handle this work? If not, does not the gentleman think we need an entire reorganization of the whole thing?

Mr. JONES. We could get someone who is capable to do this work, but it would probably cost more money, because this man has had years of experience in this particular line of work. He was the draftsman for the Committee on Agriculture when the old McNary-Haugen bills were up. He was in the Government service then and he went through all the hearings on the McNary-Haugen bills for years. He also went through the hearings on the other farm measures that were presented and he knows the underlying philosophy of the farm bills. I believe if you will ask any of the members of the Committee on Agriculture on either side of the aisle during those years they will tell you that he is an unusually capable man along this line and will be of great service for the limited time he will act. He has stated he would only act a limited time in any event.

Mr. WEIDEMAN. The gentleman does not suppose it is possible for the Republican side to know more about this particular man than we do ourselves.

Mr. MILLIGAN. Why could not the Solicitor of the Agricultural Department perform these services—it is his duty, is it not?

Mr. JONES. Of course, he could perform the services, but no doubt he has his usual duties to perform. The gentleman knows this measure will call for a great deal of extra work. They are going to have a tremendous amount of work to start this machinery. They only want it for a short time, and it seems to me they ought to have this permission. This is a tremendous proposition. The Department wants a man for the time being and for a short time only.

Mr. MILLIGAN. The gentleman does not want to leave the impression that this gentleman is indispensable?

Mr. JONES. I do not think any man is indispensable, anywhere in America, but this man is probably the best informed as to this subject, and he could go right to work. Anyone else would have to do a lot of work first.

Mr. BROWN of Kentucky. Will the gentleman yield?

Mr. JONES. Yes.

Mr. BROWN of Kentucky. The gentleman stated that this man does not want to accept the job, but they are inducing him to do it. I want to state that in my district and State there are a number of lawyers who would be willing to give a lot of study to a job like this in order to get it, and they would not want a special act.

Mr. JONES. I have stated to the gentleman that the work is to be done now.

Mr. BROWN of Kentucky. Well, they are ready to go to work now. [Laughter.]

Mr. JONES. The gentleman from Kentucky may be facetious, but if he had the responsibility of administering the act, if he had the responsibility of doing something for the farmers of America, and incidentally the other people of the United States, I do not believe that if he has a proper conception of the responsibilities involved he would want to jeopardize it in any way.

Mr. BLANTON. The bill provides "that not more three such officers shall hold such exemptions." I want to ask the gentleman from Texas whether or not, if we pass this bill and exempt these three men——

Mr. JONES. The bill is limited to only one.

Mr. BLANTON. But as introduced in the Senate on May 15 it provided for three. Well, if we pass the bill for this one man, it will set a new precedent, unwise and unsalutary, for these other departments, and I do not think we should do it.

Mr. JONES. I do not think the gentleman was in the Hall a moment ago when I answered that question. The precedent has been set in the case of Mr. Pomerene, Mr. Roberts, and Huston Thompson.

Mr. BLANTON. I was in the Hall. I am in this Chamber practically all of the time. They were not attorneys for departments.

Mr. JONES. No; and this man is not an attorney for the Department. He is not a Government employee.

Mr. GAMBRILL. Is this man Mr. Frederic Lee?

Mr. JONES. Yes.

Mr. GAMBRILL. He has recently been appointed by Governor Ritchie to look after legislation for the State. I do not see how he can hold two jobs successfully.

Mr. JONES. This is only temporary. The Department is very anxious about it, and I think we ought to pass this.

Mr. BLANTON. I think that the bill extends a very unwise precedent, and I hope that it will not pass.

Mr. SNELL. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania [Mr. FOCHT].

Mr. FOCHT. I should like to ask the gentleman from Texas, who was here during the administration of President Wilson, whether or not this law was not one of the great reform measures we passed at that time?

Mr. JONES. Let me say that I am in thorough sympathy with it. That law will and should remain. For this reason we are strictly limiting the exception. It passed the Senate with 3 names, but we limit it to 1, and the only reason we are making the exception at all is on account of the tremendous responsibility that they are under to get this thing started. It takes an immense amount of work.

Mr. FOCHT. I was just wondering whether the gentleman wanted to repudiate this great progressive reform?

Mr. JONES. No; I do not. I insist upon its remaining as a part of the general laws of the land.

Mr. SNELL. Mr. Speaker, I am absolutely opposed to breaking down this precedent at this time. There is so much unemployment in the country today that the President himself, and the gentleman at the head of the Post Office Department, who runs the jobs for the administration, say that they are going to stagger all of the employment throughout the country, and, if we are going to do that, we must not break down this important precedent that has been established for many years and pass special legislation to give two jobs to one man. The gentleman from Texas [Mr. JONES] says that this man knows more about these particular matters than any other man, and that he is almost essential. Well, for God's sake, what would happen if he should die? Is there no other man in the United States that knows anything about it? Is there no other man who can unravel this complicated legislation? Does not anyone else understand it?

Mr. JONES. This gentleman has not any job now with the Government. He is in private practice.

Mr. SNELL. Yes; and the gentleman wants to place him in a position where he not only can draw pay from the Government but also can continue in private practice and present claims against the Government. As a matter of fact, we have guarded this proposition very diligently for many years. So far as I know, Congress has been practically unanimous on this agreement. There have been one or two exceptions, but, individually, I have always opposed them. At this time, from any reason that has been presented here today, there is no possible excuse for making this exception. If you do make it today, your own Attorney General is coming in here tomorrow and is going to ask you to do exactly the same thing for him, and if you do it for the Department of Agriculture, why should you not do it for the Attorney General's Department? It is just as important for one as the other.

Mr. CARPENTER of Nebraska. Mr. Speaker, will the gentleman yield?

Mr. SNELL. Yes.

Mr. CARPENTER of Nebraska. Can the gentleman tell us why a Democratic Attorney General would appeal to a minority leader on the Republican side rather than to a majority leader on the Democratic side?

Mr. SNELL. The gentleman will have to ask the gentleman himself. It came to me from someone in the Department. I do not even know his name. I do not make any excuses for it. If the gentleman does not like it, he can go down there and give them an order and tell them not to talk to us. It does not make any difference to me. I did not ask him and do not care. The only question before us now is whether we, without any real reason, want to break down a precedent of years and to allow this man to have this job and also engage in practice against the Government and present claims against the Government when we have so many men in Washington and in other places who have not even one job—to say nothing of two jobs for one man at the present time. It has always been understood that a man gets a terrific advantage when he helps to draw a law and is a member of the department and then prosecutes claims under the law.

Mr. WEIDEMAN. I understand that in the city of Detroit alone there are 42 lawyers who are on the welfare rolls. I imagine that we could even get some from there to fill in.

Mr. SNELL. Probably you could do the same thing in every city in the United States.

I yield 3 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, I do not know why every day or two we are considering some bill to break down the criminal statutes of the United States. If there ever was a reason for a criminal statute to prevent certain folks who have been in the Government service from prosecuting a claim, there is reason for keeping it there now, in view of all of the confusion being created by these new bills. There are going to be claims and claims and claims. Why should we start to break down the precedent now? Have we not any respect for the integrity of the Civil Service of the United States? Have we no respect for the Government itself; for the Federal Treasury? This law was passed and put on the statute books to prevent those in the Government service from taking any advantage of that position both while in the service and afterward. I appeal to the Membership of the House to stop this thing right where it is now by refusing to suspend the rules and pass this bill. Let us defeat this and keep our record intact.

Mr. SHOEMAKER. I understand this is the same fellow who has drawn all the farm bills, all the way down through the last 10 or 15 years. Is that correct?

Mr. TABER. Well, I guess he is the fellow who ought to know where the holes in the bill are, so that he could present claims.

Mr. SHOEMAKER. I understand he has drawn every one for the last 15 years, or for several years.

Mr. TABER. That being true, he will know where the holes are in them just as well as anybody, and he is in the best possible position of anyone to take advantage of the Government, and I suppose that is the reason why we ought to turn things over to him and let him run them.

Mr. SHOEMAKER. If he has spent 15 years in producing flops on farm bills we ought to excuse him.

Mr. BOILEAU. But the gentleman is mistaken, because I understand the bill particularly prevents him from practicing before the Department of Agriculture.

Mr. TABER. But he can practice before other departments where claims come up—in the Treasury Department under this new agricultural bill.

Mr. BOILEAU. But he could not take any advantage under this bill.

Mr. TABER. Oh, he could take advantage of what he knows about all this situation.

Mr. JONES. Mr. Speaker, this is not a question of repealing the criminal statutes. It is idle to talk about that. There is no higher type man than Frederic Lee. He would render valuable, patriotic service. However, in view of the apparent opposition to this measure, although the Department has insisted upon it, I ask unanimous consent to withdraw my motion to suspend the rules and pass this bill.

The SPEAKER. Is there objection?

There was no objection.

BRIDGE ACROSS LAKE SABINE NEAR PORT ARTHUR, TEX.

The SPEAKER. The next business before the House is the consideration of bills on the Consent Calendar. The Clerk will call the first bill on the Consent Calendar.

The Clerk called the first bill on the Consent Calendar, H.R. 4870, to extend the times for commencing and completing the construction of a bridge across Lake Sabine at or near Port Arthur, Tex.

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

Mr. MILLIGAN. Mr. Speaker, I ask unanimous consent that this bill may go over without prejudice.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

THE DALLES BRIDGE CO.

The next business on the Consent Calendar was the bill (S. 1278) to amend an act (Public, No. 431, 72d Cong.) to identify The Dalles Bridge Co.

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

Mr. GOSS. Mr. Speaker, reserving the right to object, a week or two ago when this same calendar was being considered I asked that this bill go over without prejudice for the reason that the Committee on Military Affairs had a bill before it affected by this bill. My understanding is that the Committee on Military Affairs has reported that bill out, which would waive the objection I had at that time to this bill, and I therefore have no objection now.

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

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That an act to authorize the construction of certain bridges over navigable waters of the United States, ap-

proved March 4, 1933 (Public, No. 431, 72d Cong.), be amended by adding to section 2a the words "a Washington corporation", immediately following the words "The Dalles Bridge Co."

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

A motion to reconsider was laid on the table.

BRIDGE ACROSS EAST RIVER BETWEEN BRONX AND WHITESTONE LANDING

The next business on the Consent Calendar was the bill (H.R. 5394) authorizing Charles V. Bossert, his heirs and assigns, to construct, maintain, and operate a bridge across the East River between Bronx and Whitestone Landing.

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

There being no objection the Clerk read as follows:

Be it enacted, etc., That in order to promote interstate commerce, improve the Postal Service, and provide for military and other purposes, Charles V. Bossert, his heirs and assigns, be, and is hereby, authorized to construct, maintain, and operate a bridge and approaches thereto across the East River between Bronx, N.Y., and Whitestone Landing, L.I., at a point suitable to the interests of navigation, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act: *Provided, however,* That construction thereof is commenced within 1 year from the date of approval thereof, in order that the construction of this bridge may offer immediate work and relieve unemployment.

SEC. 2. After the completion of such bridge, as determined by the Secretary of War, the State of New York, any political subdivision thereof within or adjoining which any part of such bridge is located, or any two or more of them jointly, may at any time acquire and take over all right, title, and interest in such bridge and its approaches, and any interest in real property necessary therefor, by purchase or by condemnation or expropriation, in accordance with the laws of such State governing the acquisition of private property for public purposes by condemnation or expropriation. If at any time after the expiration of 50 years after the completion of such bridge the same is acquired by condemnation or expropriation, the amount of damages or compensation to be allowed shall not include goodwill, going value, or prospective revenues or profits, but shall be limited to the sum of (1) the actual cost of constructing such bridge and its approaches, less a reasonable deduction for actual depreciation in value; (2) the actual cost of acquiring such interests in real property; (3) actual financing and promotion cost, not to exceed 1 percent of the sum of the cost of constructing the bridge and its approaches and acquiring such interests in real property; and (4) actual expenditures for necessary improvements.

In the event, however, that by appropriate legislation enacted by the State of New York there shall be granted to said Charles V. Bossert, his heirs and assigns, exemption from taxation by the said State, or any political subdivision thereof, with reference to said bridge or the approaches thereto, said bridge shall be turned over to the State of New York or any political subdivision designated by said State without any charge or compensation after the expiration of 50 years from the completion of said bridge.

SEC. 3. If such bridge shall at any time be taken over or acquired by the State of New York or by any municipality or other political subdivision or public agency thereof, under the provisions of section 2 of this act, and if tolls are thereafter charged for the use thereof, the rates of toll shall be so adjusted as to provide a fund sufficient to pay for the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management and to provide a sinking fund sufficient to amortize the amount paid therefor, including reasonable interest and financing cost, as soon as possible under reasonable charges, but within a period of not to exceed 20 years from the date of acquiring the same. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter 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. An accurate record of the amount paid for acquiring the bridge and its approaches, the actual 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. 4. Charles V. Bossert, his heirs and assigns, shall, within 90 days after the completion of such bridge, file with the Secretary of War and with the Highway Department of the State of New York a sworn itemized statement showing the actual original cost of constructing the bridge and its approaches, the actual cost of acquiring any interest in real property necessary therefor, and the actual financing and promotion costs. The Secretary of War may, and at the request of the Highway Department of the State of New York shall, at any time within 3 years after the completion of such bridge, investigate such costs and determine the accuracy and the reasonableness of the costs alleged in the statement of costs so filed, and shall make a finding of the actual and reasonable costs of constructing, financing, and promoting such bridge; for the purpose of such investigation the said Charles V. Bossert, his heirs and assigns, shall make available all of its records in connection with the construction, financing, and promotion thereof. The findings of the Secretary of War as to the reasonable costs of the construction, financing, and promotion of the bridge shall be conclusive for the purposes mentioned in section 2 of this act, subject only to review in a court of equity for fraud or gross mistake.

SEC. 5. The right to sell, assign, transfer, and mortgage all the rights, powers, and privileges conferred by this act is hereby granted to Charles V. Bossert, his heirs and assigns; and any corporation to which or any person to whom such rights, powers, and privileges may be sold, assigned, or transferred, or who shall acquire the same by mortgage foreclosure or otherwise, is hereby authorized and empowered to exercise the same as fully as though conferred herein directly upon such corporation or person.

SEC. 6. The right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendments:

Page 2, line 4, after the word "act", strike out the balance of the paragraph.

Page 2, line 18, strike out the word "fifty" and insert in lieu thereof the word "five."

Page 3, lines 7 to 16, strike out the paragraph.

The committee amendments were agreed to.

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

A motion to reconsider was laid on the table.

ESTABLISHMENT OF TERM OF DISTRICT COURT OF THE UNITED STATES AT ORLANDO, FLA.

The next business on the Consent Calendar was the bill (S. 687) providing for the establishment of a term of the District Court of the United States for the Southern District of Florida at Orlando, Fla.

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

Mr. JENKINS. Reserving the right to object, someone requested that I make inquiry with regard to this bill. The report states there will be no expense to the United States Government by way of rentals. I would like to ask if there will be any additional expense in the way of clerk hire or office expense of any kind?

Mr. WILCOX. There will be no additional expense to the United States Government at all, either as to clerk hire or office, or space for holding the court, or any other expense.

Mr. JENKINS. Is there any bar association opposition anywhere?

Mr. WILCOX. No, sir. This bill was filed both in the House and the Senate at the request of the bar association.

Mr. SEARS. Will the gentleman yield?

Mr. WILCOX. I yield.

Mr. SEARS. The cost of jurors and witnesses will be materially reduced?

Mr. GOSS. Where is the court sitting now? In a different place?

Mr. SEARS. The court now sits at Tampa, Miami, Jacksonville, and Key West.

Mr. GOSS. When you provide another term at a certain locality, if the locality is farther away from the base then the fees to the judge sitting might be greater.

Mr. WILCOX. May I explain to the gentleman that the nearest point to Orlando is Tampa on the southwest, for holding court, and Jacksonville to the northeast.

Mr. GOSS. But if the distance is several times that which these judges have to go, it will consequently increase their fees.

Mr. WILCOX. It might increase the amount of fees to the judge, but it would decrease the amount of fees to witnesses and jurors, which would more than offset the expense on account of the judges.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That a term of the District Court of the United States for the Southern District of Florida shall be held annually at Orlando, Fla., on the first Monday in October: *Provided,* That suitable rooms and accommodations for holding court at Orlando are furnished without expense to the United States.

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

A motion to reconsider was laid on the table.

RETURN TO PHILIPPINE ISLANDS OF UNEMPLOYED FILIPINOS

The Clerk called the next resolution, H.J.Res. 118, to provide for the return to the Philippine Islands of unemployed Filipinos resident in the continental United States, to authorize appropriations to accomplish that result, and for other purposes.

Mr. JENKINS. Mr. Speaker, reserving the right to object, this is a very important bill and is a matter which should receive the attention of everyone here. I am not inclined to be unfriendly to the bill. I am not inclined to oppose it at all, but I should like the Chairman of the Committee on Immigration to be given sufficient time to explain it because, as I said before, it is very important and is a great departure from any legislation we have enacted heretofore.

Mr. BLANTON. Mr. Speaker, reserving the right to object, I want to call the attention of the gentleman from New York [Mr. DICKSTEIN] to the Philippine Independence Act. Until the Philippine Independence Act is approved and put into effect, what is the use of sending Filipinos home? They can come right back again.

Mr. DICKSTEIN. No; they cannot. Will the gentleman withhold his objection for a moment?

Mr. BLANTON. Mr. Speaker, I am willing for the gentleman to explain the bill, but ultimately I shall object.

Mr. DICKSTEIN. The gentleman may not object when he hears my explanation.

Mr. Speaker, I ask unanimous consent to proceed for 5 minutes to explain the bill.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. DICKSTEIN. Mr. Speaker, I think it is the duty of every Member of this House to cooperate in a program to pass this bill to which the Committee on Immigration and Naturalization has given careful study, by which we can, on their voluntary request, dispose of over 30,000 Filipinos who are roaming throughout the United States, most of them without homes, some of them in jail, most of them having been out of work for 2 or 3 years. They are taking jobs away from Americans whenever they can find jobs because they will work for any price at any time, day or night.

The Philippine Commissioner has indicated to the Committee on Immigration that at least 30,000 of these Filipinos, if given an opportunity to get on Government transports, are ready to leave the United States and go back to their home land.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. DICKSTEIN. I yield.

Mr. McFARLANE. Are these Filipinos in this country legally?

Mr. DICKSTEIN. They are in the country legally, but here is an opportunity to get them to leave in a nice way, because they would be departing voluntarily at their own request.

The gentleman from Texas suggested that because the Filipinos have not yet obtained their independence we should continue to let almost 45,000 Filipinos in California, New York, Illinois, Mississippi, and throughout the land continue roaming from house to house, without jobs and no place to go.

Here is an opportunity for this Congress to do something constructive for the American people and our American communities and let these Filipinos go home and stay home.

You may ask, Why can they not come back here? They cannot get back because once they accept this gratuity from the Government the regulations provided for might properly require that they sign a pauper's application; then once they go out they stay out.

This bill gives the American people an opportunity in a nice way, in a friendly way, to rid our communities of almost 30,000 of these Filipinos.

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. DICKSTEIN. I yield.

Mr. O'MALLEY. By the terms of this bill we are dealing with Filipinos alone. There are thousands of people of other races in this country in the same condition the Filipinos are in, people who are here legally. They should be made to meet the same conditions.

Mr. DICKSTEIN. In answer to the gentleman's statement may I say that the committee has reported another bill to the House, H.R. 3524, No. 31 on the Union Calendar, which will take care of that situation. We are taking care of everybody who wants to go back home and who voluntarily asks the Government to send them.

Mr. O'MALLEY. But this bill is solely for the Filipinos.

Mr. DICKSTEIN. Yes; because we can use Navy and Army transports to take them to the Philippine Islands.

Mr. O'MALLEY. Does the gentleman think that all people in this country who are not citizens and who are unemployed should be sent back?

Mr. DICKSTEIN. No. That is not what I said.

Mr. O'MALLEY. That is what this proposes.

Mr. DICKSTEIN. No; the gentleman has not read the bill.

Mr. WEIDEMAN. Mr. Speaker, will the gentleman yield?

Mr. DICKSTEIN. I yield.

Mr. WEIDEMAN. These Filipinos have indicated a desire to return to the Philippine Islands. At the present time they are roaming around in my city and other sections of the United States unable to find employment and they are terribly handicapped. Why not send them back home instead of permitting them to continue to be a charge upon the people of this country?

Mr. O'MALLEY. I think anybody who wants to leave should be entitled to.

Mr. WEIDEMAN. They do not have to go.

Mr. DICKSTEIN. No Filipino who is here legally is compelled to leave this country. If the Members will read the report of the committee, they will see that the Commissioner of the Philippine Islands indicated that there are almost 30,000 Filipinos who voluntarily want to go back and stay in the Philippine Islands. We are not deporting anybody. This is not a slap at the Filipino people. I say here is an opportunity to save 30,000 jobs for 30,000 Americans.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. DICKSTEIN. I yield.

Mr. McFARLANE. How much will it cost to send them back?

Mr. DICKSTEIN. The Navy has estimated that the cost is 65 cents a day per person as a passenger on their boats.

Mr. McFARLANE. What will the cost aggregate?

Mr. DICKSTEIN. I cannot give the gentleman this information, but should the bill be passed that question would go to the Appropriations Committee, and they will determine the amount necessary to provide. I am giving the gentleman the substance of the testimony given by the Navy Department in which they say they can take on an average of a thousand every 2 months, and that it will cost an average of 65 cents a day.

Mr. McFARLANE. How long does it take to go from here to the Philippine Islands.

Mr. DICKSTEIN. About 10 or 15 days from the west coast, I imagine.

Mr. WEIDEMAN. Mr. Speaker, will the gentleman yield?

Mr. DICKSTEIN. I yield.

Mr. WEIDEMAN. The more Filipinos who leave this country, the more jobs are left for our own people.

Mr. DICKSTEIN. Certainly.

Mr. WEIDEMAN. And it is better to have them leave voluntarily, is it not?

Mr. DICKSTEIN. Certainly. Just let me quote a few extracts from the report on this bill:

The United States Census of 1930 shows the total number of Filipinos in the continental United States as 45,208. Of this number, 38,030 were located west of the Mississippi River, with the greater number residing in three States, as follows:

California	30,470
Oregon	1,066
Washington	3,480

Seven thousand one hundred and seventy-eight were located east of the Mississippi River, with the greater number residing in four States, as follows:

Illinois	2,011
Michigan	787
New York	1,982
Pennsylvania	614

Attached hereto is a table showing the distribution of Filipinos in the continental United States by States.

Number of Filipinos in the United States, census of 1930

State	Number west of Mississippi River	Number east of Mississippi River
Alabama		25
Arizona	472	
Arkansas	15	
California	30,470	
Colorado	250	
Connecticut		160
Delaware		9
District of Columbia		294
Florida		46
Georgia		29
Idaho	97	
Illinois		2,001
Indiana		77
Iowa	40	
Kansas	95	
Kentucky		5
Louisiana	515	
Maine		12
Maryland		327
Massachusetts		157
Michigan		787
Minnesota	236	
Mississippi		6
Missouri	321	
Montana	295	
Nebraska	55	
Nevada	47	
New Hampshire		3
New Jersey		286
New Mexico	27	
New York		1,982
North Carolina		6
North Dakota	30	
Ohio		88
Oklahoma	21	
Oregon	1,066	
Pennsylvania		614
Rhode Island		25
South Carolina		18
South Dakota	7	
Tennessee		14
Texas	288	
Utah	158	
Vermont		1
Virginia		126
Washington	3,480	
West Virginia		6
Wisconsin		64
Wyoming	45	
Total	38,030	7,178

Estimates of the number of indigent Filipinos who might apply for transportation under the provisions of the act cannot be made with any degree of accuracy. During the calendar year 1932, 2,070 Filipinos returned to the Philippines from the continental United States at their expense. With expenses paid, it is probable that the number of applicants would greatly exceed this number.

Your committee roughly estimates that perhaps 20,000 to 30,000 of these Filipinos would apply for the benefits of this resolution before the date fixed as the last date upon which application may be made and accepted by the officers of the Immigration Service; that is, prior to December 1, 1933.

Such a movement on the part of these unemployed Filipinos would be distinctly beneficial to our own citizens who also are without regular income and who are seeking employment; at the same time, it would get these Filipinos speedily among their own peoples, where adjustments probably would be more possible than if they remained here.

While the hearings developed that a number of communities in the United States are now, and have been for sometime, overburdened with calls for solution of the vexing problem of caring for these people, who are neither citizens nor entirely aliens, still testimony submitted clearly established that there existed a definite desire of many Filipinos to go back to their homeland provided a way is provided to finance the journey.

Your committee views this situation, with respect to these Filipinos, as a national emergency to overcome which the Government is fully justified in using the Army and Navy transports as means of transportation, with the actual expense incurred in this means of transportation payable from the Treasury. However, there did not seem any logical reason for withholding this business from certain commercial shipping firms operating ships under United States registry if such commercial firms cared to take this business at a per capita rate as low as, or lower than, the agreed upon rate for passage and maintenance aboard Army transports; that is, rates covering actual cost when civilians man the ships. The Navy transports are manned by enlisted men.

[Here the gavel fell.]

Mr. WEIDEMAN. Mr. Speaker, I ask unanimous consent that the time of the gentleman from New York be extended 5 minutes.

The SPEAKER pro tempore (Mr. BLANTON). Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. O'MALLEY. Will the gentleman from New York yield?

Mr. DICKSTEIN. Certainly.

Mr. O'MALLEY. If this measure is of benefit to the Filipinos and will do them some good and enable them to be transported back to the Philippine Islands at the expense of the United States, I think the measure should be broadened to include all races or all peoples similarly situated. I think, personally, this is class legislation.

Mr. DICKSTEIN. If the gentleman will bear with me, this is not only of benefit to the Filipinos, but it is of benefit to the American workers and a benefit to the American communities where these Filipinos have been roaming around now for 2½ years without any work.

Mr. O'MALLEY. Then there should be no objection to broadening the legislation.

Mr. DICKSTEIN. One thing has nothing to do with the other. As I said before, the committee has already reported to the House another bill that will extend the time from 3 years to 5 years within which indigent aliens ask to go back to their native lands at Government expense, and this measure will be considered at the proper time by the House.

Mr. DOCKWEILER. Will the gentleman yield?

Mr. DICKSTEIN. For a brief question; yes.

Mr. DOCKWEILER. If the gentleman will permit, I want to answer the question of the gentleman from Wisconsin [Mr. O'MALLEY]. As a Californian I want to say that we have a greater number of Filipinos than any State of the Union and, of course, they are roaming up and down our State, and they are just floatsam and jetsam so far as we are concerned; but we cannot provide in this measure that we will include everybody who wants to go back to his native home, because in the case of the Filipinos we have a great Army and a great naval base in the Philippine Islands, and we are utilizing in this particular case our Army transports and our Navy transports to take these people back at a cheap rate. Can the gentleman point to any other country where we have a naval base and an Army base and where we could use our transports for such a purpose?

Mr. O'MALLEY. My contention is that if this is a good thing with respect to the Filipinos, why not include them all?

Mr. DICKSTEIN. If the Members of the House will be good enough to look at the report, they will find the States in which these men are situated and they include Alabama, Arizona, Arkansas, California, Connecticut, Delaware, District of Columbia, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, and almost every State of the Union; and the testimony at the hearings indicates clearly that a large percentage of them are out of employment. Would it not be a nice thing for this country, when they have indicated a willingness to depart voluntarily, to send them back to their own country? In order to be sent back they can be required, under regulations to be drawn up, to sign a pauper's statement in the application, and when they do this they cannot come back if they are likely to become a public charge.

Mr. McFADDEN. Will the gentleman yield?

Mr. DICKSTEIN. For a brief question; yes.

Mr. McFADDEN. I think I am heartily in favor of the bill, but on page 6 of the bill, line 2, there is a provision that no commercial steamship company transporting Filipinos to Manila, Philippine Islands, shall be taxed. Suppose the transports are occupied with troops of the Army and Navy, this would mean that commercial steamship lines would be employed.

Mr. DICKSTEIN. That is entirely within the discretion of the Committee on Appropriations. Any appropriation under this bill would go to them and they would determine the feasibility of such a practice and whether or not all these Filipinos could be put on transports.

[Here the gavel fell.]

Mr. JENKINS. Mr. Speaker, further reserving the right to object, I would like to make this observation.

Mr. O'MALLEY. Regular, order, Mr. Speaker.

The SPEAKER pro tempore. The regular order is demanded. Is there objection to the present consideration of the bill?

Mr. JENKINS. If the regular order is demanded, Mr. Speaker, I am forced to object.

The SPEAKER pro tempore. Objection is heard. The Clerk will call the next bill on the Consent Calendar.

GAME REFUGE IN THE OUACHITA NATIONAL FOREST

The Clerk called the next bill, H.R. 3511, to authorize the creation of a game refuge in the Ouachita National Forest in the State of Arkansas.

Mr. COCHRAN of Missouri. How much would it cost to carry out the purposes of the bill?

Mr. GLOVER. I will say that it will not cost one penny. I have a statement from the Department saying that it will be without any expense to the Government.

Mr. COCHRAN of Missouri. How are they to get the game?

Mr. GLOVER. The game is there now in the 827,000 acres.

Mr. COCHRAN of Missouri. And they are at liberty now to kill that game?

Mr. GLOVER. They are now, but we want to prevent it. The game is there, and they are destroying it, and we want to prohibit it.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That for the purpose of providing breeding places and for the protection and administration of game animals, birds, and fish, the President of the United States is hereby authorized, upon the recommendation of the Secretary of Agriculture, to establish by public proclamation certain specified areas within the Ouachita National Forest as game sanctuaries and refuges.

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

A motion to reconsider was laid on the table.

EMERGENCY RELIEF FOR MUNICIPALITIES

Mr. WILCOX. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. WILCOX. Mr. Speaker, since 1920 the bonded indebtedness of cities, towns, counties, and special tax districts has increased to such enormous proportions that hundreds of these units of government now find themselves entirely unable to meet maturities of principal and interest on their debts and still carry on the necessary functions of government.

From 1921 to 1932, inclusive, the average annual emission of new bond issues of the States and their political subdivisions was $1,309,000,000. It is now estimated that there are outstanding in the hands of investors approximately $18,000,000,000 of municipal, county, district, and State bonds. Most of these bonds were issued during the hectic years of our recent boom period and represent to a large extent the same extravagant expenditure of money and the same disregard of the consequences resulting from the creation of debts which characterized business in general during this same period. The overexpansion of many municipalities and the installation of ill-advised and, in some instances, utterly useless and unnecessary public improvements requiring the expenditure of millions of dollars have resulted in an unbearable burden of debt.

Nor were the officials of these governmental units alone to blame for the issuance of unreasonable quantities of bonds. During this period investors purchased municipal, county, and district bonds entirely without regard to the paying ability of the units issuing them, and indeed in many instances bond brokers and investment houses not only encouraged but insisted upon the issuance of more and more of these obligations.

It can now make little difference what reasons or motives prompted the issuance of these obligations. Nor is it necessary to consider the wisdom of the action of municipal officials or investors. The fact remains that there are some $18,000,000,000 worth of these securities outstanding and that hundreds, even thousands, of taxing units find themselves so burdened with debts that they cannot meet the maturities of principal and interest.

A recent survey of defaulting units discloses the startling information that more than 1,000 governmental units are now in default in the payment of principal or interest, or both, upon their bonded indebtedness. These defaults have extended into 41 States. Three States, 193 counties, 398 cities and towns, 142 school districts, 185 reclamation, levee, irrigation, and drainage districts, and 97 other districts were on April 26, 1933, in default in the payment of principal or interest or both, and the number of defaulting units is increasing daily.

This condition is not limited to any one State or any one section of the country. As illustrative of the wide-spread area covered by these defaults, attention is called to the fact that the State of Florida has 148 defaulting units; North Carolina has 152; Texas has 83; Ohio, 79; California, 73; Arkansas, 42; Missouri, 41; Kentucky, 34; Oregon, 35; and Michigan, 28.

Nor is this condition limited to any one class of taxing units. The list of defaulting units includes not only the small improvement districts but extends also to some of the largest cities in the United States. Prominent among the cities reported as being in default are such communities as Detroit, Flint, and Pontiac, Mich.; Akron, Loraine, Marion, and Alliance, Ohio; Asheville, Raleigh, High Point, and Greensboro, N.C.; Charleston and Florence, S.C.; St. Petersburg, Miami, and West Palm Beach, Fla.; Mobile, Phoenix City, and Decatur, Ala. These are, of course, only a few of the more than 1,000 defaulting communities and are cited only for the purpose of illustrating the wide territory covered by this condition.

The condition is rapidly becoming worse. Since February 1, 1933, more than 100 additional communities have defaulted and more are being added to the list each day.

It is now estimated by good authority that the bonds of these municipalities and other taxing units actually in default far exceed a billion dollars and the fact that this enormous amount of municipal bonds is now in default and their holders unable to collect interest upon them is having a very serious effect upon the ability of other communities to finance themselves. The fact that more than a billion dollars of these securities are now practically worthless has almost completely destroyed the market for municipal securities, with the result that many of our otherwise solvent cities and counties are finding it increasingly difficult to borrow money even for temporary financing. The result of this, of course, will be that unless some means can be evolved by which defaulting communities can adjust, rearrange, and refinance their indebtedness, they will soon completely destroy all market for municipal securities, and we shall soon find that no community has escaped this situation.

Under the law of every State of which I am advised, the governing authorities of municipalities, counties, and other taxing districts are required to levy taxes for the payment of debts at the same time and in conjunction with the levy of taxes for operating expenses. Tax moneys must be collected and distributed pro rata between the appropriations for operation expenses and debt service. If the levy for debts is so excessive as to render the taxes uncollectable, the city or county finds itself without funds with which to pay its operating expenses. Courts are powerless to render any assistance but, upon the application of creditors, must, by mandamus, require the levy of whatever taxes are neces-

sary to meet the requirements of bond issues regardless of collectability.

In many cities, these excessive tax levies have resulted and are resulting in a complete failure of the municipality to collect sufficient taxes to carry on and perform the ordinary and necessary functions of government and provide funds necessary to meet the unusual demands for relief being made upon them as the result of the present distressed condition existing in world affairs. Municipal officials are without discretion. They must levy such taxes as are required by bond issues regardless of collectability, and in many instances this is resulting in such enormous levies that taxpayers are finding themselves entirely unable to carry the burden of taxes, and this in turn is resulting in the failure of local governments to perform those functions which provide for the preservation and protection of the health, peace, and lives of their citizens.

Taxpayers are unable to pay the confiscatory taxes necessary to meet the requirements of these debts; there is no sale of property, and there is no incentive to improve or repair property. Because of the inability of the taxpayer to pay his taxes there is no money available for the principal or interest on bonds. We find, therefore, that hundreds of millions of dollars worth of property in these units is rendered valueless and hundreds of millions of dollars of their outstanding bonds are worthless. Permit me also to remind you that many millions of these bonds are owned by insurance companies, fraternal societies, trustees, and other fiduciaries, because municipal and county bonds have always been considered the safest investment. Unless this Congress can find some sane, equitable, and practical means by which these debts can be adjusted on a basis of ability to pay, there are thousands of small units of government which must cease to exist, hundreds of millions of dollars worth of homes and farms will be lost to their owners, and a corresponding amount of the invested funds of insurance companies, trustees, guardians, and other fiduciaries will be lost, and the health, peace, and very lives of hundreds of thousands of people will be seriously endangered because of the lack of organized governments.

To meet this situation and to provide a fair and equitable method by which the debts of taxing districts might be adjusted on a basis of ability to pay H.R. 5267, sometimes referred to as the "Wilcox municipal refinancing bill", was prepared and introduced.

This bill does not seek to repudiate any of the obligations of any taxing district in the United States. It does not provide for any arbitrary scaling-down of the debts of any taxing district, nor does it leave to the discretion of municipal officials or to the court the right to determine what shall be paid by the taxing district. It does not provide for a moratorium.

It does provide, however, for the readjustment of the debts of any taxing district by agreement entered into between the governing officials of the taxing district and the holders of two thirds of its debts.

The bill provides that where any city or other subdivision referred to in the bill as a taxing district is insolvent or unable to meet the maturities of its debts, it shall have the right, with the consent of the holders of more than one third of its debts, to file a petition with the bankruptcy court alleging its insolvency or inability to meet debts according to their terms and stating its desire to readjust its debts on a basis of ability to pay. This petition cannot be filed unless the holders of more than one third of its debts shall signify in writing their consent to the filing of the petition and their willingness that some plan of readjustment on a basis of ability to pay shall be worked out.

No taxing district, therefore, can arbitrarily seek the aid of the court in fraud upon its creditors. A substantial amount of its creditors must signify their willingness to have a plan worked out before the taxing district can go into the court in the first instance.

Having filed its petition in the court, the taxing district must, within 6 months, file with the court a plan of readjustment which has been consented to by more than one third of its creditors. If no such plan, so consented to, has been filed within 6 months of the filing of the petition, the petition will be dismissed. If such a plan consented to by the holders of more than one third of its debts is filed within 6 months, the taxing district shall have additional time, in no case to exceed 2 years from the date of the filing of the petition, to secure consent of the holders of two thirds of its debts. If the consent of two thirds of the creditors cannot be obtained to the plan, the petition is dismissed. In no case can any plan be adopted which has not been consented to by the holders of two thirds of the debts affected by the plan.

The bill contains ample provision for notice to creditors and affords to them the right to contest all other material allegations of the petition. The holders of secured claims are amply protected and the bill otherwise deals fairly and equitably with all of the creditors. No plan of readjustment can be confirmed until the court has found that it is fair and equitable; that it does not discriminate against any class of creditors; that it reasonably conforms to the paying ability of the political subdivision; and that the taxing district has full legal power and authority to perform and carry out the terms and conditions of the plan. If the court finds that the plan conforms to these requirements and has been consented to by the holders of two thirds of the debts affected by it, an order is required to be entered confirming the plan, and it thereby becomes binding upon both the tax district and all its creditors.

The object and purpose of the bill is, of course, to enable counties, cities, towns, and tax districts to adjust their debts effectively. In every instance where a governmental unit finds itself in financial difficulty and is able to make some satisfactory agreement of adjustment with the majority of its creditors there is always a small minority who hold out and demand preferential treatment. These minority creditors are prompted in this action by the thought that someone will buy them out rather than have the whole plan collapse.

The difficulty, of course, is that if one creditor by holding out can gain preferential treatment, the others withdraw, and nothing comes of the efforts at settlement or readjustment. It is to remove this difficulty that the bill has been drawn and introduced. If this bill is enacted, the minority creditors will be forced to accept the terms of adjustment which have been agreed upon by the officials of the political subdivision and by the vast majority of creditors and approved by the court as being fair and equitable. This bill, therefore, does nothing more than extend to insolvent counties, cities, towns, and tax districts the power to effectively adjust their debts by agreement with the majority of their creditors. Certainly no fairer means of adjusting the debts could be worked out than one which gives effect to a settlement agreed to by the taxing district and the great majority of its creditors.

The terms of the bill are fair, alike to the political subdivision and to the creditors. No county, city, or tax district can be imposed upon, because no plan can be confirmed except upon the voluntary petition of the governmental unit. At the same time no plan which is unjust or unfair to creditors can be confirmed, because every such plan must be approved by the holders of two thirds of debts. Certainly this great majority of the creditors will not consent to anything against the interest of creditors. But to protect the minority creditors against any unfair treatment the bill provides that the court before confirming the plan must find it is fair and equitable and does not discriminate. Cities or other units which are not actually insolvent cannot avail themselves of this bill because no solvent city could ever get the consent of the holders of a substantial quantity of its bonds to the filing of the petition, and without this consent the petition cannot be filed.

Taxpayers are protected against improper adjustment agreements being entered into by their officials: First, by the provision that before any such plan can be confirmed the court must find and determine that there is ample legal authority to do the things specified in the plan; second, by

the provision that the plan must conform to the ability of the unit to pay; and, third, by the provision that the court shall not have any power to interfere with or disturb any of the political or governmental powers of the subdivision.

The creditor is further protected, because, in addition to the inherent right in the court to enforce such agreements by mandamus, the bill provides that the court shall retain jurisdiction of the case until the terms of the agreement have been fully complied with.

The necessity for the legislation will be more readily understood when it is recalled that in numerous instances refunding and refinancing plans have been worked out by municipalities and taxing districts and agreed to and accepted by the majority of creditors only to be blocked by one or two individuals holding a negligible quantity of bonds. As the law now stands, a city which owes a hundred million dollars might work out a plan of adjustment which would be entirely satisfactory to all its creditors except one man holding one $1,000 bond who could block the settlement by holding out and by bringing mandamus or other similar action. I am advised of one case where the holder of 2 percent blocked a settlement and another where the holder of $2,000 out of a total $952,000 of bonds broke up the settlement. The purpose of this bill is to give the court jurisdiction of these minority creditors who, by refusing to accept the terms of settlement agreed to by the majority creditors, keep these taxing districts from refinancing their debts.

The statement has been made by uninformed people that if cities and taxing districts would practice economy in the administration of their affairs they would be able to meet their debts. This argument is, of course, utterly ridiculous. Most of our cities have already reduced their operating expenses to the minimum and still they cannot raise sufficient tax money to pay the expenses of government and meet the demands of creditors.

I am prepared to submit comparative statements of certain municipalities which will disclose the fact that in many instances operating expenses have been reduced as much as 50 percent, and in a few instances as much as 75 percent, within the last 5 years, and yet in these cases the municipalities have not been able to pay even the interest on their debts, to say nothing of being unable to set aside sinking funds or principal payments.

And, unfortunately for the residents and taxpayers in these localities, the reduction of operating expenses has not resulted in any reduction of taxes. As appropriations for operating expenses have been decreased, the appropriations for debts have been increased. The local taxpayer, therefore, has received no benefit from the reduction of operating costs but has found himself with a less efficient local government but with an ever-inereasing tax burden.

There are a great many cities where 60 percent of the tax levy is for debts, and in some as much as 80 percent of taxes is appropriated for debts, and only 20 percent for operating costs. In such cases the municipality can only use $20 out of every $100 collected, the remainder going to liquidate debts. It will be very easily seen that it is not the operating cost of local government that is breaking the backs of taxpayers.

After all, our people look to their local governments for those services which deal directly with the preservation and protection of their health, their peace, and their lives. Without sanitation, police, and fire protection, and the numerous other functions performed by our municipalities, organized government would cease to exist. Unless funds can be raised for these things they cannot be done; and unless relief can be granted from these burdensome debts, taxpayers cannot pay enough in taxes to continue these necessary functions.

Something must be done. The very existence of local governments is seriously threatened. The value of all municipal securities is being rapidly destroyed by the fact that there is now no legal machinery available whereby hopelessly insolvent taxing districts may adjust their debts.

This bill provides a fair and equitable means of adjustment by giving effect only to settlements which have been agreed to by the taxing districts and two thirds of their creditors.

There is nothing new in this proposal. We have ample precedent for the adjustment of public debt on the basis of the ability of the debtor to pay. This Government in its dealings with foreign nations in the adjustment of the war debts has already blazed the trail; and because there is some probability that our first estimate of "ability to pay" was somewhat high, there is now a strong sentiment for new negotiations looking toward a new revision downward to meet the ability of the debtor nations to pay. And yet the per-capita debt of most of these nations is only a fraction of the per-capita debt of many of our American cities.

I have no criticism for either the past actions of our Government nor for any future action that may be taken looking toward a readjustment of war debts on the basis of "ability to pay." But I respectfully submit that if this treatment is fair in the case of European nations, certainly no fair-minded person could reasonably object to the same treatment being accorded to our own debt-burdened and tax-ridden municipalities and tax districts.

OUR MERCHANT MARINE PROBLEM AND THE OCEAN MAIL CONTRACTS

Mr. GOSS. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. BACON] may extend his own remarks in the RECORD on the merchant marine.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. BACON. Mr. Speaker, it is believed that matters affecting the future of the American merchant marine may come up for discussion at the approaching London Economic Conference. Foreign interests that are vitally interested in the destruction of our hard-won, partial mercantile independence are sharpening their knives in anticipation of luring us into some ill-considered concession to this end. In the meanwhile on the home front the perennial attacks, both in Congress and out, are being renewed and are adding to the misinformation and confusion in the public mind as to the actual facts concerning our merchant marine.

It is therefore of vital importance, at the present time, that the taxpayer should know how large a stake he has in our reborn ocean tonnage; that the producer, in farm and factory, should be informed as to its influence upon the fruits of his labor; that the voter should be made aware of the fact that an adequate merchant marine is absolutely essential to our economic and political safety, both in peace and in war.

Fortunately this great question may be approached without reference to party politics, to which it has never been subjected. The advocates of a strong merchant marine have included the great statesmen of the past, from Washington and Jefferson down to the leaders of our two great parties today. Its opponents, though frequently men of unquestioned good faith, have too often been motivated by sectional jealousies, misguided notions of economy, or even downright malice. Unconsciously they have served the purposes of our friendly enemies abroad and have become the vehicles for an insidious and unrelenting propaganda.

I propose here to show, briefly, that the ultimate welfare of every citizen is affected by the maintenance of a merchant marine adequate to carry a reasonable portion of our commerce over the principal trade routes of the world, and that this can only be made possible by some measure of intelligent Government assistance. This is no discrimination in favor of a privileged group or section. It is an imperative national necessity.

A. REVIEW OF OUR MERCANTILE HISTORY TO 1914

I. The golden period of American shipping, 1789–1860

For nearly 75 years American ships carried our flag and our trade over the seven seas and were known to every port in the world. The Revolution had given us political independence, the merchant marine gave us commercial independence. It was to this end that 5 of the first 11 acts of the First Federal Congress related to shipping, and that Washington declared:

We should not overlook the tendency of war to abridge the means, and thereby at least enhance the price, of transporting productions to their proper markets. I recommend it to your [Congress's] serious reflections how far and in what mode it may be expedient to guard against embarrassments from these contingencies by such encouragement to our own navigation as will render our commerce and agriculture less dependent on foreign bottoms which may fail us in the very moments most interesting to both these great objects. * * * There can be no greater error than to expect or calculate upon real favors from nation to nation. It is an illusion which experience must cure.

Jefferson, founder of the Democratic Party, shared this view and continued Washington's policy of encouraging American-flag shipping. Speaking of the dangers of lacking a merchant marine, he said:

The marketing of our productions will be at the mercy of any nation which has possessed itself exclusively of the means of carrying them; and our policy may be influenced by those who command our commerce. * * * But it is as a resource of defense that our navigation will admit neither neglect nor forbearance. The carriage of our commodities, if once established in another channel, cannot be resumed in the moment we may desire.

And in 1794 Madison briefly stated the case for a subsidy policy in words that are equally true and perhaps still more appropriate today:

To allow trade to regulate itself is not, therefore, to be admitted as a maxim universally sound. Our own experience has taught us that, in certain cases, it is the same thing with allowing one nation to regulate it for another. * * * A small burden only in foreign ports on American vessels, and a perfect equality of foreign vessels with our own in our own ports, would gradually banish the latter altogether.

As the result of the vigorous policies pursued by the Government and the initiative of our ship owners and builders, we built up a powerful merchant marine that grew with our foreign trade and carried the bulk of it up to the Civil War, as the following figures will show:

	American tonnage in foreign trade	Percentage of trade in American ships
1789	123,893	[1] 90.0
1790	346,254	
1800	667,107	
1810	981,019	
1820	[2] 583,657	[2] 88.7
1830	[2] 537,563	89.9
1840	762,838	82.9
1850	1,439,694	72.7
1860	2,379,396	66.5

[1] Approximately.
[2] 1821.
[3] This temporary decline of our tonnage in foreign trade was the result of the tonnage losses of the War of 1812, the blockades of the Napoleonic wars, the Navigation Acts, and the increased requirement of our coasting trade, in which tonnage steadily increased.

The average percentage of American trade carried in American bottoms, 1820 to 1860, was 77.3 percent.

During this glorious period we not only carried more than three fourths of our own foreign trade, but, in competition with other nations, we carried an important part of the trade between Asia and Europe. Our maritime supremacy was not only a glorious tradition but it proved to be a profitable national investment. To a large measure our shipping brought us the wealth for the development of our great western empire.

During the heyday of the sailing ship we were able to compete with Great Britain on an equal footing, as we had supplies of good timber near our shipbuilding towns on the seacoast. The appearance of the steamship, however, although an American invention, gave Britain the great advantages of lower construction costs and cheap coal near her ports. Unable to beat us by sail, she built steamers and piled onto the advantages they already possessed huge subsidies in the form of mail contracts. Thus fed by the British Treasury, the Cunard Line took the seas in 1840 and won the cream of the trans-Atlantic passenger and fast-freight trade. Accepting the challenge, our Government granted a postal subvention to the Collins Line of steamers out of New York in 1847. This put us back on an equality with England, and within a short time the Collins liners so demonstrated their superiority in speed and comfort that they secured 50 percent more passengers and 30 percent more freight than the Cunarders. Moreover, and of special significance to the present discussion, they forced the Cunard Line to reduce its freight rates from $35 to less than $20 a ton. This meant a saving to American commerce many times the small cost of the postal subvention.

The subsidy was finally withdrawn, however, and the line, with the added misfortune of the loss of two ships, was obliged to suspend operations after 8 years of valuable service. President Pierce, probably under the pressure of the strong sectional politics that were rife at that time, had vetoed a measure for the continuance of the postal contract. As reason he cited the fact that the contract called for payment by the Government of sums larger than the carriage of mails was actually worth, and declared that this was a violation of public policy. These are the self-same arguments that we hear today, although it is universally recognized that postal contracts are not alone for the purpose of carrying mails but are intended to create naval auxiliaries and to promote foreign commerce. Deducting postal receipts, the total subsidy cost of the Collins Line was only $1,886,000 for the entire period. This was a small price to pay for its benefits to the public.

II. Causes for the decline of American shipping, 1860–1914

While our great sailing fleets remained supreme upon the ocean until the Civil War, it was obvious that steam would replace sail, and the experience of the Collins Line showed that Government aid was necessary to maintain steamship service against subsidized foreign lines with lower construction and operating costs. The Civil War destroyed much of our tonnage, and after it public and private attention turned toward the interior and became indifferent to merchant marine matters. While railways received various forms of Government support, shipping was left to struggle against foreign competition at heavy odds. Here are the results, contrasting with the ante-bellum growth I have cited:

	American tonnage in foreign trade	Percentage of trade in American ships
1821–60, average		77.3
1860	2,379,396	66.5
1870	1,448,846	35.6
1880	1,314,402	17.4
1890	928,062	12.9
1900	816,795	9.3
1910	782,517	8.7
1914	1,066,288	9.7
1866–1913 average		14.6

The fact that we were carrying only 9.7 percent of our foreign trade in 1914 becomes even more startling when we realize that hardly any of this was, properly speaking, overseas trade. What little merchant marine was engaged in foreign trade plied principally to our nearby West Indian neighbors and Canada, and even here foreign ships carried the larger part.

The result was that the American farmer and manufacturer paid to foreign vessels each year a freight bill of hundreds of millions of dollars for the privilege of selling their surpluses abroad, or of buying the goods foreigners were willing to sell them. This was principally because public opinion had not been awakened to the gravity of the situation. To be sure, there were several half-hearted attempts at postal laws to encourage the establishment of American shipping, in 1864, 1868, and 1891. But these were either repealed or insufficient for their purposes, even though the recent Merchant Marine Acts were based upon the postal-aid law of 1891.

Had we foresightedly extended effective Government aid to shipping sufficient to offset the foreign advantages in construction and operating costs, it would have cost us but a tithe of the tribute wrung from us by all the maritime nations of the world. American commerce was the greatest and richest in the world, and our indifference made it the greatest bonanza in mercantile industry. And on top of

what we were obliged to pay for these transportation services, we also paid a bonus in high freight rates over which we had no means of control.

III. Our experience shows the economic folly of maritime dependence

(a) Several of our great Presidents warned us against inaction. Among them, Grover Cleveland declared that "The millions now paid to foreigners for carrying American passengers and products across the sea should be turned into American hands." Another statement came from McKinley, who advocated an aggressive program of Federal aid to shipping:

> Our national development will be one-sided and unsatisfactory so long as the remarkable growth of our inland industries remains unaccompanied by progress upon the seas. There is no lack of constitutional authority for legislation which shall give to this country maritime strength commensurate with its industrial achievements and with its rank among the nations of the earth.
>
> We must encourage our merchant marine. We must have more ships. They must be under the American flag, built and manned and owned by Americans. They will not only be profitable in a commercial sense; they will be messengers of peace and amity wherever they go.

Theodore Roosevelt declared himself for an adequate merchant marine and warned the Nation that "from every standpoint it is unwise for the United States to continue to rely upon the ships of competing nations for the distribution of our goods." Finally President Wilson, under whose administration became law the first really effective merchant-marine legislation in 71 years, well stated the problem as follows in his first message to Congress in 1914:

> How are we to build up a great trade if we have not the certain and constant means of transportation upon which all profitable and useful commerce depends? And how are we to get the ships if we wait for the trade to develop without them? The Government must open these gates of trade, and open them wide. * * *
>
> To speak plainly we have grossly erred in the way in which we have stunted and hindered the development of our merchant marine. * * * It is necessary for many weighty reasons of national efficiency and development that we should have a great merchant marine. * * * It is high time we repaired our mistake and resumed our commercial independence on the sea.

(b) These and other declarations and warnings from our most trusted statesmen for generations should have been heeded. Yet we even ignored a series of very costly lessons. At the time of the Spanish-American War we did not even have the transports efficiently to move our troops for the Cuban campaign. Thousands of troops mobilized in our southern ports never reached the scene of warfare and were decimated by typhus and malaria. We are still paying—or should be—pensions for disabilities traceable to our neglect of a merchant marine. And in the same war our Navy was required to make use of foreign-flag auxiliaries to transport its fuel. Without them it would have remained nearly as useless as the troops rotting in our Gulf ports.

(c) Another lesson followed closely on the heels of this experience. The Boer War broke out in South Africa—this time an event in which we were in no way concerned—and British shipping serving our trade was withdrawn. The result was a temporary paralysis of our commerce and a great increase in freight rates. It was the American farm and factory that suffered for this. The British lines reaped double profits, from us and from their own Government.

(d) We should have learned our lesson by that time; yet again, in 1908, when President Roosevelt sent the great White Squadron on its world cruise we had the humiliation of having to charter foreign ships to nurse it. Small wonder that during the World War, Germany did not take the threat of our participation, 3,000 miles away, very seriously.

(e) It seems incredible that to this cumulative evidence of the dangers of lacking a merchant marine there should have been added the fantastic chapter of the World War experience. Nevertheless, when the European conflict broke out we had only 19 ships in overseas trade, of which only 6, totaling less than 70,000 tons, were in the North Atlantic service. When foreign shipping was withdrawn from our carrying trade we had none to take its place. Thus, through circumstances over which we had no means of control, our foreign trade was completely paralyzed, and our domestic prices for goods with an exportable surplus utterly collapsed. Cotton, for example, dropped immediately to 5 cents a pound, while freight rates skyrocketed as follows: Cotton, per hundredweight, from $0.35 to $11; flour, per hundredweight, from $0.10 to $1; wheat, per bushel, from $0.08 to $1.36; general average, tenfold increase.

These goods found transportation at such rates only because they were urgently needed by the belligerents. Others could not be moved at all. Whole communities were bankrupted as though by a national disaster. It was just as Jefferson predicted in 1793:

> In time of war, that is to say, when those nations who may be our principal carriers shall be at war with each other, if we have not within ourselves the means of transportation, our produce must be exported in belligerent vessels, at the increased expense of war freights and insurance, and the articles which will not bear that must perish on our hands.

Yet, had we had a merchant marine in 1914 and 1915, we would not have incurred such losses but would have made collossal profits in shipping to Europe and in replacing curtailed European exports to the principal neutral markets. South America needed manufactured goods that we could have supplied, for the year before the war seven of the 1914 belligerents had exported to that continent nearly $700,000,000 of merchandise. Under the stimulation of foreign shipping, heavily subsidized by the European maritime nations, the total commerce of South America had increased from $1,800,000,000 in 1907 to $3,000,000,000 in 1914. This was ours for the asking. Moreover, in 1915 national committees representing 17 South and Central American nations passed resolutions urging the critical necessity for increased shipping facilities between the Americas.

Our military and naval situation at that time was also interesting. Our troop-transport fleet consisted of 16 vessels, 14 over 20 years old, and 1 of them 42 years old, ranging from 871 to 6,800 tons. These were largely in unseaworthy condition. It was estimated that with this equipment it would have required 6 months for us to move 100,000 men and their supplies a distance of 1,000 miles. This condition still obtained after Europe had been at war for a year and a half. Our 25 naval colliers were about as antique and of small capacity. Further, Rear Admiral Benson estimated that 400 ocean-going vessels totaling 1,172,000 gross tons would, in the event of war, be required as naval auxiliaries adequately to support our fleets. At that time our total available tonnage in both domestic and foreign trade suitable for this service was about 500,000 tons short of that requirement.

This was our situation when we entered the war. It cost us more than $3,000,000,000 partially to remedy it, and the most prodigious efforts any nation has ever put forth into a single new enterprise. Moreover, that deficiency probably cost us vastly greater sums in terms of lost revenues we might have earned from carrying our 1914–17 trade and taking advantage of the new markets available. The interest alone on those $3,000,000,000 added to the national debt at the low rate of 3⅓ percent, would amount to $100,000,000 annually, or more than five times as much as the cost of our present postal assistance to the merchant marine. This fact alone is an unanswerable argument to the attacks upon our present subventions for the carriage of mails, the extension of commerce, and the promotion of national defense.

B. EFFECT OF OUR EXPORTABLE SURPLUS UPON THE NATIONAL ECONOMY

I. Exportable surplus of 10 percent must be sold overseas

It is generally conceded that in normal times we have a surplus over our domestic needs of approximately 10 percent of the production of our farms, mines, and factories. Or to put it another way, 1 man in every 10 employed in this country is occupied exclusively in producing goods for sale abroad. For the present purpose we may consider nearly all employment as some form of production, direct or indirect, since the consumption of construction, transportation, and other services is largely conditioned by the production of agricultural, industrial, or mined commodities. The following figures from the Department of Commerce

indicate the practically fixed relationship between our total production and exports of merchandise (based upon value in dollars):

	Percentage of production exported
1899	12.8
1904	11.2
1909	9.5
1914	9.7
1919	15.7
1921	12.3
1923	8.7
1925	10.1
1927	9.9
1929	9.8

Breaking down that 9.8 percent of our total production exported in 1929 by commodities, we find that it accounts for a large part of the agricultural, industrial, and mining output of tens of millions of our people. Of our total production, we exported in 1929—

	Percent
Cotton	54.00
Tobacco	41.00
Lard	33.00
Wheat	18.00
Copper	36.00
Kerosene	34.00
Typewriters	40.00
Sewing machines	25.00
Total farm products	16.16

Corresponding figures through 1932 are not available, but the Commerce Department publications show that not only have production and exports in every important commodity dropped sharply during the present depression but the percentage of total production exported has dropped. Few will question the statement that employment and the general level of prosperity in this country are vitally affected not only by domestic production and consumption but also by the production and exportation of a certain surplus, normally around 10 percent. And when this export margin falls far below its average level, domestic prices are certain to collapse, with all the economic hardships which attend a serious deflation.

Thus, although our domestic market accounts for 90 percent of our production, our foreign market will continue to have a controlling influence upon price and employment. For this reason it is of paramount importance to retain control of the means for effecting the sale of our surpluses abroad. Whether in times of prosperity or of depression, we cannot afford to be at the mercy of eventualities beyond our control, such as the hardships imposed upon us in the past by foreign wars or economic disturbances.

II. The relation of our merchant tonnage to our exportable surplus

The importance of the merchant-marine problem to the United States is evident when we realize that, although we have the greatest foreign commerce in the world, we have less ocean tonnage per export ton and per capita than any other maritime nation today. In other words, despite the new tonnage launched under the Merchant Marine Act of 1928, we still have less security for our foreign trade than any other nation, although that trade amounts to the following unprecedented volume:

[Thousands of dollars]

	1926-30 average	1928	1929	1930
Exports	4,777,313	5,128,356	5,240,995	3,843,181
Imports	4,033,468	4,091,444	4,399,361	3,060,908

Yet a substantial and noisy minority are clamoring, apparently in good faith, for the destruction of our merchant marine and the surrender of this trade to any foreign nation that seeks it.

III. The actual employment provided by shipping, shipbuilding, and allied industries

The role that foreign commerce plays in our national economy is enormous, though the figures must remain a matter of conjecture. Statistics are available, however, as to the men actually employed in maintaining and supplying our merchant marine. The number of men employed on American merchant vessels during 1927–31 were as follows:

1927	208,949
1928	203,413
1929	200,444
1930	194,719
1931	192,325

The Merchant Marine Act of 1928 requires that all officers and two thirds of the crews employed on American vessels be American citizens.

Another form of employment created by the existence of an American merchant marine is in the shipyards. According to Aldred H. Haag, of the Shipping Board, our war-time construction program employed 350,000 men in the yards. This, of course, was in response to the emergency, and practically all yards were closed when the program was completed. The passage of the Merchant Marine Act, however, provided steady reemployment for about 18,000 men in the shipyards and for an equal number in the allied marine-supply industries, of which total 25,000 would not otherwise have been employed.

Addressing the Fifth National Conference on the Merchant Marine, Mr. H. G. Smith, president of the National Council of American Shipbuilders, stated that a normal annual shipbuilding program sufficient for replacements and to maintain a merchant marine capable of carrying 40 per cent of our 1929 trade would include the construction each year of combination vessels and freighters amounting to 210,000 gross tons, costing $35,000,000; and of tankers, 130,000 gross tons, costing $20,000,000; or a total of 340,000 gross tons, costing $55,000,000.

The American Bureau of Shipping places the probable program desirable at a total of $75,000,000 annually. Of this, its recent publication states, $30,000,000 would be spent for labor at the yards, more than $40,000,000 would be spent for materials, and out of that cost of materials $30,000,000 would be paid to the labor producing them, making a total of $60,000,000 for labor alone.

The benefits of such a program to every part of the Nation is demonstrated by the fact that each of the 48 States produces several of the 16 principal materials or items of equipment used in shipbuilding; 22 States, with an area of 38 percent and a population of 55 percent of the United States, build ocean-going ships, and 200 major industries participate in the building of ships. Thus the $55,000,000 or $75,000,000 expended annually on a shipbuilding program commensurate with our minimum commercial needs would be a permanent source of income to every class and section of the country. And, as I shall show, this direct and measurable benefit to the Nation is achieved, under suitable merchant-marine legislation, principally at private expense and at relatively small cost to the Government.

C. TRADE FOLLOWS THE FLAG—SHIPS ARE OUR BEST SALESMEN

The lack of ocean tonnage is unquestionably a serious handicap in the competition for markets and for the raw materials that our industries require from overseas. For this reason the peace-time value of a merchant marine is far greater than the value of the services it performs, greater than the amount of the freight payments that it keeps at home as an invisible contribution to the trade balance, greater than the savings to a nation's shippers through prevention of freight-rate discriminations, and greater than all of these combined. It is the ship, more than any other agency, that establishes and maintains foreign markets. Indeed, the history of every maritime nation shows that its trade follows the ships that fly its flags. In the case of a vast proportion of our exportable commodities, prices are world prices and standards are world standards. In competition with other nations that produce the same goods we are at a disadvantage if we permit their ships to carry those goods. Another large proportion of our export trade consists of manufactured goods not in world-wide use at the

present time—such as electrical appliances—for which a new demand must be created. Only American lines plying regularly between American and foreign ports under such requirements as are set up in our postal contracts may be expected aggressively to find and to develop these new markets for American goods. Foreign ships will merely transport our goods to where they are already in demand.

I shall only cite three brief illustrations of this proposition.

I. Our trade during 1800–1860 was created by initiative of shipmasters

Between 1820 and 1860 our export trade increased about sevenfold, and this we owe largely to the initiative and resourcefulness of our shipowners and their supercargoes. American ships plied every sea and visited every port, and wherever they went they developed new tastes for American products or pushed American goods ahead of those of our foreign competitors. New trade routes were established, some of them around the world, taking American goods to the Far East, carrying far-eastern goods bought in exchange to Europe for sale, and returning with what we needed for the development of our industries. Others were triangular, carrying the produce of New England for exchange with those of the South Seas, which in turn were traded for Indian textiles and spices and Chinese silks and teas. Perhaps the quaintest instance of the salesmanship of American ships of this period was the ice trade, established by Frederick Tudor, a shipowner, which was destined to become an important item in our national income. From small beginnings in the West Indies he extended a demand for ice to every city of South America and seaport of India. His agents were instructed to dispense iced American drinks. Others were told to stress the protection of public health through the preservation of food in hot countries. This trade became so large that until the invention of artificial refrigeration every New England village with a pond reaped a rich harvest from Tudor's ingenuity. And the shipment of ice created a trade in the materials for ice houses, and so forth. Further, on the heels of the ice trade came a demand in India for Baldwin apples and other northern foodstuffs that could not be transported or preserved without refrigeration. So again today there is the same work for American vessels to perform in spreading the cult of automatic refrigeration and tomato-juice cocktails! Only American-flag services may do this for us, not British or German or Norwegian.

II. Subsidized shipping won the South American trade for Britain and Germany

In the Monroe Doctrine we declared that South America was under our political protection. Yet, through neglect of our merchant marine, we left its economic development principally in the hands of foreigners. When the World War burst we were not even in a position to supply our Latin American neighbors with their necessities—the very goods which we desperately needed to sell. We had permitted foreign vessels to carry practically all our own commerce, even the bulk of our trade with our nearest customers, and we had supinely watched them develop great commercial empires in South America to absorb the surplus goods of Europe. In spite of our natural proximity and the cordial relations we have enjoyed with the South American republics, we maintained practically no means of commercial intercourse with them. European nations, however, exploited South America through subsidized shipping on a gigantic scale. On their ships went swarms of salesmen trained for the business of developing new demands. The British sold them industrial plants whose furnaces were designed to burn only Welsh coal. In 1913 Germany alone sold goods amounting to $197,000,000 on that continent, while we only sold $166,000,000 of merchandise. Even France and Italy, perceiving the opportunities in that field, gained a better foothold than we, partly by encouragements to shipping. The result of this European initiative was that South American commerce nearly doubled in 7 years.

III. Our new American-flag routes have won new markets

Fortunately we have ourselves, at last, written a new chapter in the record of trade that follows the flag. Our war and post-war merchant-marine legislation has given us some tonnage capable of engaging in overseas trade. Through the Shipping Board we established 38 regular merchant services between 60 American ports and 550 foreign ports. The effect of this upon our commerce is startling—

Trade	Number of ships engaged		Volume of commerce		Percentage of trade increase
	1914	1927	1914	1927	
African	None	19	$47,000,000	$200,000,000	325
South American	5	89	347,000,000	1,000,000,000	190
Far eastern	5	140	380,000,000	1,800,000,000	380

Would foreign carriers have developed this new trade for us? I doubt that even those who propose to destroy our merchant marine would answer in the affirmative.

D. SUBSIDIES A GENERAL PRACTICE—WHY WE NEED THEM MOST

Many Americans have been taught to mistrust such words as "subsidy", "bounty", "subvention", and so forth—words that are universally accepted as part of public policy. They seem to connote something mysteriously sinister. Even in Congress, where their proper meaning is understood, enemies of the merchant marine are pleased to associate them with "racket", "fat doles", "juicy contracts", and other phrases calculated to arouse suspicion. Why? Our present measures for maintaining a merchant marine happen to be under "postal contracts", but their express intention is subsidy, and calling it that does not in the least alter the issue.

I. Merchant marines have been universally subsidized as a public utility and national necessity

There is nothing whatever new or dangerous about Government aid to shipping, although this invariably takes the form of some kind of premium, discrimination, special privilege, loan at low interest, or rebate of taxes and duties—frequently a combination of these. If our present merchant marine laws are open to attack, then so are the laws by which every maritime nation has created and maintained its fleets of merchant vessels from the seventeenth century in England down to the present in all countries. When I say "all countries", I mean practically every nation that possesses a seaport, from Great Britain down to Greece and Estonia. I have not the time here to detail the measures which these countries have taken to give their shipping a privileged status, but I recommend the comprehensive study of the subject issued by the Department of Commerce in 1931, Shipping and Shipbuilding Subsidies. If we have been mistaken in awarding postal contracts under the Merchant Marine Acts of 1920 and 1928, then our early statesmen were at fault in their successful efforts to build up an independent merchant marine. To be sure, our early laws for this purpose, of which 50 were passed before 1830, did not take the form of postal contracts, but that was because the use of mails in those days was very restricted and could not serve as the pin on which to hang Government assistance.

Let me repeat my citation from James Madison again in reply to the clamor about "fat doles":

> To allow trade to regulate itself is not, therefore, to be admitted as a maxim universally sound. Our own experience has taught us that, in certain cases, it is the same thing with allowing one nation to regulate it for another. * * * A small burden only in foreign ports on American vessels, and a perfect equality of foreign vessels with our own in our own ports would gradually banish the latter altogether.

How true, nearly 140 years later, it is that "our own experience has taught us" that failure to compensate for such burdens is the same as allowing other nations to regulate our commerce. The only difference lies in the fact that

today the burden is not discriminatory duties levied against our ships in foreign ports but the maintenance of an American standard of living that is higher than that of any other nation in the world. This is a burden to our shipping for which we should be cheerfully willing to pay.

II. The handicaps of a high standard of living must not cripple our trade

Subsidies are not only universal but they should be considered as a peculiarly American problem if we are to possess ships to carry our overseas trade. We must continue the policy at which we have made a successful beginning and adhere to it consistently through every political change and in defiance of every attack at home or abroad. I say it is of particular significance to us because we pay our workers higher wages than do the other nations—not only the crews of our vessels but those that build them, those that mine our iron, those that work in our oil fields. I shall not attempt to present the comparative costs of construction and operation for all our maritime rivals, but I shall cite some significant comparisons with Great Britain, the nation whose standard of living is second only to ours.

In the American Merchant Marine Problem, published by the National Industrial Conference Board, the percentage in which American shipbuilding costs exceed the British is given as follows:

	Percent
Cargo vessels	60
Tankers	59
Passenger and cargo	54

These were estimated at a time when British yards were operating at nearer to normal capacity than were our own yards. In Shipping and Shipbuilding Subsidies, to which I have referred, these figures are broken down and analyzed in terms of the various cost elements in construction. Of particular interest, however, is the calculation of the approximate construction-cost or capital-charge differential on cargo vessels per dead-weight ton per year. It is given as $3.33. Added to this is an estimated average operating-cost differential per dead-weight ton per operating year (estimated at 11 months to allow for lay-up) of $1.75. This consists of the difference in wages, subsistence, and other overhead items. The sum of these two differentials would be $5.08 per dead-weight ton per year.

With these figures from the Department of Commerce, I shall venture one further calculation, without pretending to offer it as anything more than hypothetical deduction: We now have, normally, about 5,000,000 gross tons of shipping in foreign trade, which is approximately the equivalent of 7,500,000 dead-weight tons. If, therefore, our shipowners have against them a total fixed-charge and operating-cost differential of $5 per dead-weight ton per year, as compared with their British competitors, they would require a total subsidy of $37,500,000 a year to put them on an equal footing with the British. Of course, this hypothetical figure is based on new tonnage without reference to annual decreases in capital charges. It serves as an approximation, however, of the amount of Government aid justifiable merely to put our shipping upon an equal footing with the British.

A recent detailed study by the merchant-marine planning committee of the Shipping Board lends further emphasis to this point and shows an even higher differential in favor of British shipping. The following tables show the capital and operating differentials in the first and eleventh years, the average, and the relation of the annual average to the original investment. A simple calculation will reveal that on these figures the difference in each case is more than $8 per dead-weight ton per year.

Summary of capital and operating differentials against typical American freighter (coal) as compared with similar British freighter

American cost 8,360 dead-weight tons, at $95 per dead-weight ton	$794,200
British cost 8,360 dead-weight tons, at $57 per dead-weight ton	476,520
Capital differential	317,680

Capital differential on $317,680 higher cost:

	Percent	First year	Eleventh year
Interest	6	$19,061	$9,530
Depreciation	5	15,884	15,884
Repairs	2	6,354	6,354
Insurance	5	15,884	7,942
Total	18	57,183	39,710
Wage differential, $1,758.82 per month		21,107	21,107
Subsistence differential, $271.80 per month		3,262	3,262
Total per annum		81,552	64,079

Average annual differential, $72,825, or 9.17 percent of the amount American owner has invested in his vessel.

Summary of capital and operating differentials against typical American freighter (oil) as compared with similar British freighter

American cost 10,000 dead-weight tons at $125 per dead-weight ton	$1,250,000
British cost 10,000 dead-weight tons at $80 per dead-weight ton	800,000
Capital differential	450,000

Capital differential on $450,000 higher cost:

	Percent	First year	Eleventh year
Interest	6	$27,000	$13,500
Depreciation	5	22,500	22,500
Repairs	2	9,000	9,000
Insurance	5	22,500	11,250
Total	18	81,000	56,250
Wage differential, $1,037 per month		12,444	12,444
Subsistence differential, $198 per month		2,376	2,376
Total per annum		95,820	71,070

Average annual differential $83,445, or 6.67 percent of the amount American owner has invested in his vessel.

Summary of capital and operating differentials against typical American freight steamer (oil burner) with speed of 9 to 11 knots as compared with similar British vessel

American cost, 8,800 dead-weight tons, at $95 per dead-weight ton	$836,000
British cost, 8,800 dead-weight tons, at $57 per dead-weight ton	501,600
Capital differential	334,400

Capital differential on $334,400 higher cost:

	Percent	First year	Eleventh year
Interest	6	$20,064	$10,032
Depreciation	5	16,720	16,720
Repairs	2	6,688	6,688
Insurance	5	16,720	8,360
Total	18	60,192	41,800
Wage differential $1,376.40 per month		16,517	16,517
Subsistence differential $102.82 per month		1,234	1,234
Total per annum		77,943	59,551

Average annual differential, $68,747, or 8.22 percent of the amount American owner has invested in his vessel.

Summary of capital and operating differentials against combination freight and passenger (coal burner) as compared with similar British vessel

United States vessel, 17,281 gross tons; British vessel, 21,700 gross tons

American cost	$6,750,000
British cost	4,500,000
Capital differential	2,250,000

Capital differential on $2,250,000 higher cost:

	Percent	First year	Eleventh year
Interest	6	$135,000	$67,500
Depreciation	5	112,500	112,500
Repairs	2	45,000	45,000
Insurance	5	112,500	56,250
Total	18	405,000	281,250
Wage differential, $2,291.29 per month		27,495	27,495
Subsistence differential, $958.34 per month		11,500	11,500
Total per annum		443,995	320,245

Average annual differential $382,120, or 5.66 percent of the amount American owner has invested in his vessel.

Summary of capital and operating differentials against typical American combination freight and passenger vessel (oil burner) as compared with similar British vessel

United States vessel, 11,900 gross tons; British vessel, 11,600 gross tons

American cost	$3,375,000
British cost	2,250,000
Capital differential	1,125,000

Capital differential on $1,125,000 higher cost:

	Percent	First year	Eleventh year
Interest	6	$67,500	$33,750
Depreciation	5	56,250	56,250
Repairs	2	22,500	22,500
Insurance	5	56,250	28,125
Total	18	202,500	140,625
Wage differential, $1,926.35 per month		23,116	23,116
Subsistence differential, $789.41 per month		9,473	9,473
Total per annum		235,089	173,214

Average annual differential $204,152, or 6.05 percent of the amount American owner has invested in his vessel.

Summary of capital and operating differentials against typical American tanker (steam) as compared with similar British tanker

American cost, 10,387 dead-weight tons, at $100 per dead-weight ton	$1,142,570
British cost, 10,387 dead-weight tons, at $73 per dead-weight ton	758,251
Capital differential	384,319

Capital differential on $384,319 higher cost:

	Percent	First year	Eleventh year
Interest	6	$23,059	$11,529
Depreciation	5	19,216	19,216
Repairs	2	7,686	7,686
Insurance	5	19,216	9,608
Total	18	69,177	48,039
Wage differential, $1,567.40 per month		18,809	18,809
Subsistence differential, $227.70 per month		2,732	2,732
Total per annum		90,718	69,580

Average annual differential $80,149, or 7.88 percent of the amount American owner has invested in his vessel.

Summary of capital and operating differentials against typical American tanker (Diesel) as compared with similar British tanker

American cost 10,144 dead-weight tons, at $130 dead-weight ton	$1,318,720
British cost 10,144 dead-weight tons, at $86 dead-weight ton	862,384
Capital differential	456,336

Capital differential on $456,336 higher costs:

	Percent	First year	Eleventh year
Interest	6	$27,380	$13,690
Depreciation	5	22,817	22,817
Repairs	2	9,127	9,127
Insurance	5	22,817	11,408
Total	18	82,141	57,042
Wage differential, $1,444.30 per month		17,332	17,332
Subsistence differential, $300.60 per month		3,607	3,607
Total per annum		103,080	77,981

Average annual differential $90,350, or 6.85 percent of the amount American owner has invested in his vessel.

Summary of capital and operating differentials against typical American tanker (Diesel) as compared with similar German tanker

American cost, 10,144 dead-weight tons at $130 per dead-weight ton	$1,318,720
German cost, 10,144 dead-weight tons, at $75 per dead-weight ton	760,800
Capital differential	557,920

Capital differential on $557,920 higher cost:

	Percent	First year	Eleventh year
Interest	6	$33,475.20	$16,737.60
Depreciation	5	27,896.00	27,896.00
Repairs	2	11,158.40	11,158.40
Insurance	5	27,896.00	13,948.00
Total	18	100,425.60	69,740.00
Wage differential, $1,621.30 per month		19,455.60	19,455.60
Subsistence differential, $216 per month		2,592.00	2,592.00
Total per annum		122,473.20	91,787.60

Average annual differential $107,130, or 8.12 percent of the amount American owner has invested in his vessel.

The same study from which I have quoted gives a detailed comparison of wages and subsistence costs on 33 foreign vessels as compared with those on American ships of similar type, tonnage, fuel, and trade, ranging from 2,510 to 13,370 tons. I shall not insert these figures in detail but shall summarize the average differential for the ships of each nation:

Country	Number of ships studied	Percentage of American pay roll to equalize foreign vessels	Percentage of American subsistence cost to equalize
Great Britain	13	39	29
Norway	6	42	44
Germany	1	44	39
Sweden	2	47	37
Belgium	1	55	44
Japan	4	60	52
Italy	4	68	41
France	2	73	47
General average for	33	49	38

Not only does the American shipowner have to bear the cost of better wages, food, and accommodation for the American seaman, but ultimately he pays for the higher standard of living in the trades that contribute to shipbuilding. Taking the wages per hour in the 12 principal shipbuilding trades in four countries, we arrive at the following contrast: United States, 69 to 79 cents; Great Britain, 30.5 to 34.6 cents; Germany, 21.9 cents; Italy, 17.5 to 20.4 cents.

I need not cite further from the mass of statistics available on this subject. These are sufficient to demonstrate beyond question the absolute necessity of compensating our shipping companies if they are to continue operation with competition of this type. The very moderate payments under our postal contracts are far from being "fat doles" under these circumstances. They are extremely moderate compensations for the performance of a great public service and the maintenance of a national necessity.

E. THE HISTORY OF OUR MERCHANT-MARINE LEGISLATION

I have stated the case for a merchant marine, shown that Government help is necessary to the establishment and maintenance of American shipping, and recalled the humiliating and alarming situation in which we found ourselves at the outbreak of the World War. We may look back with pride upon the manner in which we met that crisis and view our present merchant-marine legislation with the satisfaction of knowing that it is a sound beginning toward permanent mercantile independence. Moreover, it is one of the notable instances when our two major parties have adjourned their political differences and united their efforts in a great contribution to the national welfare. I fervently hope that our merchant marine may thrive through the same cooperation in the future.

I. The Shipping Act of 1916

I have already cited President Wilson's first message to Congress in 1914, in which he declared himself in favor of a merchant marine sufficient to carry the bulk of our commerce. He continued, in that speech, as follows:

> The Government must open those gates for trade, and open them wide; open them before it is altogether profitable to open them, or altogether reasonable to ask private capital to open them.

In this determination to have the Government take a hand in repairing the mistakes of the half century preceding, he was followed by both parties, and under his leadership was passed the Shipping Act of 1916, dedicated to—

the purpose of encouraging, developing, and creating a naval auxiliary and naval reserve and a merchant marine to meet the requirements of the commerce of the United States with its territories and possessions and with foreign countries; to regulate carriers by water engaged in the foreign and interstate commerce of the United States, and for other purposes.

This act was adopted before we were at war or expected to be involved in war. It created the Shipping Board, with wide regulatory powers over water-borne commerce, and authorized it to organize corporations for the purpose of acquiring or building and operating merchant vessels. Later, under this authority, was established the Emergency Fleet Corporation, now the Merchant Fleet Corporation, on April 16, 1917.

Everyone remembers our unprecedented shipbuilding activities during our period at war. The number of shipyards increased from 22 to 212, employing 350,000 men. At a cost of approximately $3,500,000,000 we launched 2,300 vessels totaling 9,400,000 tons. Our total foreign trade tonnage, including ships otherwise acquired, rose 10,250,000, or 10 times what it had been in 1914.

The wastes of this hasty construction program were enormous and its costs fabulous, for it was considered that, in such an emergency, a ship was justified if she were able to make a single round trip to Europe. In fact, the total value of world shipping in 1914 was estimated at $1,450,000,000, or less than one half of the cost of our war construction program. The result was that after the war a great number of these ships were found of little use for competitive peacetime duties. Nevertheless, the Shipping Board possessed, in 1920, sufficient serviceable shipping to establish 38 regular routes to 550 foreign ports.

II. The Merchant Marine Act of 1920

The Merchant Marine Act of 1920, this time passed by Republican majorities with substantial Democratic support, attempted to consolidate the position of our new ocean-going tonnage and declared it to be our future shipping policy—

That it is necessary for the national defense and for the proper growth of its foreign and domestic commerce that the United States shall have a merchant marine of the best-equipped and most suitable types of vessels sufficient to carry the greater portion of its commerce and serve as a naval or military auxiliary in time of war or national emergency, ultimately to be owned and operated privately by citizens of the United States.

This provided for a construction-loan fund of $125,000,000 to consist of the proceeds of the sale of Shipping Board vessels to private concerns undertaking to conduct regular services to be prescribed by the Shipping Board. Several other encouragements to private shipping were inserted. The disadvantages to American shipping were so great, in view of the differentials I have described and which were substantially also true at that time, that the effect of this act was practically negligible. Only 15 ships, with a total of 100,000 gross tons, were built, 13 of them for local trades. Private companies were unwilling to buy or to build tonnage in the face of probable operating losses. As a consequence, according to Senator WHITE, American foreign trade carried in American ships declined as follows: 1921, 51 percent; 1923, 44 percent; 1926, 34 percent; 1927, 32 percent. Of our 212 war-time shipyards, only 12 were remaining in 1928, largely idle. Out of a world construction, during 1922–27, of 1,039 vessels of 4,500 tons or more, we built only 40; out of 307 modern motor ships, we built 2; and in March 1928 only 2 percent of world construction was in our yards.

No new American ships were placed in our foreign trade, while 800 foreign ships, representing 42 nations, were assigned to our commerce to reap the rich harvest we were letting slip away from us. We lost ground in 47 of our 59 principal ports, ceding a larger portion of trade to foreign ships. In the meanwhile the Shipping Board was operating at a huge annual deficit ultimately to be borne by the taxpayer.

The situation was a serious one. Even under these circumstances the Shipping Board was rendering invaluable services which I shall discuss later in more detail. The savings to the Nation—in freight rates, in shipping revenues kept at home, in the movement of our surpluses when foreign shipping was temporarily withdrawn—amounted to billions of dollars. We could not afford to scrap the instrument of these great benefits, nor would we have considered reverting to our costly and dangerous dependence upon foreign shipping. Yet the Government naturally wished to retire from the shipping business and to divest itself of the necessity of building the replacements that would be required to maintain a merchant marine longer than the useful life of its war-time ships.

III. The Merchant Marine Act of 1928

An excellent solution was found in the Jones-White Act which became law on May 22, 1928. Here again there was bipartisan cooperation with a final vote in the Senate of 29 Republicans for, 22 Democrats for, 11 Republicans against, and 9 Democrats against. In the House the bill was quickly passed without a record vote.

This bill was an amendment to the 1920 act, whose purposes it reaffirmed as the policy of the Government. It introduced a number of far-reaching reforms in our merchant marine laws, but its principal provisions are those which have made it possible for private companies to purchase tonnage from the Shipping Board, to undertake regular services on prescribed routes, and to adopt programs for new construction and replacements, subject to the specifications of the Navy Department. The most important of these was a modification of the Ocean Mail Act of 1891, under which the Postmaster General was authorized to conclude contracts for the carriage of foreign mails for periods of 5 to 10 years. The prescribed rates of compensation under this original act were from 66.66 cents a mile for vessels of class 4, having a minimum speed of 12 knots, to $4 a mile for class 1, with a speed of 20 knots or better. This act remained practically inoperative, however, as an encouragement to shipping, as the compensation was insufficient to offset the capital and operating factors against American shipowners. Foreign ships continued to carry the lion's share of our mails, receiving in 1928 under yearly contracts with the Postmaster General approximately $3,000,000.

The Jones-White or Merchant Marine Act of 1928 reclassified contract ships and established the compensation for regular specified mail service on a scale ranging from $1.50 per nautical mile for vessels of class 7, with a required gross register of 2,500 tons and speed of 10 knots, to $12 for ships of class 1, having a speed of 24 knots and exceeding 20,000 gross tons. This was in recognition of the fact that as speed is increased operating costs mount rapidly. The postal contracts under this law are to run for 10 years and require the maintenance of specified regular services, with a minimum number of sailings, under penalty of deductions, and the construction of new tonnage as agreed. The contractors for mail service are further placed under the following limitations and obligations:

(a) In the event of a national emergency ships may be commandeered, and the owner shall not be entitled to damages resulting.

(b) The ships must be of the sizes, types, and speeds deemed by the Postmaster General to be best adapted to the service contracted for.

(c) The ships must remain documented under the laws of the United States for not less than 20 years.

(d) All licensed officers and two thirds of the crews must be American citizens.

(e) Ships must be built in the United States.

(f) Ships must be fitted and equipped with the most modern, efficient, and economical machinery and other appliances.

(g) All ships must be built with particular reference to "economical conversion into an auxiliary naval vessel."

(h) The ships must carry and suitably accommodate mail messengers free of charge.

(i) Passenger and combination vessels built under postal contract must be fitted with bulkheads in excess of international safety requirements.

These are the principal conditions under which mail contracts are awarded to private concerns. The other important measure of the act is the increase of the construction-loan revolving fund, established in 1920, to $250,000,000 and its modification to permit loans up to 75 percent of the construction cost of a vessel. Loans are payable in 20 equal annual installments, and they bear interest under the act as amended in 1931 at not less than 3½ percent. Prior to this amendment interest was fixed at the lowest yield on any Government security, and subsequent legislation authorizing the issuance of Treasury notes bearing no interest led, contrary to the intention of the authors of this act, to the granting of 12 loans bearing effective rates of less than 3 percent. The average effective rate of interest upon these construction loans was more than 4 percent.

F. THE OPERATION AND EFFECTS OF THE 1928 ACT

I. The Government was relieved of enormous Shipping Board operating losses

Prior to this act the average annual operating losses of the Shipping Board were $40,431,000 during the 6-year period 1921–26. For 1931 the operating losses of the Fleet Corporation and the administrative expenses of the Shipping Board were only $6,346,000, and for the fiscal year ending June 30, 1932, only $8,431,000. In other words, by making it possible for private interests to take over the services the Shipping Board has been operating, the Government has saved about $32,000,000 a year of losses it could not otherwise have avoided. In considering the 1934 independent offices appropriation, the estimated operating losses for the next year was given as only $3,500,000, or one eleventh of the deficit 10 years ago. The cost of the ocean mail contracts by which private enterprise has been induced to take over the services of the Merchant Fleet Corporation has been as follows:

Fiscal year	Contract payments	Mail costs would have been at poundage rates	Net cost of postal contracts
1929	$9,304,217.82	$1,685,159.97	$7,916,057.85
1930	13,066,440.87	2,272,730.44	10,793,710.43
1931	18,818,039.76	2,710,645.82	16,107,393.94
1932	22,431,791.04	3,267,453.33	19,164,337.71

These costs are increasing as the liquidation of the Fleet Corporation progresses, but they remain less than half of the former losses of the fleet under Government operation. Thus the taxpayer profits from reduced Government expenditures, and the farmer and manufacturer profit by the establishment of a soundly managed, privately operated merchant marine. The difference in the cost between the poundage rate and the payments under the contracts is, frankly, a subsidy to shipping for the maintenance of a merchant marine under private operation. Opponents of the postal contracts are correct in stating that we are paying excessive rates for the carriage of mails. But they forget to add that the public policy declared by Congress as the purpose of this legislation is also the promotion of trade and of national defense.

II. Capital replacement cost of $500,000,000 shifted from public to private enterprise

It is estimated that, with the bulk of our vessels rapidly approaching retirement age, the Shipping Board would have had to spend $500,000,000 in replacements during the next 10 years to keep our flag on the seas. Out of 553 ships, 500 totaling 2,213,000 tons will have reached retirement age by January 1941. By getting out of the shipping business and by requiring new construction under the postal contracts, the Government is relieving itself of this burden and shifting it to the shoulders of private enterprise.

III. The measure has brought about new construction employing 40,000 men

Under the terms of the postal contracts, and in the confidence that the Government will keep its faith, private initiative has launched an ambitious construction program that has produced some of the finest tonnage on the seas today. These activities to date are summarized as follows:

	Number of vessels	Gross tons	Amount of loan from construction loan fund
Under act of 1920	15	106,478	$18,629,300.00
Under act of 1928:			
New vessels completed	40	422,584	105,230,973.40
New vessels not completed	2	35,500	10,946,264.00
Reconditioned vessels completed	39	264,192	12,743,283.51
Reconditioned vessels not completed	1	4,963	178,773.75
Total construction and reconditioning	98	833,717	147,734,794.66

The total of the loans under the construction fund is less than 75 percent of the actual costs of construction, which was $213,984,579.30. Of this approximately 80 percent, or $170,000,000, goes to labor either employed in the shipyards or engaged in the industries supplying the materials and equipment required. As I have pointed out before, it is estimated that 18,000 men in the former and an equal number in the allied industries have found regular employment as the result of this program. This, therefore, has afforded some measure of incidental relief during the difficult years that have passed since the passage of the 1928 act.

IV. Construction loans bearing adequate interest, payments being met

Loose talk of defaulted payments and negligible interest charges on the construction loans is frequently heard from the enemies of the merchant marine. The facts, as supplied by the Shipping Board, indicate that, during this period of Federal aid to many lines of enterprise, shipping receiving construction loans has a relatively clean record. Here are the figures I have obtained:

Statistics on construction loan fund

Total cost of vessels—57 new, 40 converted	$213,984,579.30
Total loans authorized	147,680,566.66
Total amount repaid as of Dec. 31, 1932	15,415,982.54
Total amount of interest paid up to Dec. 31, 1932	8,017,030.52
Total amount due as of Dec. 31, 1932	107,868,508.00
Total amount of loans past due as of Mar. 31, 1933	1,570,525.00
Average rate of interest return on construction loans—percent	4
As of Apr. 30, 1933, cash balance in loan fund	14,314,967.10

I understand that in the case of the relatively insignificant amount of past-due payments—which are surprisingly small considering that many of contracting companies assumed obligations under these contracts before they were touched by the depression—in each instance arrangements have been made for reasonable extensions of time. Moreover, I have it on good authority that not a single penny of interest on these loans has been defaulted. Under the Merchant Marine Act of 1928, I should say, shipping provides better security for its loans, pays higher interest, and is less in arrears than most of the enterprises that are now receiving Government assistance in various forms. Moreover, the interest received is higher than that paid for such loans granted to shipping by several foreign countries. It is well known, for example, that the Cunard Line only paid 2¾ percent interest on the loan for building the *Mauretania* and *Lusitania*. The British Government has $472,000,000 of such construction loans outstanding. The charges that our Government is losing money on these loans and that the taxpayer is being assessed for the benefit of a privileged few is absolutely false.

V. Taxpayer would lose by cancelation of postal contracts

Were the postal contracts to be canceled, however, the taxpayer would certainly lose, as every one of these loans were contracted in consideration of the mail subvention. The shipping companies would not only find it impossible to make their payments, but they would probably, in many cases, be forced into liquidation. Then the Government would have to reassume the losses of public operation. The following figures, supplied by the Shipping Board, show the relationship between the mail revenues, the profits, and the

other elements in the 1931 operations of all the steamship companies receiving Government aid in the form of postal contracts:

Companies under postal contracts—operations for 1931: Summary

Total revenue from operations	$123,798,822
Mail revenue (included in above)	21,354,784
Net profit after depreciation, administrative expense, and interest	1,265,722
Assets of all companies	300,000,000
Total ship sales and construction-loan mortgages to Shipping Board as of Dec. 31, 1931	124,159,997
Depreciation charges, 1931	9,438,342
Interest paid to Shipping Board and others during 1931	3,480,046

This tabulation shows that 20 percent of the revenues of these companies for 1931 were the contract payments for the carriage of mails, while only 1 percent of the revenues went to profits. Had the postal contracts been reduced or canceled, it is evident that a ruinous loss would have appeared. Indeed, many of the companies showed operating losses. Mr. T. V. O'Connor, former Chairman of the Shipping Board, stated that "interference with the ocean mail contracts will mean the end of the American merchant marine", and few will challenge that statement in the light of the data I have presented.

VI. Comparison of our foreign-trade tonnage, 1914 with 1932

As the result of the World War and of the subsequent merchant-marine legislation, we have today six times more tonnage actively engaged in foreign trade than we had in 1914, as the following comparison, by trade routes, will show:

Trade route	Number of vessels		Gross tonnage	
	1914	1932	1914	1932
United States-Europe	6	193	69,212	1,194,158
South America	4	169	24,011	403,341
Pacific coast-Far East	6	87	75,615	706,103
United States-Africa	None	20		113,417
Pacific coast-Australasia	3	19	18,495	117,576
Total overseas	19	388	187,333	2,534,595
Nearby, Caribbean, West Indies, Canada	66	164	322,938	747,427
Grand total	85	552	510,271	3,282,022

G. THE BENEFITS DERIVED FROM OUR MERCHANT MARINE

It is proper to consider as one consecutive achievement the results of our construction of a merchant marine during the emergencies of the World War and the results of the steps we have subsequently taken to secure it as a permanent asset in our national life. Our merchant marine cannot be dismissed as a temporary expedient created to meet the isolated phenomenon of a war and then to be laid aside. The benefits we have derived from our ocean tonnage should be appraised just as though we had possessed a merchant marine prior to the outbreak of the World War.

I. Our success in the war hinged upon ocean transportation

No one needs to be reminded in detail of the importance of shipping during the World War. But in considering the present subject it is well to remember the following facts: We were engaged in a major war whose scene of hostilities was 3,000 miles across submarine-infested waters. Our allies, it is generally conceded, faced probable defeat unless sufficient war materials and troops could be transported to Europe before the enemy should win a decisive victory. This we succeeded in doing to a degree that turned the tide and brought to a successful conclusion the greatest war in our history. For this great achievement in transportation much of the credit goes to ships built and manned by Americans and flying our flag.

II. Overseas trade between 1914 and 1922 made us a creditor nation

Foreign capital had played a large part in our westward development and in the establishment of our great industrial equipment. In 1914, as a consequence, we were Europe's debtor to the extent of about $2,500,000,000. In 1922, the close of the World War period, our public and private obligations were paid off and we had a balance of foreign credits of about $15,000,000,000. In the short space of 8 years we moved from an unfavorable position into the dominating role in international finance. Much of the goods by which this transfer of wealth was effected was carried in American vessels—to the extent of $9,410,000,000 in 1918–22. This was one of the early dividends from our investment in a merchant marine.

III. The Shipping Board saved our farmers nearly $1,000,000,000

After the war American shipping twice came to the rescue of the farmers of the South and Middle West whose principal markets were Europe. In 1924, owing to world conditions at that time, a great volume of foreign shipping was again withdrawn from our trade. A wheat surplus of 250,000 bushels, according to testimony presented to the House Committee on Merchant Marine and Fisheries, threatened to demoralize prices and to bankrupt our farmers. The Shipping Board threw its ships into the breach, and, at the cost of less than $1,000,000, averted the national calamity of a price collapse amounting to $600,000,000 or more. Again, at the time of the British coal strike in 1926, foreign tonnage was withdrawn from our trade and the Shipping Board put into service its laid-up ships. This prevented another loss of two to three hundred million dollars to our farms and industries. In other words, a foreign labor disturbance would have cost us, had we had no ships, a sum equal to an assessment of $2 per capita for our entire population. These are impressive figures to bear in mind when there is talk of scuttling our merchant marine.

IV. A $2,000,000,000 freight bill reduction

According to competent testimony, the existence of large American merchant tonnage since the war has had the effect of reducing by 20 percent the freight rates we would have paid. In the movements of cotton, grain, and our principal manufactured exports this has amounted to $150,000,000 saved annually, or approximately $2,000,000,000 for the period since the war. We remain today, thanks to the legislation that has made possible continued private operation of merchant shipping, in a position to exercise a large measure of control over ocean freights paid by our factories and farms and to prevent discriminations in the future against our trade.

V. Three billion dollars in shipping revenues earned by our ships

The Nation's ocean passenger and freight bill for the decade of 1921–30 was $9,000,000,000, or an average of $900,000,000 annually. Of this sum our own ships earned one third, or $3,000,000,000, which would otherwise have been paid to foreign concerns and spent abroad. Had we but carried, as in 1914, only one tenth of our foreign trade, our share of this sum would have been only $900,000,000, a difference of $2,100,000,000. Before the war our shipping was actually earning only $35,000,000 a year, of which about $26,000,000 was spent in this country for supplies, wages, repairs, and so forth. In 1931, a subnormal year in foreign trade, the revenues of our merchant marine were $187,000,000, of which $141,000,000 was spent in this country for these same items. Should we forego these great invisible additions to our trade balance for the sake of saving the relatively insignificant sums paid under our ocean mail contracts?

VI. Our vessels have opened new continents to our goods

I have already touched upon the development of our trade in markets in which we formerly had little participation owing to the lack of American-flag shipping. Since 19 ships have been placed in the African trade, in which we had no services before, our trade has increased by 325 percent. Our South American and far eastern commerce, in each of which only 5 American vessels were engaged, have increased 190 percent and 380 percent, respectively, with 89 ships serving the former and 140 ships going to the Orient. The difference in our trade with these three continents in 1914 and in 1927 is more than $2,000,000,000.

VII. The merchant marine as a vital part of our national defenses

Last but not least among the benefits we have derived from our reborn merchant marine is its great contribution

to our national safety. I have mentioned our humiliating experiences during the Spanish-American War and the cruise of the White Squadron. As long as we have a merchant marine there can be no repetition of these disgraces. On another occasion we were obliged to purchase from a foreign naval architect the plans for one of our battleships, as there was no one here sufficiently familiar with modern construction to be entrusted with the work. Under our postal contracts, however, naval architecture has again become a profession for Americans and a promising field for our great technical genius. Moreover, shipyards will be kept open and skilled labor trained and ready to meet any emergencies of war.

Prior to the World War we had no Naval Reserve, because we had few vessels on which to train sailors for deep-water service. Practically every other important power not only has a merchant-marine personnel partly enrolled in its naval reserve, but in many cases grants large subsidies to merchant vessels in compensation for their usefulness in this respect. At last we, too, are developing a reserve of officers and young men fitted to serve the country efficiently in the event of a national emergency.

Under our merchant-marine legislation the new tonnage constructed in fulfillment of ocean mail contracts must conform to certain specifications of the Navy for vessels to serve as naval auxiliaries. The World War demonstrated the value of merchant ships for this purpose, and our recent policy of naval economy renders such measures particularly desirable. Thus we are virtually transferring to private concerns some measure of a public burden.

H. OUR SHIPPING INFERIORITY NOT YET OVERCOME; EFFORTS MUST CONTINUE

I. We still carry an unusually small proportion of our trade

We may be proud of our progress in developing our merchant marine, but we do not have any reason for self-complacence and relaxation of our efforts. As I have already pointed out, we have in foreign trade less tonnage per capita and per export ton than any other maritime nation. Between 1922 and 1931, inclusive, we carried less than one third of our foreign commerce, and no more of it than Great Britain carried for us, as the following table will show:

	Imports	Percentage	Exports	Percentage	Imports and exports	Percentage
	Tons		*Tons*		*Tons*	
American vessels	75,728,000	31.0	95,977,000	30.1	171,705,000	30.5
British carried	70,141,000	28.8	98,630,000	31.0	168,771,000	30.0
Others carried	98,140,000	40.2	123,865,000	38.9	222,005,000	39.5
Total	244,009,000	------	318,472,000	------	562,481,000	------

Compared with Great Britain, our ocean-going tonnage is only one half as great, and that part of it in foreign trade is only one sixth. Even if we were never to attempt to compete with Great Britain in the carrying trade between foreign countries, we should at least, as I have shown, carry a larger portion of our own. Before the war British ships carried 52 percent of total world trade, 92 percent of her empire trade, 62 percent of the trade between the empire and other nations, and 30 percent of the trade between foreign nations. She still today holds the dominant place on the ocean, with her ships taking care of 45 percent of world commerce, 60 percent of her own, and 30 percent of ours. Her maritime success is attributed to her strong industrial position with access to raw materials, her far-flung empire with coaling stations and seaports, her large coal exports compensating for the importation of foodstuffs, and her intelligent policy of Government encouragement to shipping. We must not, however, permit these factors in her favor to reduce us again to a mercantile colony.

II. We are inferior to other powers in tonnage, speed, and obsolescence

As of September 30, 1932, our ocean-going tonnage of 2,000 tons or more comprised 1,584 vessels totaling 9,252,000 gross tons, distributed as follows:

	Vessels	Gross tons
Sold for scrapping	126	719,000
Laid-up Government fleet	137	830,000
Inactive	263	1,549,000
Tankers in foreign and domestic trade	354	2,443,000
Ships in domestic trade	415	1,939,000
Ships in foreign trade	552	3,282,000
Active	1,321	7,664,000

The following tables reveal a serious deficiency in new tonnage and in tonnage of commercial speed as compared with our five chief maritime rivals:

Type and country	Gross tons	Percentage owned by each country	Percentage of gross tonnage of each country, 10 or less years old
Combination passenger and freight:			
United States	1,555,296	15.5	32.5
Great Britain	4,257,858	42.6	41.3
Japan	858,861	8.6	27.6
Germany	1,098,884	11.0	57.6
Italy	881,461	8.8	59.6
France	1,349,477	13.5	37.9
Total	10,008,837	100.0	41.7
Freight:			
United States	5,254,378	22.2	1.1
Great Britain	11,110,478	46.9	40.7
Japan	2,276,170	9.6	17.0
Germany	2,064,946	8.7	34.1
Italy	1,634,258	6.9	13.6
France	1,347,370	5.7	16.2
Total	23,687,600	100.0	25.8
Tankers:			
United States	2,442,626	42.5	11.3
Great Britain	2,504,245	43.5	53.2
Japan	122,315	2.1	58.8
Germany	127,311	2.2	56.6
Italy	337,150	5.9	18.4
France	220,329	3.8	55.4
Total	5,953,976	100.0	33.6

Summarizing these tables, we have the following:

Breakdown by nations, all types of ships

Country	Gross tons	Percent owned by each country	Percent under 10 years old	Percent of tonnage, speed 12 or more knots
United States	[1] 9,252,300	23.5	9.1	28.4
Great Britain	17,882,581	45.3	42.6	56.0
Japan	3,257,346	8.3	21.3	49.6
Germany	3,291,141	8.3	42.8	65.2
Italy	2,852,869	7.2	28.4	44.9
France	2,914,176	7.4	29.2	57.4
Total and average	39,450,413	100.0	31.0	49.1

[1] Only 3,282,000 tons of this in foreign trade, exclusive of tankers.

In other words, our percentage of vessels under 10 years old is less than one third the general average, and our percentage of vessels capable of 12 knots or more is little more than half of the general average. This means that if we are to keep our flag on the sea, we must look forward to further steps to compensate for these deficiencies in the near future.

III. Other nations are outbuilding us rapidly

At present Great Britain is outbuilding us 9 to 1 in terms of tonnage and 13 to 1 in terms of ships. As for the other maritime nations, here is a comparison of ships of 15,000 tons or more constructed in the past decade:

	Number of vessels	Gross tons
United States	11	226,071
Great Britain	49	1,036,216
Japan	3	51,448
France	10	288,845
Italy	12	344,340
Germany	10	262,911
Total	95	2,209,831

In proportion to our needs, we are building less than any other nation. On the other hand, we are scrapping or laying up more obsolete or unserviceable tonnage than any other nation. Here is the record for 1922–31:

Country	Tonnage scrapped	Tonnage laid up
United States	[1] 2,560,000	3,588,000
British Empire	2,388,000	3,340,000
Italy	855,000	619,000
France	773,000	931,000
Japan	215,000	256,000
Germany	147,000	1,103,000
Others	892,000	2,863,000

[1] 700,000 more tons to be scrapped, making 3,260,000.

I. THE ORIGINS, MOTIVES, AND FALLACIES OF THE PROPAGANDA FROM FOREIGN SOURCES

I have given the above comparative figures regarding the merchant marines of the principal powers in such detail in order to present ample evidence of the falsity of the charges frequently brought against our merchant marine policy. I shall quote some of these. First, however, I wish to emphasize the fact that a large volume of deceptive material advocating the abandonment of our merchant marine appears in print in this country regularly. It is my considered opinion that much of this is inspired and paid for by foreign interests. To my personal knowledge, a professor at one of our leading universities was commissioned by an internationalist organization to write a book demonstrating the errors of our ways in merchant marine matters and advocating permitting foreigners to handle our foreign trade. After he had made a preliminary study of the facts, however, he refused the job, and wrote in favor of supporting our merchant marine. Probably there are many other examples of the same type of efforts to influence public opinion against our best interests. We must not be misled by them, least of all at the present time, when our representatives are to sit in council with delegates of other maritime nations in an attempt to reach agreements of mutual economic benefit. We can make no concessions in this respect.

Each foreign nation which has placed new tonnage in our trade—more than 800 ships flying 42 different flags—is determined that we shall not build up a merchant marine, for our annual passenger and freight bill of hundreds of millions of dollars is the greatest plum of world trade. I quote from the report of a committee appointed by the British Board of Trade (corresponds to our Department of Commerce) to study British shipping problems after the war:

I. Some misleading statements from England

The door has been left open to foreign enterprise which it may be difficult hereafter to combat with success. * * * Our findings and recommendations are based on two hypotheses, neither of which is likely to be controverted—the first, that *the maritime ascendency of the Empire must be maintained at all costs*, and second, that the grave wastage sustained by the mercantile marine during the war must, therefore, be repaired without delay. (The italics are mine.)

This opinion is so strongly expressed that I doubt that advice from this source as to our merchant marine policy would be exactly dispassionate and to our unquestionable best interests. Yet here is some advice on our war debts and shipping from Sir Alan G. Anderson, chairman of the Orient Steam Navigation Co., who is quoted as follows, December 1932:

* * * From the official reports of the United States Shipping Board it appears that during 5 years to June 1928, the United States taxpayer paid in operating losses and in laying-up expenses of merchant ships about £5,000,000 at par in each year—the total loss for the 12 years from 1920, including the operating loss named above, but excluding interest, has been about £600,000,000 at par.

* * * It is difficult to exaggerate the injury the United States of America does to world trade, and incidentally to herself, by devoting such a mass of wealth to rejecting payment by her debtors in the form of shipping services. It almost seems that the more the world in its anxiety to be honest pours its much-needed spending power into the United States of America, the more resolutely the United States of America applies that wealth to prevent the debtor from repaying or recovering his prosperity, which is as necessary for the prosperity of the farmer and industrialist and investor of the United States of America as for anyone.

I fail to agree with Sir Alan Anderson that we are "devoting such a mass of wealth to rejecting payment by our debtors." Moreover, I believe I have discussed sufficiently where our farmers would have been in 1924 and 1926 had we had no ships to operate when the British were unable to move our exportable produce and how much they are saved today on ocean freights. Another comment on our merchant marine comes from Mr. Walter Runciman, president of the Board of Trade, which I have already cited, in his address at the annual dinner of the British Chamber of Shipping, as quoted in the New York Times, February 16, 1933:

* * * Blaming the plight of world shipping on the subsidized overbuilding of foreign countries, Mr. Runciman said that the United States had three times as much tonnage as before the World War.

"I have underestimated the extent of the American mercantile marine", he said, "but I was thinking of those ships that were fit for trade."

Laughter swept the hall at this remark.

"If you count them all in, the Americans have nine times as much as in 1913, and a very costly luxury it has proven", the speaker added.

"I know that in some quarters it is regarded as very dangerous to say anything about America at the present time. I hope I shall exercise my native caution in not going too far, but I believe that much of the misfortune which has befallen the cargo fleets of the world comes from overbuilding, and that those who went the farthest have done the most harm.

"How can these nations continue subsidies on the present scale. Uneconomic subsidies have now become one of the vices of a great many powers. We in Britain do not go cap in hand to the Government and beg for artificial assistance. All we ask is that we should have fair play and no favor. * * *"

II. We are the only nation that is not overbuilding, and we are scrapping most

Right here let me recall some of the figures I have given earlier in detail. In spite of our inferiority, Great Britain is outbuilding us 13 to 1. She has $472,000,000 in construction loans outstanding for this purpose—three times as much as we have lent. Then why does Mr. Runciman consider that "subsidies have now become one of the vices of a great many powers"? Is it a vice for us and a virtue for Britain? Are we overbuilding, or is Great Britain? Then I wish to repeat the figures I gave on scrapping. We have scrapped 3,210,000 tons and laid up 3,588,000 tons—in each case more than any other nation. We have not built a fraction as much.

I am informed that the world surplus of tonnage, for which we are held responsible by Mr. Runciman, is in the neighborhood of 14,000,000 tons. I understand that the total world over-age tonnage is also approximately 14,000,000. In other words, if all obsolete ships were to be scrapped, there would be no surplus. Where is this old tonnage? We are retiring ours. According to my information, Great Britain is selling many of her old ships, instead of breaking them up, to the minor nations at virtually scrap prices. This accounts for some of the surplus tonnage, and might even be construed as a sort of conspiracy against our own maritime progress.

III. Our competitors building uneconomical ships for naval use

The statement keeps recurring in foreign comments and in their echoes on this side of the water that we are building uneconomically. This is quite the reverse of the truth, which is that the other principal maritime powers are launching for our trade vessel after vessel that will never pay its way in operating expenses. This is not an act of philanthropy toward our shippers and travelers but rather a policy of having our ocean express business pay the main cost of potential naval auxiliaries. It will be remembered that at the Washington Arms Conference in 1922, naval competition in capital ships was checked by treaty, and a ratio of naval power was established. We paid for this by sacrificing our then naval supremacy and scrapping 850,000 tons of war vessels—more than was scrapped by the British and Japanese combined. Naval competition was transferred

from armed ships to merchant vessels that could be armed in an emergency. Here are the ships which are uneconomical by reason of their size or their speed that have been built abroad during the past 8 years:

Vessels over 25,000 gross tons built in last 8 years

	Tons	Speed	Year built
Great Britain:			
Princess Elizabeth	73,000	30	(1)
Empress of Britain	42,348	24	1931
Georgic	27,759	18	1932
Britannic	26,943	18	1930
Empress of Japan	26,032	21	1930
Total (5 vessels)	196,082		
France:			
Normandie	68,000	28	(1)
Ile de France	43,153	23	1926
L'Atlantique	42,512	21	1930
Champlain	28,912	19	1931
Lafayette	25,178	17	1929
Total (5 vessels)	207,755		
Italy:			
Rex	50,100	27	1932
Conte di Savoia	48,500	27	1932
Augustus	32,650	19	1927
Conte Grande	25,661	21	
Roma	32,582	21	1926
Total (5 vessels)	189,493		1928
Germany:			
Bremen	51,656	26	1929
Europa	49,746	26	1928
Cap Arcona (South America)	27,561	20	1927
Total (3 vessels)	128,963		
Grand total (18 vessels)	722,293		

[1] Under construction.

In the meanwhile we have not built a single vessel of this class for the reason that they are unprofitable to operate. They are merely potential war vessels. The following table gives for a ship of this class the approximate cost of speed in excess of 20 knots in terms of fuel consumed and of passenger and cargo space sacrificed to accommodate the engines.

Speed in knots	Indicated horsepower	Tons of oil consumed per round trip to Europe
20	45,000	6,000
22	55,000	6,600
24	71,000	7,900
26	92,000	9,420
28	120,000	11,400
30	160,000	14,200

Not only are we not building ships with excessive speed, high costs, and relatively small capacity for their size but we are deficient in smaller vessels that are useful in war, as well as in peace. In 1928 we had only 70 vessels of 15 knots or more that were suitable for naval use, while Great Britain had 227 ships of this type and in superior condition.

J. THE PERENNIAL DOMESTIC ATTACKS ON OUR POSTAL CONTRACTS

While our maritime competitors are gambling on our neglect of maintaining and developing our merchant marine, and hoping that they may continue to pay for concealed navies with the proceeds of carrying 70 percent of our trade, our merchant marine faces a constant sniping from enemies at home. Every year some attempt is made to cancel the mail contracts, or to reduce them. This year the independent offices appropriation bill contained an authorization for cancelation by the President of the United States, an altogether unnecessary and unethical power which, I am sure, the present occupant of the White House would be the last to invoke. Fortunately these attempts have not succeeded, but it is well to be warned of the misapprehensions under which some of the opponents of the postal contracts appear to be laboring.

I. Postal contracts and construction loans not "doles" to privileged few

The favorite general argument against our present merchant-marine legislation is that it bestows gifts upon private and presumably predatory interests to the detriment of other classes needing Government assistance. This point has now lost its strength, as the Government has, in fact, extended much greater financial assistance upon easier terms to practically every class in the country. Moreover, as I have shown, in this support of shipping the Government is saving itself and its taxpayers larger losses in the form of operating deficits of the Fleet Corporation. Finally, the figures show that the steamship companies under mail contracts are not making any appreciable profits and that they could not exist at all, least of all under present conditions, without this assistance from the Government.

II. The International Mercantile Marine not a Morgan company nor a foreign company

It is sometimes alleged that the International Mercantile Marine Co. is owned by the firm of J. P. Morgan and that there is no justification for awarding it an ocean mail contract. Others tell us it is essentially a foreign company. I am informed that the House of Morgan does not own a single share in the International Mercantile Marine. Moreover 96 percent of its stock is owned in this country, well distributed over the 48 States, and of the other 4 percent less than 1 percent is owned in Great Britain. This company and its predecessor, the American Line, have owned and operated ships under the American flag since 1870, and its present policy is to build up exclusively under the American flag. It has 30 offices throughout the United States, and it employs 9,000 agents and other employees in this country.

III. Misleading statements as to foreing-flag ships in contract lines

Corollary to the misinformation I have just referred to, is the statement sometimes heard to the effect that some of the contract lines, notably the International Mercantile Marine and the United Fruit Co., are using the proceeds of the subsidy to operate foreign-flag ships in competition with other American interests. As to the former, the facts are these: In view of the many disadvantages and popular indifference that were strangling American shipping, this company acquired, in the early part of this century, a large amount of foreign-flag tonnage. This was hailed as an important constructive step.

During and after the war it made strenuous efforts to Americanize its fleets, and entered into negotiations with a British syndicate for the sale of its entire British tonnage. As these were drawing to a successful conclusion, President Wilson made an urgent appeal that the sale be delayed until the Government might consider the advisability of disposing of such a large volume of shipping. Here is his letter to Mr. P. A. S. Franklin, president of the company:

WHITE HOUSE, *November 18, 1918.*

MY DEAR MR. FRANKLIN: With regard to the sale to the British Government of the International Mercantile Marine, may I not request no action be taken in the matter until the views of this Government are fully presented and considered?

Sincerely yours,

WOODROW WILSON.

Negotiations were halted, and finally the following statement was published:

Announcement was made at the Shipping Board that the International Mercantile Marine Co. had today been advised of the Government's disinclination to give its approval to the proposed transfer to a British syndicate of the American ownership which has for years been vested in the International Mercantile Marine Co., of the latter's vessels now under British registry.

Bainbridge Colby, of the Shipping Board, stated that an offer by a British syndicate to acquire from the International Mercantile Marine Co. the tonnage in question had been under consideration for some time. The offer was expressly conditioned upon its approval by both the United States and the British Governments. The negotiations, he further stated, had been carried on by the International Mercantile Marine Co. with entire frankness, so far as the Government is concerned, and the decision now reached is due to the reluctance felt that an ownership which

has so long been held in this country, covering so important a tonnage, should at this time and under the conditions now prevailing in shipping throughout the world be suffered to pass out of American hands.

The vessels immediately concerned in the syndicate's offer are approximately 85 in number, and aggregate 730,000 gross tons or, in their deadweight equivalent, about 1,000,000 tons. They include some of the most important vessels now engaged in trans-Atlantic service, such as the *Olympic*, and many other vessels of large type and familiar names.

The Government has announced its willingness to take over the ownership of these vessels upon the terms of the British offer, which is considered a fair price for tonnage of this exceptional character.

Notification has been sent to the International Mercantile Marine Co. of the Government's decision.

The Shipping Board promised to purchase these ships on the same terms as the British offer. This decision was later reversed, however, and the International Mercantile Marine was left holding this tonnage at a time when such a sale could not be effected.

Nevertheless, this company has succeeded in disposing of the bulk of its foreign ships through other means. In 1923 its foreign-flag ships numbered 92, with a gross tonnage of 1,175,243 representing an investment of $68,000,000. This has been reduced to 23 vessels of 314,123 tons, valued at only $15,000,000. These are ships it has been unable to sell. In the meanwhile the company's American tonnage has increased to 23 ships of 335,165 tons, valued at $35,000,000. At the present time most of the foreign-flag ships are laid up, owing to the depression, and in 3½ years they will have reached the retirement age. From these facts it is clear that there is no foundation for attacks on the International Merchant Marine on the basis of its foreign tonnage, and that it is loyally pursuing a policy of complete Americanization.

As for the United Fruit Line, it owns and operates a number of small ships under the flags of Central American Republics in conformity with their several laws for the encouragement of their merchant marines. This whole situation was thoroughly investigated by the House Committee on Merchant Marine, Radio, and Fisheries before any contracts with the United Fruit Co. were entered into, and it was concluded that these ships, conforming with the admirable national aspirations of these neighbors of ours, were in no sense serious competitors of our merchant marine and that, moreover, it would be entirely impracticable for the company to divest itself of them.

IV. Americans have invested $132,235,000 in foreign companies

Finally, in discussing propaganda in this country aimed at crippling our merchant marine, it is worth while to mention the fact that there may be some significance in the great American security holdings in foreign shipping companies. American citizens have invested $43,575,000 in German companies, $23,000,000 in French, $14,400,000 in Italian, and $35,900,000 in British and Canadian shipping, to a total for all countries of $132,235,000. This means that there are in this country important interests that are necessarily hostile toward any measures by which our ships might gain a larger part of our lucrative carrying trade.

K. OUR FUTURE AS A MARITIME NATION

Few Americans realize the enormous stake they have in the future of American shipping. There are 15,000 miles of coastline whose 150 harbors and terminals used in foreign trade are valued by the Army engineers at $1,000,000,000 as result of an expenditure of $600,000,000 for their improvement. We have an ocean-going tonnage with an approximate book value of $628,000,000, and we have an investment of $100,000,000 in shipyards. When prosperity returns we may expect to have a normal foreign trade amounting to nearly $10,000,000,000 annually, of which more than half represents exports which give employment to our people. We have a great traveling public that crosses the ocean in the hundreds of thousands each year, and that demands the best of service and accommodations. And added to all these very tangible factors we have inherited a fine tradition as a Nation that need bow to no one in seamanship and maritime accomplishment.

Yet many commit the folly of waiving aside our merchant marine, of lending ear to the misrepresentations that are published on every side, and of favoring the vessels of foreign nations. As the Honorable Alfred E. Smith pointed out in his address on May 22 of this year, of the 20 or 25 percent of the travelers on the Atlantic who are foreigners, practically none patronizes American vessels. They travel on those that carry their own flag. The other 75 or 80 percent are Americans, and of these more than half travel on foreign ships, although our new ships are second to none in comfort and service. Mr. Smith continues, and I shall use his own words in conclusion:

In short, the German, French, and British steamers are invariably selected by their citizens, yet Americans are the chief support of these foreign-owned lines to the neglect of their own. The results of this neglect are not often felt at once, but in the long run they will rise up as a damper on export trade and an actual threat to security in case of war or other national emergency. * * *

It is the duty of every American to remember that now that we have at last consolidated our position again on the high seas—an achievement in which he has a direct and personal interest—he must lend his support and patronage to his country's shipping.

Mr. GIBSON. Mr. Speaker, I ask unanimous consent that all those who spoke on the Hawaiian bill may have 5 legislative days in which to extend their remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Vermont?

There was no objection.

Mr. O'MALLEY. Mr. Speaker, under the leave to extend my remarks of Monday on the proposal to amend the organic law of Hawaii to permit the President to appoint a Governor who is not a resident of the islands, I wish to call attention of the Members of the House to the fact that we are proposing here to undermine and destroy a principle which the Democratic Party, in my opinion, has always supported; that is, the principle of home rule.

The law as it now affects the Territory of Hawaii provides that the Governor shall be a resident of the islands for at least 3 years next preceding his appointment. This measure brought in here by the committee proposes so to amend the law that the Governor need not be a citizen of the islands, and consequently need know nothing about the problems of the people of the islands, for whom he is to administer the laws and regulate many of their living conditions. In the short time allotted me on the floor of this House to register my opposition to this proposal, I pointed out that the Democrats have always favored home rule, and that particularly in the South for more than two generations the Democratic Party has opposed carpetbag government in all its insidious forms. One of the gentlemen of the committee remarks that the President, in a communication to the committee, says:

It is particularly necessary to select for the post of Governor of Hawaii a man of experience and vision, who will be regarded by all citizens of the islands as one who will be absolutely impartial in his decisions on matters as to which there may be a difference of local opinion.

Now I am sure that the President did not mean to convey, either to this committee or to the House, that there is no citizen of Hawaii with experience and vision enough suitable for the Governorship, or that if he were to appoint a citizen of Hawaii to the distinguished office of Governor, that this appointee would be partial and would be influenced by local differences of opinion, and in the carrying out of his duties might so administer the government that it would be antagonistic to the welfare of the people of Hawaii and the people of the United States. I cannot believe that that is what the President sought to convey to this House, although the argument of those favoring this change in the law seems to me to be along this line.

For a good many years Republican politicians, campaigning in the Territory of Hawaii, have warned and threatened the people of this Territory that the election of Democrats would result in the loss of the justly cherished home rule which the Hawaiians have enjoyed since their annexation to the United States. Our good colleague, the Democratic

delegate from Hawaii, made as one of the principal issues of his campaign in the last election, the true fact that the Democratic Party was in America, the outstanding champion of home rule and local self-government and that the election of a Democrat and of a Democratic Government in the Territory would assure the Hawaiians the retention of home rule. Now we find, for some reason which I am unable to understand, and upon which I have no information, a Democratic committee of this House bringing in a measure which proposes to destroy the home rule of the Territory of Hawaii, a measure which would change the law so that some man from the mainland, regardless of whether or not he would have either understanding of or sympathy with the problems of the people of this Territory, would be empowered to administer the laws of the Territory and govern its people. Only a short time past, as the lives of men go, this country engaged in a war; thousands of our youth shed their blood and gave their lives in a living hell of shrapnel and bullets in Europe, and one of the reasons for our descent into this hell of a European war, emblazoned before the American people, was that we were fighting for the self-determination of small nations and the right of a people to govern themselves and have a voice in the selection of their own governmental authorities, who would handle their problems.

Now, with this measure, we would deny to the citizens of the Territory of Hawaii the decent, fair, and truly democratic principle of having a Governor to administer their laws who is a citizen of their own Territory. I think this House should stand by its colleagues, should uphold the wishes of the Hawaiian people and their legislature, who have protested against this change in the organic law, and should vote down this measure which proposes to deprive the Hawaiians of the same measure of State rights, if I might so compare it, as the sovereign States of the United States have enjoyed since the drafting of the Constitution. It is a surprising anomaly to me that the Democrats and the Democratic Party, the living, vital proponents of State rights, should through this measure wish to deny to the Territory of Hawaii that great human right and great principle which they have so zealously and insistently approved and supported throughout the history of our great Democratic Party. It is a surprising, disconcerting, and somewhat disheartening thing that a true Democrat and believer in the right of home rule and local self-government, should be forced in this House, in an endeavor to save that small measure of justice to which I feel the people of Hawaii are entitled, to turn to the opposite side of the House for support. Now, I do not know the Hawaiians' problems. I have never been there. I do not know what their differences may be, but I do feel that just as we settle our local differences in our 48 sovereign States of the Union through elections and through the will of the people, that the people of Hawaii should be let alone to settle their own differences in the same manner.

As a good American and as a Democrat who is a Democrat because he believes in the principles of Jefferson and the Constitution, I should hesitate to say that I, as a Member of the House of Representatives, would cast my vote to change a law which might result in fastening upon the people and the citizens of the Territory of Hawaii a Governor who was not a citizen and who might impose upon them gross injustices. I hate to be a party to the theory that "might makes right" and that because we are in the majority in this House we should use our strength to override and defeat a principle of government for which the Democratic Party has always stood—home rule—and impose upon the citizens of this Territory of ours by the sheer weight of our numbers a change in the law which might or might not work ill on the rights of every individual citizen of Hawaii.

Carpetbag government in any form is obnoxious to a free people. No good Democrat can defend it under any guise, and if the principles for which the Democratic Party has stood for generations are worth anything at all, the Democratic side of this House should refuse by its vote to take away from the citizens of Hawaii that justly cherished right of having a Governor for their Territory who is a citizen of their Territory and who is familiar and in sympathy with their problems.

This is almost another proposition of "taxation without representation", a principle over which this country fought to gain its freedom from a foreign power; it is another proposition from which the people from whom I am descended have fought and bled for nearly 700 years. It is a proposition antagonistic in principle to everything a real Democrat has believed in and supported, and it rises above the mere question of patronage and the rewards of political victory, because it involves a change in a fundamental concept in which the kind of Democrats I have known have always believed. I trust that the Democratic side of this House will not countenance this proposition, because a principle is no longer a prnciple if we make an exception to it; and the principle of home rule and local self-government is a Democratic principle that we Democrats should have courage enough to support, regardless of minor considerations or momentary advantages of any kind.

DEMOCRATIC PARTY VERSUS VETERAN JUSTICE VERSUS THE ECONOMY LEAGUE

Mr. HOEPPEL. Mr. Speaker, I ask unanimous consent to extend my own remarks, and place therein a short letter that I received from a correspondent.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. HOEPPEL. Mr. Speaker, Members of the House, I am being flooded with letters from veterans and nonveterans throughout our Nation who write continually to protest the iniquitous applications of the present veterans' economy law and regulations. The various municipalities and political subdivisions which will be called upon to maintain our indigent veterans and their dependents are as vehement in their protest as is the veteran himself.

As a Democrat who voted against the national economy measure, I wish to insert in the RECORD an unsolicited letter which teems with pertinent facts of an informative nature.

The letter is as follows:

LOUISVILLE, KY.

Representative J. H. HOEPPEL,
Washington, D.C.

DEAR MR. HOEPPEL: Just a few lines to let you know how thankful I and a lot of other Spanish-American War veterans are to you for voting against this economy bill. It certainly causes untold misery. I have lost my home, after paying $5,400 on same. I have the papers to prove it. I don't know what I am going to do. I am too proud to ask for charity and we old fellows can't get work. Serving in two wars, and they take away my little pension! The Democratic Party is sure going to suffer for this and the Republicans know it and laugh at us.

Mr. HOEPPEL, about 6 weeks ago, the Democratic leaders for "Taylor for mayor" ticket, asked me and others to poll the precincts and see how strong Mr. Taylor (Democrat) is. I polled four precincts and 80 percent were for Mr. Taylor. Now, last week, they asked us again to poll the same precincts and God knows, every Democratic veteran told me they would not vote another Democratic ticket, either Government, State, or city. There are at least 200 votes lost in those four precincts, including the veterans, their families and friends, and I found out this is the same way all over the city. The veterans are sure terribly against this cut. They say: "Why does Mrs. Theodore Roosevelt and Mrs. Wilson, two idle rich women, get $5,000 per year and let us fellows starve? Why don't they tax the big, rich crooks and not take it away from us?" etc.

Well, anyhow, I quit polling precincts, for they might blame me for all this.

I still have hope that Mr. Roosevelt will not be too cruel with us old fellows. I am afraid this whole thing will lead to a bad end.

I will close, hoping you are in good health.

I wish we had a million in Congress and Senate like you. Good wishes,

Yours,

FRANK KOENIG,
729 South Sixteenth Street, Louisville, Ky.

SOME ASPECTS OF FEDERAL CONTROL OF DAIRY FOOD PRODUCTS

Mr. HENNEY. Mr. Speaker, I ask unanimous consent to extend my remarks, and to include therein a speech I gave over the National Broadcasting System on certain aspects of the control of dairy products.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. HENNEY. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address recently delivered by me over the National Broadcasting System on certain aspects of the control of dairy products:

My friends, the spotlight of bacteriological research has long been focused upon the dairy products, such as butter, cheese, cream, and milk, as a fertile media for the transmission of many types of infections and diseases. I need mention only a few, such as tuberculosis, typhoid fever, septic sore throat, foot-and-mouth disease, undulant fever, and scores of others that are known to scientists, and I propose to address myself today to the most pernicious of all of these, namely, tuberculosis, which is largely a milk-borne infection. I shall also discuss the activities of the United States Government in dealing with this all-important subject. Leprosy is a disease in which the victim is usually infected 15 or 20 years before the malady manifests itself, and tuberculosis is held in the same category today by most scientific medical minds. Children are infected while they are young, even during infancy through association with their tubercular parents, relatives, or nursemaids, but just as frequently or more so in some countries by the drinking of milk from tubercular cows, and the disease may not become manifest until later in life.

In 1902 Prof. Robert Koch, the discoverer of tubercle bacillus, and who is considered one of the greatest bacteriologists of that time, advanced the opinion that the disease in cattle known as "bovine tuberculosis" was produced by an entirely different bacterium from that which had infected humans. This, of course, was hailed immediately by those who contended that the two diseases were distinct and separate as a final proof that human tuberculosis could not be contracted from cattle through milk. Professors Behring, Calmette, and others disagreed with him, and demonstrated that to all intents and purposes they are the same disease, and while there are some so-called "morphological differences", the resulting infection in each is much the same.

R. J. Harris, in the Canadian Health Journal of January 1932, in referring to this subject, stated that the immense amount of investigation it gave rise to has firmly established the fact that the germ in cattle will infect humans, and has demonstrated that for practical purposes the sole mode of infection is by means of infected milk. In later years Professor Koch retracted his statement and admitted the identity of the two bacteria. It is proven at autopsies on children with tuberculous glands that 25 percent show the bacillus to be identical with that of bovine tuberculosis in its staining and cultural characteristics. Professor Mitchell, of Scotland, found that the tubercular glands of the neck in children under 12 years were caused by the bovine germ and in joint and bone tuberculosis 61 percent was from the bovine germ. In Toronto, Canada, where the milk is all pasteurized and certified, Dr. Harris found no tubercular glands in children, but in the adjacent country, where these precautions were not taken, 13 percent of the children were tubercular. The percentages vary greatly in different countries, and bears a definite relation to the percentage of tuberculosis in cattle. Professor Whang, of Scotland, found 55 percent of children under 16 years of age suffering from bovine tuberculosis. Prof. Nathan Raws, discussing the relationship between infant feeding and tuberculosis, reached the following conclusion:

Tuberculosis of the lungs is produced always by the human type of germ, whereas tuberculosis of bones, joints, glands, skin, and tubercular meningitis is produced always by the bovine type and is the result of using milk products from tubercular cows. It is to be construed, therefore, that from 25 to 50 percent of tuberculosis in children under 12 years of age is of the bovine type and caused by infected milk. On this point nearly all authors are agreed, and many of them place it as high as 90 percent. I might state in passing that it is now an undisputed fact, shown by autopsy studies, that these bacteria after being taken into the stomach pass directly through the walls of the intestines and are carried by the blood and lymph streams directly to the glands or joints or meninges without producing any lesions or disease in the stomach or intestines. Professor Calmette believes that the bacilli may remain more or less dormant in the body fluids for years.

A study of tubercle bacilli in the raw milk of the Chicago dairy district and reports of observations in other locations and published by Tonney, White, and Danforth, of the Chicago Health Department, in the American Journal of Public Health in May 1927, is very enlightening. It covered the period from 1893 to 1925. Raw milk samples were taken from the market in each and every year. In all, 16,700 tests were made. Of these, 1,448 showed living and virulent tubercle bacilli or 8.66 percent were positive. In Germany, England, and Scotland, the percentage ranged from 20 to 61 percent. In Chicago in 1923, 1924, and 1925 it averaged 3.5 percent. At that time in Chicago, out of a supply of 1,350,000 quarts of milk per day, 43,750 quarts contained virulent living tubercle bacilli, or 15,000,000 quarts of infected milk per year. Carrying the hypothesis further, this would mean in Chicago, with its 3,000,000 population, that the average person would drink 5 quarts of milk per year that was infected with virulent tubercle bacilli. Illinois is now an accredited free State. Milk from tuberculin-tested herds is the best preventative. Pasteurization, of course, insures added protection and should be used, but at best it is an uneconomical and dangerous practice, for the security depends upon the thoroughness and carefulness of the processor, and it must be admitted that a certain amount of all types of vitamins are destroyed and all of certain types are destroyed. The Chicago Board of Health, after these exhaustive studies, came to the conclusions that pasteurization is never 100 percent efficient and it should not be relied upon, and recognition of this fact led to an ordinance requiring that all milk sold in Chicago must come from certified tuberculin-tested herds.

In the hearings before the Committee on Agriculture in 1927, when the Lenroot-Taber bill was up, it was shown that there had been expended $750,000,000 and an additional fifteen or twenty millions of dollars each year in the campaign to clean our herds of tuberculosis. Since then there has been expended several hundred millions more, making a total of over $1,000,000,000 that our taxpayers have paid to insure a sanitary and healthful milk supply. Besides this, the farmers themselves have been put to a heavy expense in having many cows condemned. Then again, in compliance with the regulations for the sanitary scoring of dairies, as laid down by the Bureau of Animal Industry of the Department of Agriculture, and demanded by many States, these farmers have been put to many million dollars additional expense. This prompted the passage of the Lenroot-Taber Act in 1927, which made it mandatory that all milk and cream imported into the United States must be certified to as being free from tubercle bacilli and other dangerous germs. Infected milk that is excluded under the Lenroot-Taber Act can at present be made into butter or cheese and shipped in, although it would contain exactly the same proportion of bacilli as the milk, which was excluded, and 1 pound of butter or cheese will contain as many bacteria as 3 gallons of milk. I have, therefore, introduced a bill into the Congress to regulate the importation of butter and cheese into the United States for the purpose of promoting the dairy industry of the United States and protecting the public health. This is not an exclusion nor an embargo measure, but is primarily and in its finality a public health and sanitation measure, which I shall presently explain.

Epitomized, the bill is as follows:

First. All food products of milk and cream imported into the United States or its possessions must come from herds that are tuberculin tested and certified to by an accredited veterinary surgeon.

Second. The products must come from sanitary and clean dairies that shall be scored in accordance with the Bureau of Animal Industry; or

Third. From pasteurized milk or cream, the bacterial count of which must be within certain limits and kept at a temperature of not over 50° F. at the time of importation.

Fourth. The Secretary of Agriculture will have charge of issuing valid permits to importers and to have inspections made whenever necessary to insure that the processors and importers of such products comply with the provisions of this act, and he is authorized to revoke or suspend such permits when he shall consider that they are being violated. As just stated, this is simply extending the Lenroot-Taber Act which has been in force for the past 6 years and which has been entirely satisfactory. It was enacted for the express purpose of preventing the importation of raw milk or cream from countries not complying with recognized health standards. There was no valid reason for not including butter and cheese in that bill, for it is scientifically known and admitted that these products can transmit tuberculosis, septic sore throat, undulant fever, typhoid fever, and other contagious and infectious diseases precisely the same as milk. I wish now to discuss briefly some of the testimony given by witnesses who appeared before the committee for and against the bill. Messrs. Ercole and L. Sozzi, of New York, representing the importers of cheese, in discussing the regulations of this bill, stated: "We have a very good example along this line—pork products are being imported under Government supervision and regulation and we understand they are allowed entry into the United States if they are properly inspected by a registered veterinarian abroad * * * only registered veterinarians can certify to the purity of a product offered for importation to the United States—if such a system can be evolved in the case of dairy products it will be perfectly acceptable to the importers."

I just wish to add an observation here. If pork products are prohibited because they may contain trichina, which are easily killed by thorough cooking, how much more important it is to prohibit foods coming from the tubercular milk of cows which is consumed in its raw state. We have an analogous restriction in the matter of serums and vaccines imported into the United States. In 1906 several cases of tetanus, or lockjaw, developed in St. Louis, with a number of deaths, caused by diphtheria serum that was not properly sterilized; and at that time our Government, through Dr. Woodward, who was then health officer of Washington, D.C., secured the enactment of a law requiring the strict supervision and certification of all serum imported or used in interstate commerce. This bill is exactly analogous. What difference does it make whether a disease is contracted by taking the bacteria in food or by injecting them in serum or vaccines? Dr. Harry W. Redfield, of Mendham, N.J., stated that the interest of others in tuberculosis was simply academic, but that his was real and personal. He developed a tubercular hip from drinking tubercular milk while a child and spent 7 years of his life in bed, all because of infected milk. He quoted the work of Alice Evans, of the United States Public Health Service, in which she said: "It is an important fact for us to keep in mind that the tubercle bacillus is the hardest, the toughest, and the most difficult to kill of all disease-producing organisms known to affect milk." Quoted further, Dr. Redfield, speaking in regard to butter, said: "As was proved by Dr. Schroeder in 1923, butter bought on the market which had been stored for 5 or 6 months still contains living tubercle bacilli which may affect the human being

and cause disease, and therefore there is only one safe thing to do with butter, and that is to pasteurize the milk from which butter is made." He advised pasteurization of the milk that goes into the soft cheeses. It is a known fact that hard cheeses cannot be made from pasteurized milk. He believes that hard cheese kills its bacteria during the ripening process.

Professor Soberheim, of the Institute of Bacteriology, Berne, Switzerland, found the living germs in cheeses up to 60 days after their manufacture, and stated that in cheeses older than 2 months they found none. However, but 111 samples were tested, which is not a large enough number upon which to base absolute reliance. The professor attributed the absence of the germs to the lactic acid, the temperature used in processing Swiss cheese, and the lack of oxygen. These conclusions are erroneous, because, according to the doctor's further testimony, he quoted the work of Kankaanpaa, who examined 50 samples of Finnish Swiss cheese from 119 to 124, and in one case 200, days old which showed 14 percent to contain tubercle bacilli. This milk was taken from herds which showed 70 to 90 percent of the cows to be tubercular. The witnesses appearing before the committee admitted that in the countries importing cheese and butter the cattle ranged all the way from 15 to 50 percent tubercular. The witnesses representing the foreign interests implied that if Swiss cheese comes from Switzerland, it is O.K.; but if from Finland, not so good. But how is one to know from whence the importation comes? If every importer should, like the characters in Strange Interlude, speak his thoughts, and advertise thusly, "This cheese is made from the milk of tubercular cows" or "this cheese contains tubercle bacilli, but they are dead, or supposed to be dead." How many people do you suppose would purchase that cheese? I do not concede that the processing of cheese is sufficient proof that the TB. germs are killed, and every bacteriologist who is listening to me knows that the small amount of lactic acid in cheese and the temperature of 131° for 30 minutes used in making Swiss cheese nor the dimunition of oxygen would not kill tetanus or other spore-producing bacteria. Neither would it insure against septic sore throat, typhoid, undulant fever, the germ of infantile paralysis, or foot-and-mouth disease. I mention this latter only because of the necessity of dairy sanitation.

It was freely admitted by the witnesses that in many of the European countries the dairy herds, the cheese plant, and the family all live under one roof, and in winter the compartments communicate in order to conserve heat, and dust and foul air may be carried directly from the family or from the cows to the cheese vats and thereby infect the milk. Dr. Redfield gave an illustration, as known to him to be true, where the bed clothes, night clothes, and linens from a child acutely ill with infantile paralysis were washed in the cheese vat, and thereafter the vat was filled with milk and another batch of cheese started. It was his opinion that no matter how distasteful to our æsthetic sense, that the processing of the cheese would make it safe, and this statement came from the man who admitted that he had developed a tubercular hip from drinking infected milk. It was facetiously stated in the hearings that the TB bacilli were of value in the cheese because the dead bacteria gave it a good flavor. I do not believe that this is a convincing argument to an American who wishes to protect his family against this dread disease. Dr. Redfield admitted that butter made from unpasteurized milk may be potentially dangerous for 6 months after it goes to market, and also that TB bacilli live in cheese from 4 to 120 days, which latter would be nearly 4 months. Dr. W. H. Feldman, of the Mayo Clinic, Rochester, Minn., stated that the bovine bacillus will retain its virulence for unknown periods when incorporated in dairy products, and that the viability depends on the moisture and that they have been found to be virulent for 450 days, or 15 months. Therefore, my friends, I believe, in view of these conflicting statements, that the people of the United States who demand that our own producers expend millions of dollars to insure the consumers against infected milk will also demand and should have the definite assurance that dairy products imported from foreign countries must measure up to standards set by this bill. This means the exclusion from our markets of products that the American public demand should be excluded. It is not an embargo, it is not a trade restriction, but simply a public-health measure. In this it is not in anywise different from the exclusion of our fruit fly from European markets on the supposition that it is infested with the Mediterranean fly. It is the same as the proposed restriction on cheese by the British Minister of Agriculture, who, according to a recent press report from London, had advised that the English Government enact an exclusion law against the importation of cheeses into England in order to insure better prices to their producers, and this in the face of the proposed "tariff truce."

Fred Brenckman, a representative of the National Grange and a warm supporter of the Lenroot-Taber Act in 1927, gave as his reasons for supporting this act: First, there is a decreased consumption because of the depression; second, nearly all foreign countries have set up barriers against our products: third, cheese sold in the United States was 62,000,000 pounds in 1932, which represents nearly 100,000,000 gallons of milk. The average importation of butter and cheese from Europe for the past 10 years has been 76,000,000 pounds per year, equivalent to 210,000,000 gallons of milk yearly.

Now! Should not our dairymen who produce certified milk be entitled to this market which they have developed and which is now partially supplied by milk products that admittedly contain tubercle bacteria, and the only right to such market is the claim of the importers that the bacteria are dead. An estimated average price of 30 cents per pound was paid for this imported cheese during the last 10 years and it would mean about $20,000,000 yearly that should be in American dairymen's pockets. Our cheese is just as good or better than imported cheese. Dr. W. Dorner, of Berne, Switzerland, as quoted by Mr. Homer Sullivan, stated that "milk delivered at homes in his country is not free from infection and medical authorities advise that the milk be boiled before using." Dr. Dorner stated further, "I have seen in Wisconsin first-class cheese of the highest quality with very large holes, and with such goods one cannot compete. When everything is said and done America produces as good cheese as we do." The State of Wisconsin furnishes nearly 71 percent of all the cheese produced in the United States. Eighteen percent is produced by the States of Michigan, Indiana, Illinois, Ohio, and North Carolina, and these States are all on the accredited list containing less than one half of 1 percent of tubercular cattle. Wisconsin, which was the first accredited State, contains less than two tenths of 1 percent. At present there are 11 States accredited with less than one half of 1 percent of tubercular cattle, and the percentage in the whole United States is less than 1.5 percent, which is far less than any European country, where as stated the percentage ranges from 15 to 50 percent. In Europe they do not observe the strict quarantine laws of the United States, and in a home where cheese is processed there may be a case of infantile paralysis, scarlet fever, diphtheria, or tuberculosis, and the cheese may be processed and sold without restrictions.

Professor Calmette, a noted French authority on tuberculosis in children, has recently made an observation that the epidemics of infantile paralysis seem to flourish in localities where there is a high percentage of tuberculosis in cattle, and he believes there may be some relationship between these two diseases. If this is true, it should be a most condemning argument against permitting products which are not properly certified from entering our country. Nearly 500,000,000 pounds of cheese was made in the United States in 1931, of which 30,000,000 was Swiss or Emmenthal. Our cows, particularly in the cheese and butter areas, are practically free from tuberculosis. Even Dr. Redfield, the expert representing the foreign governments, and who advocated permitting the continuing of importation of cheese and butter, believes that the TB bacilli in such cheese are dead, but advances the following reasons why herds should be tuberculin tested:

First. Raises the health level of the cows and makes better producers.

Second. Eliminates boarders (sickly, low-producing cows don't pay for their feed).

Third. Prevents the healthy cows from being infected by the sick ones, which thereby cuts down their production.

Fourth. Protects consumers of raw market milk and cream.

If foreign producers cannot and will not meet the restrictions that are imposed on our cheese producers, then this bill, if passed, will give a new market to approximately 210,000,000 gallons of milk in the United States yearly and will aid the dairy industry more than any other type of legislation. In the interest of saving the lives particularly of children and protecting them against ravages of such disfiguring manifestations, such as tuberculosis of bones, joints, and glands, and the always fatal complications of tubercular meningitis and miliary tuberculosis, I cannot too strongly urge your support of this legislation. I thank you.

Mr. TRUAX. Mr. Speaker, earlier in the day I got permission to revise and extend my remarks. I now ask to include therein a short letter from a constituent.

The SPEAKER pro tempore. Is there objection?

There was no objection.

EXTENDING THE MINING LAWS TO DEATH VALLEY NATIONAL MONUMENT, CALIF.

The next business on the Consent Calendar was the bill (H.R. 3659) to extend the mining laws of the United States to the Death Valley National Monument in California.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the mining laws of the United States be, and they are hereby, extended to the area included within the Death Valley National Monument in California, or as it may hereafter be extended.

With the following committee amendment:

Page 1, line 6, after the word "extended", insert "subject, however, to the surface use of location entries or patents under general regulations to be prescribed by the Secretary of the Interior."

The committee 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.

A motion to reconsider was laid on the table.

BRIDGE ACROSS MONONGAHELA RIVER, CALIFORNIA, PA.

The next business on the Consent Calendar was the bill (H.R. 4872) authorizing Farris Engineering Co., its successors

and assigns, to construct, maintain, and operate a bridge across the Monongahela River at or near California, Pa.

The SPEAKER. Is there objection?

Mr. COCHRAN of Missouri. Mr. Speaker, I reserve the right to object. This is another bill authorizing a private corporation to construct a bridge over a navigable stream. I have had considerable to say in reference to the grants of Congress to private individuals to build bridges across navigable rivers, and have informed the House the result that followed the construction of bridges over the Mississippi and Missouri Rivers as a result of franchises granted by the Congress. I have before me an editorial from the St. Louis Star-Times headed "Costly Bridge Building." It reads as follows:

COSTLY BRIDGE BUILDING

Foreclosure sale ordered for the Mississippi River bridge between Cairo, Ill., and Birds Point, Mo., completes the financial tragedy of big bridge building in the vicinity of St. Louis. One after another the controlling interests of the fine structures across the river at Cape Girardeau, Chain of Rocks, Alton, and nearby across the Missouri at Bellefontaine have defaulted on their bonds, struggled, and given up the ghost. Careful engineering, and, at least in part of these enterprises, careful finance, were of no avail. The only ones actually to benefit seem to be those who got their profit from selling the bonds.

Nobody will deny that, sooner or later, these bridges would have had to be built. But the promoters overestimated traffic and hard times did the rest. The public will be forced to go on paying tolls over them for years unless State or Federal Government takes them over. In some instances even the engineers who planned and supervised the building have lost with the rest.

It is the old story of Merchants and Eads bridges, and the railroads. The Municipal Bridge investment might have gone the same way if St. Louis had thrown up its hands when the railroads failed to use it. All of these bridges are monumental structures. Those who put their money in deserved profit and not loss. The next generation and new owners will get the benefit. Meanwhile, when business resumes and the bridge-promotion industry starts again, there should be an end to the wholesale granting of permits by Congress. If promoters want to build bridges they should raise the capital among themselves, or get the Government to build and leave the bridges free.

That editorial bears out my statement that the construction of these bridges was not feasible from a financial standpoint. They were built for convenience, and they were promoted in practically every instance by a professional promoter, who sold the bonds for the construction of the bridge, secured his end, and then dropped out of the picture. Starting at the northern boundary of Missouri, all the way down to the southern boundary, they have constructed beautiful bridges across the Mississippi River. The bonds were sold to the people in the large cities—not to the people in the vicinity of where the bridges were to be constructed, because the people there did not have the money to construct the bridges; they were sold to people in the large cities at par, and there is not one of those projects where you cannot now buy the bonds for $5 or $10. The public holds the bag. The bridges are still open. There is practically no traffic over them. In some instances, because of the charge, ferries are still operating across the river, and the people use the ferries rather than the bridge. I am not afraid that any of the bridges provided for today is ever going to be constructed unless they get the money from the Reconstruction Finance Corporation. They just cannot sell the bonds in the open market, and responsible investment houses will no longer handle bridge bonds.

Mr. FADDIS. This is not a bond-selling proposition at all.

Mr. COCHRAN of Missouri. I am talking about the subject generally, not about this individual bill. We have repeatedly asked the Interstate and Foreign Commerce Committee of the House to revise the Bridge Act. I think it should be revised; but, as I said before, I am not afraid that any of these bridges is ever going to be constructed.

The promoters will be back here next year asking for an extension of time. So far as I am concerned, I am not going to object to the passage of this bill, but I call the attention of the House to the millions and millions of dollars that have been lost by your constituents and mine through the action of the Congress in permitting the construction of bridges when they should not have been constructed because the traffic was not there to make them a success financially.

Mr. JENKINS. Mr. Speaker, will the gentleman yield?

Mr. COCHRAN of Missouri. Yes.

Mr. JENKINS. The gentleman has been constantly on the floor here fighting these bridges and doing fine work. I agree with him. Has the gentleman ever made any effort to have the Interstate and Foreign Commerce Committee of the House go into these cases carefully to determine whether or not they are stock-selling projects, whether their bonds are to be peddled around?

Mr. COCHRAN of Missouri. For 5 years I have introduced bills in this House, and I introduced one in this Congress providing for a revision of the Bridge Act, but for some reason the Interstate and Foreign Commerce Committee of the House has never seen fit to take up the bills and give them consideration.

Mr. JENKINS. It used to be a habit among a good many construction companies along the big rivers to select strategic points and get permission to build a bridge and peddle it around from place to place.

Mr. COCHRAN of Missouri. I have made that charge on the floor of the House and have shown beyond question of doubt by the evidence I have put into the RECORD, where franchises have been peddled. It is a bad practice. I know what a bridge bill means to a Representative, but, gentlemen, the Congress is a party to defrauding the people when we permit bridges to be constructed by bond issues that result, in the end, in a complete loss to those who buy the bonds. I think the securities bill will help some in stopping bridge bond issues.

Mr. JENKINS. I should like to ask the gentleman from Pennsylvania what the facts are with reference to this particular bill.

Mr. FADDIS. I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. FADDIS. Mr. Speaker, this bridge in question is a bridge across the Monongahela River in the vicinity of California, Pa. The Monongahela River for miles and miles of its length is almost a continuous city, composed of coal mines and steel mills and steel plants. It so happens that at this city of California there is one of the largest State normal schools in Pennsylvania. A great many of the students in this great normal school come from the other side of the Monongahela River.

At the present time the nearest bridge in one direction is 7 miles down the river and in the other direction it is over 4 miles up the river. Students traveling back and forth to this normal school from the other side of the river are forced to go through almost a continuous town on either side of the river. Their only means of crossing the river at the present time is by ferry, which at many times of the year is very dangerous and in the winter time is decidedly inconvenient and quite often is out of commission due to high water.

The State cannot build this bridge, because it does not have control of the roads on each side of the river. The counties concerned are not financially able to build the bridge, neither will they be financially able for a great many years to come.

This bill proposes that the Farris Engineering Co. be granted permission to build this bridge and operate it as a toll bridge. It is provided that it shall be amortized within 20 years. It is also provided in the bill that if the subdivisions of the State, on either or both sides of the river, wish to acquire possession of the bridge, they may buy the same from the Farris Engineering Co. It also provides that they shall not have to pay the Farris Engineering Co. anything for goodwill or anything that would be in the nature of watered stock in connection with the bridge. The bridge is not going to cost the United States Government one dime, nor any subdivision of the State of Pennsylvania one dime. The Farris Engineering Co. is to build it. No bonds are to be sold or anything of the kind.

I think this is a worthy piece of legislation, and I hope there will be no objection.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. FADDIS. I yield.

Mr. COCHRAN of Missouri. Did the gentleman say there would be no bonds sold?

Mr. FADDIS. No bonds sold to the public.

Mr. COCHRAN of Missouri. I want to compliment the gentleman, and I hope his statement is correct, that a toll bridge is to be constructed by private individuals with their own money across the Monongahela River, and it is going to serve 20,000 people.

Mr. FADDIS. That is correct.

Mr. COCHRAN of Missouri. You are now served by ferries, I presume?

Mr. FADDIS. Yes, sir.

Mr. COCHRAN of Missouri. Has the gentleman ever made a count as to how many automobiles or people are carried across on those ferries? Have any such statistics been secured?

Mr. FADDIS. No, I have no such statistics, and I do not know that that enters into the matter, because if this bridge is built it will relieve the congestion up and down the river on other bridges and other roads. The traffic on the ferries would vary a great deal from time to time.

Mr. COCHRAN of Missouri. You say the Farris Engineering Co. is going to build this bridge without any issue of bonds. If they succeed, then they are entitled to a medal.

Mr. McFADDEN. Will the gentleman yield?

Mr. FADDIS. I yield.

Mr. McFADDEN. What is the toll to be charged on this bridge?

Mr. FADDIS. I do not know. The toll generally on bridges in that vicinity is 25 cents for an automobile and 2 or 3 cents for foot passengers. I presume the toll would be along that same line.

Mr. ELTSE of California. The report states it will be a private toll bridge.

Mr. FADDIS. Yes, yes; certainly.

Mr. O'MALLEY. Will the gentleman yield?

Mr. FADDIS. I yield.

Mr. O'MALLEY. This measure does not cost the Government any money?

Mr. FADDIS. This does not cost the Government one dime.

Mr. O'MALLEY. It just gives them the right to build the bridge?

Mr. FADDIS. It gives them the right to build the bridge, that is all, because it is a navigable stream under the control of the engineering department.

Mr. O'MALLEY. Are they not using ferries now and paying toll on the ferries at that particular place?

Mr. FADDIS. Yes; they are.

Mr. BLANTON. Will the gentleman yield?

Mr. FADDIS. I yield.

Mr. BLANTON. The toll question does enter into it, because it is out of the pockets of the people that tolls are paid. It is the traveling public which pays the tolls, and it occurs to me the gentleman ought to know what tolls will be charged, that we may know beforehand that they will not be excessive.

Mr. FADDIS. What difference does it make? They pay a higher toll now on the ferry than they would pay on the bridge.

Mr. BLANTON. That may be so. But they can avoid the ferry route if they desire. But after a toll bridge becomes a part of a public highway, it is too late then for travelers to change their route and they have to pay the toll that is charged.

The SPEAKER. The time of the gentleman from Pennsylvania [Mr. FADDIS] has expired.

Mr. BLANTON. I ask unanimous consent that the gentleman have 1 additional minute.

The SPEAKER. Without objection, the gentleman is recognized for 1 additional minute.

There was no objection.

Mr. BLANTON. I have in mind a little bridge somewhere between here and Texas that I have passed over at various times, where they would charge a dollar, when 25 cents should have been sufficient.

Mr. FADDIS. The gentleman is speaking of Texas, not of Pennsylvania. I know of toll bridges that would charge more than that, even.

Mr. BLANTON. But the bridge I mentioned is not in Texas. It is in another State. I specially recommend a bridge to you in Wheeling, W.Va., which, I think, charges only 5 cents, and an adjoining bridge there in Ohio which also charges only 5 cents.

Mr. FADDIS. That is on account of the amount of traffic on the bridge.

Mr. BLANTON. Well, the gentleman ought to know what kind of tolls these people are going to charge, before they are authorized to make charges of tolls.

Mr. MILLIGAN. Will the gentleman yield?

Mr. FADDIS. I yield.

Mr. MILLIGAN. Those tolls are under the supervision of the War Department, and anyone can lodge a complaint with the War Department, and they will conduct a hearing and take up the matter of tolls.

Mr. FADDIS. And they will see that they are reasonable and just, certainly.

Mr. BLANTON. But that is a proceeding that takes much time, and it costs the Government much money. The War Department is forced to hold a hearing, and sometimes 6, 12, and 18 months elapse between the time complaint is made and the excessive charges are curtailed following the hearing. It is a wise policy to make bridge builders declare, before they get permission of Congress, just what tolls they expect to charge the helpless public.

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

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That in order to promote interstate commerce, improve the Postal Service, and provide for military and other purposes, Farris Engineering Co., its successors and assigns, be, and is hereby, authorized to construct, maintain, and operate a bridge and approaches thereto across the Monongahela River, at a point suitable to the interests of navigation at or near California, Pa., in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. After the completion of such bridge, as determined by the Secretary of War, either the State of Pennsylvania, any political subdivision thereof within or adjoining which any part of such bridge is located, or any two or more of them jointly, may at any time acquire and take over all right, title, and interest in such bridge and its approaches, and any interest in real property necessary therefor, by purchase or by condemnation or expropriation, in accordance with the laws of such State governing the acquisition of private property for public purposes by condemnation or expropriation. If at any time after the expiration of 5 years after the completion of such bridge the same is acquired by condemnation or expropriation, the amount of damages or compensation to be allowed shall not include good will, going value, or prospective revenues or profits, but shall be limited to the sum of (1) the actual cost of constructing such bridge and its approaches, less a reasonable deduction for actual depreciation in value; (2) the actual cost of acquiring such interest in real property; (3) actual financing and promotion cost, not to exceed 10 percent of the sum of the cost of constructing the bridge and its approaches and acquiring such interests in real property; and (4) actual expenditures for necessary improvements.

SEC. 3. If such bridge shall at any time be taken over or acquired by the State of Pennsylvania, or by any municipality or other political subdivision or public agency thereof, under the provisions of section 2 of this act, and if tolls are thereafter charged for the use thereof, the rates of toll shall be so adjusted as to provide a fund sufficient to pay for the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management and to provide a sinking fund sufficient to amortize the amount paid therefor, including reasonable interest and financing cost, as soon as possible under reasonable charges, but within a period of not to exceed 20 years from the date of acquiring the same. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter 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. An accurate record of the amount paid for acquiring the bridge and its approaches, the actual 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. 4. The Farris Engineering Co., its successors and assigns, shall, within 90 days after the completion of such bridge, file with the Secretary of War and with the Highway Department of the State of Pennsylvania a sworn itemized statement showing the actual original cost of constructing the bridge and its approaches, the actual cost of acquiring any interest in real property necessary therefor, and the actual financing and promotion costs. The Secretary of War may, and at the request of the Highway Department of the State of Pennsylvania shall, at any time within 3 years after the completion of such bridge, investigate such costs and determine the accuracy and the reasonableness of the costs alleged in the statement of costs so filed, and shall make a finding of the actual and reasonable costs of constructing, financing, and promoting such bridge; for the purpose of such investigation the said Farris Engineering Co., its successors and assigns, shall make available all of its records in connection with the construction, financing, and promotion thereof. The findings of the Secretary of War as to the reasonable costs of the construction, financing, and promotion of the bridge shall be conclusive for the purposes mentioned in section 2 of this act, subject only to review in a court of equity for fraud or gross mistake.

SEC. 5. The right to sell, assign, transfer, and mortgage all the rights, powers, and privileges conferred by this act is hereby granted to Farris Engineering Co., its successors and assigns; and any corporation to which or any person to whom such rights, powers and privileges may be sold, assigned, or transferred, or who shall acquire the same by mortgage foreclosure or otherwise, is hereby authorized and empowered to exercise the same as fully as though conferred herein directly upon such corporation or person.

SEC. 6. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed and a motion to reconsider was laid on the table.

EXPLANATION OF VOTE

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that after the roll call on the Hawaiian bill today there be inserted the fact that I was absent attending a conference with the Assistant Secretary of the Navy, Mr. Roosevelt, in respect to the Boston Navy Yard, with my colleagues, Mr. CONNERY, Mr. GRANFIELD, and Mr. HEALEY. If we had been present, I am authorized to say by them that they would have voted "yea", as would I.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. DICKSTEIN. Mr. Speaker, the gentleman who objected to the consideration of House Joint Resolution 118 says he still insists on his objection. Therefore I do not seek recognition.

The Clerk called the next bill, H.R. 5495, to amend an act entitled "An act creating the Great Lakes Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Clair River at or near Port Huron, Mich.", approved June 25, 1930.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 4 of an act entitled "An act creating the Great Lakes Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Clair River at or near Port Huron, Mich.", approved June 25, 1930, be, and the same is hereby, amended so as to read as follows:

"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 bonds of the commission, upon approval by the Michigan Public Utilities Commission, bearing interest at not more than 6 percent per annum, payable annually or at shorter intervals, maturing not more than 30 years from their date of issuance, such bonds and the interest thereon, and any premium to be paid for retirement thereof before maturity, to 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, and shall be in such form not inconsistent with this act, and be payable 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 at prices not exceeding 105 and accrued interest. 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 trustees 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 agreement may contain such provision 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 a provision for approval by the original purchasers of the bonds of the employment of consulting engineers and of the security given by bridge contractors and by any bank or trust company in which the proceeds of bonds or of bridge and/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 price as the commission may determine, such price to be not less than the price at which the interest yield basis will equal 6 percent per annum as computed from standard tables of bond values, and the face amount thereof shall be so calculated as to produce, at the price of their sale, the estimated 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 estimated 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 with or without coupons, exchangeable for definitive bonds upon the issuance of the latter."

SEC. 2. That section 9 of said act, approved June 25, 1930, be, and the same is hereby, amended so as to read as follows:

"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 not be entitled to any compensation for their services but 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. 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 payment 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 State highway commissioner of Michigan 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 Port Huron, 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 Port Huron, Mich., and a newspaper published in the city of Sarnia, 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. 3. That the times for commencing and completing the construction of said bridge, heretofore extended by acts of Congress approved February 28, 1931, and June 9, 1932, are hereby further extended 1 and 3 years, respectively, from the date of approval hereof.

SEC. 4. The right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendments:

Page 6, line 11, strike out the language of section 3 and insert the following:

"That the times for commencing and completing the construction of said bridge heretofore extended by acts of Congress approved February 28, 1931, and June 9, 1932, are hereby further extended 1 and 3 years, respectively, from the date of approval hereof.

"SEC. 4. The right to alter, amend, or repeal this act is hereby expressly reserved."

Amend the title so as to read:

"To amend an act entitled 'An act creating the Great Lakes bridge commission and authorizing said commission and its suc-

cessors to construct, maintain, and operate a bridge across the St. Clair River at or near Port Huron, Mich.', approved June 25, 1930, and to extend the times for commencing and completing construction of said bridge."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

Amend the title so as to read: "A bill to amend an act entitled 'An act creating the Great Lakes Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Clair River at or near Port Huron, Mich', approved June 25, 1930, and to extend the times for commencing and completing construction of said bridge."

Mr. CONNERY. Mr. Speaker, during the vote on the Hawaiian bill my colleagues, Mr. GRANFIELD, Mr. HEALEY, and I were in conference with the Secretary of the Navy in reference to the Boston Navy Yard. I am authorized to State that had we been here on that vote we would have voted "aye".

BRIDGE ACROSS MISSOURI RIVER AT OR NEAR WASHINGTON, MO.

The Clerk called the next bill, H.R. 5589, granting the consent of Congress to the city of Washington, Mo., to construct, maintain, and operate a toll bridge across the Missouri River at or near Washington, Mo.

Mr. COCHRAN of Missouri. Mr. Speaker, reserving the right to object, I should like to ask my colleague the gentleman from Missouri [Mr. CANNON], who introduced this bill, how close Washington, Mo., is to Hermann.

Mr. CANNON of Missouri. Somewhere between 30 and 40 miles.

Mr. COCHRAN of Missouri. What was the result of the construction of the bridge over the Missouri River at Hermann?

Mr. CANNON of Missouri. It has connected the road systems of north and south Missouri at that point and vastly increased the use and value of the north and south highway between No. 40 with No. 50. It has added materially to the value of farm lands throughout that section and to the business of the towns and communities which it serves. It is one of the valuable assets of the State.

Mr. COCHRAN of Missouri. I notice that the people of the city of Washington want to construct this bridge, and I am perfectly willing to let them do it if they desire to, but I hope they will go into it with their eyes wide open.

Mr. CANNON of Missouri. My good friend the gentleman from St. Louis need have no apprehension on that score. There is no point on the entire river, from its source to its confluence with the Mississippi, where a bridge is more needed or where the convenience of the public and the welfare of the State will be better served than at Washington. It is one of the important trade centers of the State and is in a position to command river, rail, and highway traffic. A number of highways converge here, and while a ferry handles the situation with some degree of efficiency in summer, service is impossible much of the winter and impracticable in unfavorable weather at any season. The highway system of the State cannot be perfected without this bridge. It is the missing link in north and south service.

The bill provides for self-liquidation of the cost of construction through the application of the tolls collected from the bridge to a sinking fund which is to be amortized over a period of 20 years. The practicability of this plan is amply demonstrated by the record made by the bridge across this river at St. Charles, where the tolls collected paid in full the entire purchase price of the bridge and opened it to the public in the short space of 5 years.

The bill has been submitted to the War Department and the Department of Agriculture and is approved by both Secretary Dern and Secretary Wallace. It has the unanimous endorsement of the Committee on Interstate and Foreign Commerce and I trust will pass the House this afternoon. Mr. Speaker, I ask that the bill be read.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the city of Washington, Mo., to construct, maintain, and operate a bridge and approaches thereto across the Missouri River, at a point suitable to the interests of navigation, at or near Washington, Mo., in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. If tolls are charged for the use of such bridge, the rates of toll shall be so adjusted as to provide a fund sufficient to pay the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of the bridge and its approaches, including reasonable interest and financing cost, as soon as possible under reasonable charges, but within a period of not to exceed 20 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter 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. An accurate record of the costs 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.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

BRIDGE ACROSS THE MISSISSIPPI RIVER AT OR NEAR THE JUNCTION OF THE IOWA AND MISSISSIPPI RIVERS

The Clerk called the next bill, H.R. 5659, authorizing Charles N. Dohs, R. R. Hunt, their heirs, legal representatives, and assigns, to construct, maintain, and operate a toll bridge across the Mississippi River between the States of Iowa and Illinois at or near the junction of the Iowa and Mississippi Rivers.

The SPEAKER. Is there objection?

Mr. THOMPSON of Illinois. Mr. Speaker, I object.

BRIDGE ACROSS LAKE CHAMPLAIN FROM EAST ALBURG, VT., TO WEST SWANTON, VT.

The Clerk called the next bill, H.R. 5793, to revive and reenact the act entitled "An act authorizing Jed P. Ladd, his heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across Lake Champlain from East Alburg, Vt., to West Swanton, Vt.", approved March 2, 1929.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the act of Congress approved March 2, 1929, authorizing Jed P. Ladd, his heirs, legal representatives, and assigns, to construct a bridge across Lake Champlain, between a point at or near East Alburg, Vt., and a point at or near Swanton, Vt., be, and the same is hereby, revived and reenacted: *Provided*, That this act shall be null and void unless the actual construction of the bridge herein referred to be commenced within 1 year and completed within 3 years from the date of approval hereof.

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

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

BRIDGE ACROSS OHIO RIVER AT OR NEAR OWENSBORO, KY.

The Clerk called the next 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.

Mr. COCHRAN of Missouri. Mr. Speaker, I should like to ask the gentleman who introduced this bill how many times an extension of time has been granted.

Mr. CARY. This is the first time and I shall be pleased to explain to the gentleman why the extension is being asked.

Mr. COCHRAN of Missouri. This bill has been before Congress for 6 years, has it not?

Mr. CARY. No. This is the first bill that has been introduced to extend the time and I shall be pleased to tell the gentleman why the time was asked to be extended. This bill gives the Highway Commission of Kentucky and the

Highway Commission of Indiana the right jointly to do this work.

Mr. COCHRAN of Missouri. But bills have been introduced to allow a bridge to be built across the Ohio River at Owensboro by private individuals.

Mr. CARY. No.

Mr. COCHRAN of Missouri. I remember the time when the Senator from Indiana, Mr. Watson, and a Representative from Indiana, representing the other side of the river from Owensboro, were in a controversy over this bridge for 2 years.

Mr. CARY. And the bridge they were talking about was 8 miles up the river at Rockford, not at Owensboro. That is the reason they could not get it, because they did not have it at the right place. This bridge crosses the river at Owensboro, a city with a population of 25,000 people. The other bridge was not at the right place.

Mr. COCHRAN of Missouri. But I am correct that there was a controversy about a bridge near this point.

Mr. CARY. No; not at this point; no.

Mr. COCHRAN of Missouri. But near it, 8 miles away.

Mr. CARY. It was 8 miles away.

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, may I ask the gentleman if there is a report here from the War Department?

Mr. CARY. Yes. The chairman will explain that.

Mr. MILLIGAN. I have the report here. The report was late getting to the committee and was not included in the printed report.

Mr. ELTSE of California. Is this project agreeable to the War Department?

Mr. MILLIGAN. We have a favorable report from the Agricultural Department and from the War Department.

Mr. JENKINS. Mr. Speaker, reserving the right to object, I should like to ask the chairman of the subcommittee of the Interstate and Foreign Commerce Committee how much attention he pays to recommendations from the Department of Agriculture? I notice in nearly all these cases the Department of Agriculture comes forward as opposed to these bridges. In the past I have never given a great deal of attention to them.

Mr. MILLIGAN. I may explain to the gentleman from Ohio that the Department of Agriculture, through the Bureau of Roads, is opposed to all private toll bridges.

The subcommittee and the committee feel that where there is no other way to build a bridge, the bridge should be built, although it is a private toll bridge, in order to give the people of the community the means of crossing the stream.

Mr. JENKINS. That has been the position I have always taken, and I should like to further inquire how the gentleman's committee construes the noble fight which our good friend from St. Louis has been putting up during all these years to protect the investors in these bridges.

Mr. MILLIGAN. My colleague, the gentleman from St. Louis, should have introduced sometime ago a blue-sky law to protect the people of St. Louis who are investing in bridge bonds. This was the only way he could protect his investors. We have passed the securities bill now, and this will give proper information to the investors of the city of St. Louis, so that they can inform themselves on the financial set-up of the company and the value of the bonds on the bridges that these people are to build.

Mr. COCHRAN of Missouri. If the gentleman will yield, the gentleman knows very well that Mr. Denison, a former Member of the House and a former chairman of the subcommittee on bridges, repeatedly introduced a blue-sky bill and I supported the bill on the floor of this House.

Mr. MILLIGAN. I agree with that.

Mr. COCHRAN of Missouri. But it was never passed and, of course, never became law.

Mr. MILLIGAN. That is correct.

Mr. COCHRAN of Missouri. If the people in the communities where these bridges are to be constructed would buy the bonds themselves and not come to my city and sell them to my constituents, they could build all the bridges they wanted to.

Mr. MILLIGAN. Of course, they cannot force the constituents of the gentleman's city to buy the bonds. They buy them of their own free will and accord.

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

There was no objection.

The SPEAKER. Without objection, the Clerk will report a similar Senate bill.

There was no objection.

The Clerk read the Senate bill (S. 1815), as follows:

Be it enacted, etc., That the times for commencing and completing the construction of a bridge across the Ohio River at or near Owensboro, Ky., authorized to be built by the State Highway Commission of Kentucky by an act of Congress approved June 9, 1932, are hereby extended 1 and 3 years, respectively, from June 9, 1933.

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

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

BRIDGE ACROSS DEEPS CREEK, SUSSEX COUNTY, DEL.

The Clerk called the next bill, S. 1562, granting the consent of Congress to the Levy Court of Sussex County, Del., to reconstruct a bridge across the Deeps Creek at Cherry Tree Landing, Sussex County, Del.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the Levy Court of Sussex County, Del., its successors and assigns, to reconstruct and maintain a bridge and approaches thereunto across the Deeps Creek, being a part of a navigable river from Concord, Del., to the Chesapeake Bay, at a point suitable to navigation, at or near Cherry Tree Landing, in the county of Sussex, State of Delaware, in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906.

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

With the following committee amendments:

Page 1, line 5, strike out "reconstruct and maintain a," and insert "reconstruct, maintain, and operate a free;" and in line 9, after the words "to", insert "the interests of;" and amend the title.

The committee amendments were agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

APPEARANCES BEFORE THE TREASURY DEPARTMENT AND THE BUREAU OF INTERNAL REVENUE

Mr. DOUGHTON. Mr. Speaker, I present a privileged report from the Committee on Ways and Means on the House Resolution 154 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

House Resolution 154

Resolved, That the Secretary of the Treasury is hereby directed to furnish the House of Representatives a list of the clients for whom the firm of Smith, Shaw & McClay, and/or the firm of Reed, Smith, Shaw & McClay, of Pittsburgh, Pa., have appeared before the Treasury Department or the Bureau of Internal Revenue in connection with the settlement, or other adjustments, of income taxes from the year 1920 up to the present time.

Mr. DOUGHTON. Mr. Speaker, I move to lay the resolution on the table.

The motion was agreed to.

Mr. GOSS. Mr. Speaker, I make the point of order there is not a quorum present.

The SPEAKER. Will the gentleman withhold that a moment?

Mr. GOSS. I withhold it.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. HART, for today, on account of illness.

To Mr. WARREN, on account of illness.

To Mr. GAVAGAN (at the request of Mr. KENNEDY of New York), for the balance of the week, on account of illness of mother.

To Mr. LEHR, for 3 days, on account of important business.

To Mr. VINSON of Kentucky, indefinitely, on account of illness.

To Mr. KVALE (at the request of Mr. BOILEAU), for today, on account of business.

The SPEAKER laid before the House the following communication from the secretary of state of New Jersey:

STATE OF NEW JERSEY,
DEPARTMENT OF STATE,
Trenton, June 3, 1933.

Hon. HENRY T. RAINEY,
Speaker of the House of Representatives,
Washington, D.C.

DEAR SIR: I am herewith enclosing a certificate of the result of the vote of the convention to consider the ratification of the repeal of the eighteenth amendment to the Constitution of the United States.

The result of the convention is certified to you in accordance with chapter 73, Laws of 1933 of the State of New Jersey, and a resolution adopted by the convention on June 1, 1933.

Yours very truly,

THOMAS A. MATHIS, *Secretary of State.*

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had on this day examined and found truly enrolled a bill and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 5329. An act 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.; and

H.J.Res. 192. Joint resolution to assure uniform value to the coins and currencies of the United States.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 510. An act 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.

ADJOURNMENT

Mr. DOUGHTON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 28 minutes p.m.) the House adjourned until tomorrow, Tuesday, June 6, 1933, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

86. Under clause 2 of rule XXIV a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the fiscal year of 1934 and supplemental and deficiency estimates for the fiscal year 1933, was taken from the Speaker's table and referred to the Committee on Appropriations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. McCORMACK: Committee on Ways and Means. H.R. 3768. A bill to change the name of the retail liquor dealers' stamp tax in the case of retail drug stores or pharmacies; without amendment (Rept. No. 197). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. MARTIN of Oregon: Committee on Irrigation and Reclamation. S. 1536. An act giving credit for water charges paid on damaged land; without amendment (Rept. No. 198). Referred to the Committee of the Whole House.

ADVERSE REPORTS

Under clause 2 of rule XIII,

Mr. DOUGHTON: Committee on Ways and Means. House Resolution 154. Resolution to request certain information from the Secretary of the Treasury (Rept. No. 199). Laid on the table.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. HOIDALE: A bill (H.R. 5923) to create a national farm- and home-loan system of banks, to provide for the operation and supervision thereof, and for other purposes; to the Committee on Banking and Currency.

By Mr. ROMJUE: A bill (H.R. 5924) granting the consent of Congress to the Chamber of Commerce of the City of Hannibal, Mo., to construct, maintain, and operate a free highway bridge across the Mississippi River at or near the city of Hannibal, Marion County, Mo.; to the Committee on Interstate and Foreign Commerce.

By Mr. BROWN of Kentucky: A bill (H.R. 5925) to amend section 275 of the Revenue Act of 1932, relating to the period of limitation upon assessment and collection of income taxes; to the Committee on Ways and Means.

By Mr. DINGELL: A bill (H.R. 5926) to amend the Reconstruction Finance Corporation Act, as amended, to provide for loans to nonprofit, benevolent charitable corporations operating and/or conducting homes and/or hospitals for persons of old age; to the Committee on Banking and Currency.

By Mr. COLLINS of California: A bill (H.R. 5927) to provide for the selection of certain lands in the State of California for the use of the California State park system; to the Committee on the Public Lands.

By Mrs. NORTON: A bill (H.R. 5928) to provide for the discontinuance of the use as dwellings of buildings situated in alleys in the District of Columbia, and for the replatting and devolpment of squares containing inhabited alleys, in the interest of public health, comfort, morals, safety, and welfare, and for other purposes; to the Committee on the District of Columbia.

By Mr. BRUMM: A bill (H.R. 5929) providing an import duty upon all anthracite coal imported into the United States from foreign countries; to the Committee on Ways and Means.

By Mr. DARDEN: Resolution (H.Res. 175) requesting the several States to give their early consideration to the constitutional amendment providing for the repeal of the eighteenth amendment; to the Committee on the Judiciary.

By Mr. LUCE: Joint Resolution (H.J.Res. 196) to enlarge Arlington National Cemetery; to the Committee on Military Affairs.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of California, relative to extension of time by institutions receiving Federal aid or assistance for the payment of certain debts secured by mortgages or deeds of trust; to the Committee on Banking and Currency.

Also, memorial of the Legislature of the State of California, memorializing Congress to enact legislation providing for the suspension in payment of charges due from Federal reclamation-project settlers in the United States, and providing for a loan to the reclamation fund to replace the income thereto thus suspended; to the Committee on Irrigation and Reclamation.

Also, memorial of the Legislature of California, memorializing Congress to propose an amendment to the Constitution of the United States providing for economic planning; to the Committee on the Judiciary.

Also, memorial of the Legislature of the Territory of Hawaii, memorializing Congress to extend to the Territory of Hawaii, by appropriate legislation, the provisions of the act of Congress of March 3, 1931 (46 Stat.L. 1494); to the Committee on Labor.

Also, memorial of the Legislature of the Territory of Hawaii, protesting against any action by the Congress of the United States of America toward the elimination of the 3-year residence qualification for the Governor of this Territory; to the Committee on the Territories.

Also, memorial of the Legislature of the Territory of Hawaii, requesting Congress to provide legislation for vesting the United States Shipping Board, or some other proper regulatory body, the power and duty to effectively regulate and punish the act of stowing away on commercial and Government vessels, etc.; to the Committee on Merchant Marine, Radio, and Fisheries.

Also, memorial of the Legislature of the Territory of Hawaii, relating to condemning editorial in Honolulu Star-Bulletin against action of President Roosevelt in suspending Hawaiian Organic Act removing residence clause for Governor of Hawaii, and recording a vote of confidence in President Roosevelt; to the Committee on the Territories.

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. 5930) extending the benefits of the Emergency Officers' Retirement Act to John J. Lettieri; to the Committee on World War Veterans' Legislation.

By Mr. BEITER: A bill (H.R. 5931) granting a pension to Marie Kowal; to the Committee on Pensions.

By Mr. JENKINS: A bill (H.R. 5932) granting a pension to Alice Shoemaker; to the Committee on Invalid Pensions.

By Mr. KELLY of Illinois: A bill (H.R. 5933) for the relief of Joseph Patrick Gorman; to the Committee on Naval Affairs.

By Mr. LOZIER: A bill (H.R. 5934) granting a pension to Joseph Thompson; to the Committee on Invalid Pensions.

By Mr. McCANDLESS: A bill (H.R. 5935) for the relief of Oscar P. Cox; to the Committee on Claims.

By Mr. MARTIN of Colorado: A bill (H.R. 5936) for the relief of Gale A. Lee; to the Committee on Claims.

By Mr. MERRITT: A bill (H.R. 5937) for the relief of Henry H. Payne; to the Committee on Military Affairs.

Also, a bill (H.R. 5938) for the relief of Francis M. Johnston; to the Committee on Claims.

By Mr. O'MALLEY: A bill (H.R. 5939) for the relief of Joseph W. Harley; to the Committee on Military Affairs.

By Mr. RICHARDS: A bill (H.R. 5940) for the relief of the Herald Publishing Co.; 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:

1283. By Mr. BURNHAM: Petition signed by approximately 200 citizens of his district, protesting against the regulations issued pursuant to Public, No. 2, Seventy-third Congress, affecting legitimately service-connected disabled veterans, and requesting action by Congress to take such action as necessary to revise said regulations 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 enjoyed by them prior to the passage of said Public Law No. 2, Seventy-third Congress; to the Committee on Economy.

1284. By Mr. FORD: Petition of the Legislature of the State of California, respectfully petitions and urges the United States Government to use the strongest measures justifiable in requiring banking institutions receiving Federal aid to cooperate with the Federal Government in its program for the restoration of prosperity to our country by extending time for payment of the debts secured by deeds of trust or mortgages on home and farm properties before foreclosing the mortgages or exercising powers of sale granted by the mortgage or deed of trust; to the Committee on Banking and Currency.

1285. By Mr. JOHNSON of Minnesota: Resolution of the Halvorson Bowers Post, No. 187, Veterans of Foreign Wars, Minneapolis, Minn., protesting against cuts made by the passage of the Economy Act; to the Committee on Economy.

1286. Also, petition opposing the recognition of Russia; to the Committee on Foreign Affairs.

1287. Also, resolution by the Leo C. Peterson Post, No. 54, American Legion, Red Wing, Minn., protesting against reductions caused by the Economy Act; to the Committee on Economy.

1288. By Mr. KRAMER: Petition of George P. Daniel, adjutant, and A. H. Hollingsworth, chairman resolution committee, Los Angeles County Council, United Spanish War Veterans, protesting against the action taken by the President of the United States through the authority granted him by Congress of canceling or taking away a large share of the pensions or compensation of veterans, etc.; to the Committee on World War Veterans' Legislation.

1289. By Mr. LINDSAY: Petition of the Chamber of Commerce of the State of New York, New York City, concerning the national industrial recovery bill; to the Committee on Ways and Means.

1290. By Mr. LUNDEEN: Petition of the United Veterans' Council of the County of Ramsey, city of St. Paul, urging the conscription of wealth in time of war; to the Committee on Ways and Means.

1291. Also, petition of St. Paul Unit, No. 22, Bonus Expeditionary Forces, urging the enactment of the Black bill shortening the work week to 5 days and the work day to 6 hours; to the Committee on Labor.

1292. Also, petition of St. Paul Unit, No. 22, Bonus Expeditionary Forces, urging the immediate cash payment of the adjusted-service certificates; to the Committee on Ways and Means.

1293. Also, petition of the Central Labor Political Committee, Duluth, Minn., urging that Congress issue directly to the several States of the Union, on the security of the natural resources of such States, money to be loaned directly to the people through such agencies as are created by the States and suitable for this purpose; to the Committee on Banking and Currency.

1294. Also, petition of the township of Nelson, Watonwan County, State of Minnesota, urging that every effort be put forth to obtain the passage of the Frazier bill during the present session of Congress; to the Committee on Agriculture.

1295. Also, petition of the Goodhue County farmer-labor convention held at Red Wing, Minn., March 25, 1933, urging that laws be enacted establishing democracy in public-health administration and education, and that chiropractic be taught on an equal basis with medicine; to the Committee on Education.

1296. Also, petition of New York Mills National Farm Loan Association, New York Mills, Minn., urging that all farmers' present mortgages be refinanced and revalued and that the interest rate on the refinanced and revalued mortgages shall not exceed 2 percent besides and above the amortization; also that Federal land banks and other Federal agencies abate and defer all foreclosures and evictions until further Government action on farm relief; to the Committee on Agriculture.

1297. By Mr. WELCH: Petition in the nature of Joint Resolution No. 31 of the California State Assembly, relative to the use of granite in Federal-construction projects; to the Committee on Public Buildings and Grounds.

1298. Also, petition in the nature of Joint Resolution No. 34 of the California State Assembly, relative to memorializing the President of the United States to increase the customs duties on certain fish products, and to negotiate treaties concerning the conservation of fish; to the Committee on Merchant Marine, Radio, and Fisheries.

1299. Also, petition in the nature of Joint Resolution No. 26 of the California State Assembly, relative to memorializing Congress to propose an amendment to the Constitution of the United States providing for economic planning and regulation; to the Committee on Labor.

1300. By the SPEAKER: Petition of citizens of Summitville, Ind., regarding cash payment of the bonus; to the Committee on Ways and Means.

1301. Also, petition of the Democratic county committee of the city and county of Honolulu, opposing any amendment to the organic act which would permit of the appointment of a nonresident Governor of the Territory of Hawaii by the

President of the United States; to the Committee on the Territories.

1302. Also, petition of the National Association for the Advancement of Colored People, regarding equal rights for Negroes; to the Committee on the Judiciary.

SENATE

TUESDAY, JUNE 6, 1933

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

Almighty and most merciful Father, to whose compassion we owe our safety in days past, together with the blessings of this present life and the hope of that which is to come, enlarge our hearts with thankfulness for these Thy gracious favors, and grant that whatsoever Thou hast sown in mercy may spring up in abundant fruitage along the sacred path of duty.

Let Thy spirit interpret for each one of us the opportunities of this life of high vocation by lifting our souls above the weary round of care into the sanctuary of Thy presence, where, reposing in Thy love and being at rest from ourselves, we may thence return arrayed with peace to do only that which is well-pleasing in Thy sight. Through Jesus Christ our Lord. Amen.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar day of Monday, June 5, 1933, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 604. An act amending section 1 of the act entitled "An act to provide for stock-raising homesteads, and for other purposes", approved December 29, 1916 (ch. 9, par. 1, 39 Stat. 862), and as amended February 28, 1931 (ch. 328, 46 Stat. 1454);

S. 687. An act providing for the establishment of a term of the District Court of the United States for the Southern District of Florida at Orlando, Fla.;

S. 1278. An act to amend an act (Public, No. 431, 72d Cong.) to identify The Dalles Bridge Co.; and

S. 1815. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Owensboro, Ky.

The message also announced that the House had passed the bill (S. 1562) granting the consent of Congress to the Levy Court of Sussex County, Del., to reconstruct a bridge across the Deeps Creek at Cherry Tree Landing, Sussex County, Del., with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the bill (S. 1580) 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, with an amendment, in which it requested the concurrence of the Senate.

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

H.R. 3511. An act to authorize the creation of a game refuge in the Ouachita National Forest in the State of Arkansas;

H.R. 3659. An act to extend the mining laws of the United States to the Death Valley National Monument in California;

H.R. 4872. An act authorizing Farris Engineering Co., its successors and assigns, to construct, maintain, and operate a bridge across the Monongahela River at or near California, Pa.;

H.R. 5394. An act authorizing Charles V. Bossert, his heirs and assigns, to construct, maintain, and operate a bridge across the East River between Bronx and Whitestone Landing;

H.R. 5495. An act to amend an act entitled "An act creating the Great Lakes Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Clair River at or near Port Huron, Mich.", approved June 25, 1930, and to extend the times for commencing and completing construction of said bridge;

H.R. 5589. An act granting the consent of Congress to the city of Washington, Mo., to construct, maintain, and operate a toll bridge across the Missouri River at or near Washington, Mo.;

H.R. 5645. An act to amend the National Defense Act of June 3, 1916, as amended;

H.R. 5793. An act to revive and reenact the act entitled "An act authorizing Jed P. Ladd, his heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across Lake Champlain from East Alburg, Vt., to West Swanton, Vt.", approved March 2, 1929; and

H.R. 5884. An act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

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:

Bachman	Dale	King	Pope
Borah	Davis	Lonergan	Robinson, Ark.
Bratton	Dieterich	Long	Thomas, Utah
Brown	Erickson	McAdoo	Trammell
Byrd	Frazier	McCarran	Tydings
Byrnes	George	McGill	Vandenberg
Capper	Hale	McNary	Van Nuys
Caraway	Harrison	Murphy	White
Connally	Hebert	Norris	
Coolidge	Johnson	Nye	
Copeland	Kendrick	Patterson	

Mr. KENDRICK. I desire to announce that the Senator from Nevada [Mr. PITTMAN] is necessarily absent from the Senate, being en route to the London economic conference.

I also wish to announce that the Senator from Missouri [Mr. CLARK] is necessarily detained from the Senate.

I ask that these announcements may stand for the day.

The VICE PRESIDENT. Forty-one Senators have answered to their names. A quorum is not present. The clerk will call the names of the absent Senators.

The legislative clerk called the names of the absent Senators, and Mr. DILL, Mr. ROBINSON of Indiana, Mr. RUSSELL, Mr. SMITH, Mr. THOMAS of Oklahoma, Mr. TOWNSEND, and Mr. WALCOTT answered to their names when called.

Mr. ADAMS, Mr. ASHURST, Mr. AUSTIN, Mr. BAILEY, Mr. BANKHEAD, Mr. BARKLEY, Mr. BARBOUR, Mr. BLACK, Mr. BONE, Mr. BULKLEY, Mr. BULOW, Mr. CAREY, Mr. COSTIGAN, Mr. CUTTING, Mr. DICKINSON, Mr. DUFFY, Mr. FESS, Mr. FLETCHER, Mr. GLASS, Mr. GOLDSBOROUGH, Mr. GORE, Mr. HASTINGS, Mr. HATFIELD, Mr. HAYDEN, Mr. KEAN, Mr. KEYES, Mr. LA FOLLETTE, Mr. LEWIS, Mr. LOGAN, Mr. MCKELLAR, Mr. METCALF, Mr. NEELY, Mr. OVERTON, Mr. REED, Mr. REYNOLDS, Mr. SCHALL, Mr. SHEPPARD, Mr. SHIPSTEAD, Mr. STEIWER, Mr. STEPHENS, Mr. THOMPSON, Mr. WAGNER, Mr. WALSH, and Mr. WHEELER entered the Chamber and answered to their names.

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

EMERGENCY RELIEF OF RAILROADS

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 1580) 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.

Mr. DILL. I move that the Senate disagree to the amendment of the House of Representatives, ask for a conference with the House on the disagreeing votes of the two Houses