torial waters of this State; to the Committee on Merchant Marine, Radio, and Fisheries.

1344. Also, petition of the Legislature of the State of California, relative to accepting amendments to permit from the Government of the United States for the construction of approach roads over certain rights of way leading to the Golden Gate Bridge in the Fort Baker Military Reservation, and relating to the retrocession by the Congress of the United States of jurisdiction over said rights of way as relocated; to the Committee on Military Affairs.

1345. Also, petition of the Legislature of the State of California, urging legislation to limit the jurisdiction of the Federal courts in suits brought to restrain State officers in the enforcement of public-utility rate orders; to the Committee on the Judiciary.

1346. Also, petition of the Legislature of the State of California, relative to hours of employment of persons on interstate carriers; to the Committee on Interstate and Foreign Commerce.

SENATE

FRIDAY, JUNE 9, 1933

(Legislative day of Tuesday, June 6, 1933)

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

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days of June 6, 7, and 8 was dispensed with, and the Journal was approved.

CALL OF THE ROLL

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

The VICE PRESIDENT. The clerk will call the roll.

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

Adams	Dickinson	Logan	Robinson, Ark.
Bachman	Duffy	Lonergan	Russell
Barkley	Erickson	McGill	Sheppard
Borah	Fess	Murphy	Smith
Brown	Hale	Neely	Thomas, Utah
Byrd	Harrison	Norris	Thompson
Clark	Hayden	Nye	Townsend
Coolidge	Johnson	Patterson	Vandenberg
Cutting	Kendrick	Pope	White

Mr. VANDENBERG. I desire to announce that my colleague the senior Senator from Michigan [Mr. COUZENS] is necessarily absent from the Senate in attendance upon the London Economic Conference.

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Nevada [Mr. PITTMAN] is necessarily detained from the Senate by reason of his attendance as a delegate representing our Government at the London Economic Conference. I wish this announcement to stand for the day.

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

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

The legislative clerk called the names of the absent Senators, and Mr. BRATTON, Mr. FRAZIER, Mr. MCKELLAR, Mr. OVERTON, and Mr. WALSH answered to their names when called.

Mr. ASHURST, Mr. AUSTIN, Mr. BAILEY, Mr. BANKHEAD, Mr. BARBOUR, Mr. BLACK, Mr. BONE, Mr. BULKLEY, Mr. BULOW, Mr. BYRNES, Mr. CAPPER, Mrs. CARAWAY, Mr. CAREY, Mr. CONNALLY, Mr. COPELAND, Mr. COSTIGAN, Mr. DALE, Mr. DAVIS, Mr. DIETERICH, Mr. DILL, Mr. GEORGE, Mr. GLASS, Mr. GOLDSBOROUGH, Mr. GORE, Mr. HASTINGS, Mr. HATFIELD, Mr. HEBERT, Mr. KEAN, Mr. KEYES, Mr. KING, Mr. LA FOLLETTE, Mr. LEWIS, Mr. LONG, Mr. MCADOO, Mr. MCCARRAN, Mr. MCNARY, Mr. METCALF, Mr. REED, Mr. REYNOLDS, Mr. ROBINSON of Indiana, Mr. SCHALL, Mr. SHIPSTEAD, Mr. STEIWER, Mr. STEPHENS, Mr. THOMAS of Oklahoma, Mr. TRAMMELL, Mr. TYDINGS, Mr. VAN NUYS, Mr. WAGNER, Mr. WALCOTT, and Mr. WHEELER entered the Chamber and answered to their names.

The VICE PRESIDENT. Ninety-two Senators having answered to their names, a quorum is present.

CORRECTION—VIEWS OF MINORITY ON SENATE BILL 752

Mr. NORRIS. Mr. President, on Tuesday last, on behalf of the Judiciary Committee, I submitted a majority report on Senate bill 752, and at the same time, as I had to get unanimous consent to do that, I asked unanimous consent that the Senator from Vermont [Mr. AUSTIN] be accorded the privilege of filing the views of the minority.

I notice on reading the report it is stated that I have filed them both; that I submitted the majority report and, on behalf of Mr. STEPHENS and Mr. AUSTIN, filed the minority report.

It is not very material, Mr. President, except that I am, of course, very much opposed to the minority report, and I know the minority members who are making it would not want me associated with them in the report, because they know my views are entirely contrary to it. I do not know that there is anything that can be done about it, except, if there is any reprint, I ask that it may be corrected.

The VICE PRESIDENT. The documents will be corrected as requested by the Senator from Nebraska.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint resolution of the Legislature of the State of Wisconsin, which was ordered to lie on the table:

Joint resolution memorializing the Congress of the United States to give serious consideration to allotting for highways a larger proportion of the funds set aside for the public-works program

Whereas the most effective aid to unemployment is Federal highway construction; and

Whereas specifications are now ready and plans prepared for many road projects, thereby assuring quicker and more prompt action in road construction than in any other type of public work; and

Whereas the promptness with which projects were placed under contract under the 1932 emergency Federal-aid road appropriation is conclusive evidence of the effectiveness of immediate relief to the unemployed through highway construction; and

Whereas one of the greatest investments our States have ever made are in their highway systems; and

Whereas these systems are of great value to and constantly used by the entire public throughout the year; and

Whereas according to newspaper reports only one eleventh of the $3,300,000,000 proposed for a Federal public-works program is to be allotted for highway construction; and

Whereas there has been no regular Federal aid for highways provided for the next biennium: Now, therefore, be it

Resolved by the assembly (the senate concurring), That the Legislature of Wisconsin respectfully memorializes the Congress of the United States and Franklin D. Roosevelt, our President, to give most serious consideration to allotting for highway purposes a larger proportion of the funds set aside for a public-works program; and be it further

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

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

The VICE PRESIDENT also laid before the Senate a telegram from the California State Department Convention of Disabled American Veterans of the World War, requesting the elimination of "causative factor" requirement in regulation 5, issued pursuant to the Economy Act, which was referred to the Committee on Finance.

He also laid before the Senate a telegram in the nature of a memorial from Walter Goldman, of New Orleans, La., endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, condemning attacks made upon him, and remonstrating against a senatorial investigation of his alleged acts and conduct, which was referred to the Committee on the Judiciary.

He also laid before the Senate resolutions adopted by Local Union No. 393, United Brotherhood of Carpenters and

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Joiners of America, and Local Union No. 322, United Association of Plumbers and Steamfitters, both of Camden, N.J., endorsing House bill 5755, the national industrial recovery bill, which were ordered to lie on the table.

Mr. COPELAND presented a resolution adopted by the board of managing directors and members of the Drug, Chemical, and Allied Trades Section of the New York Board of Trade, of New York City, favoring postponement of consideration of the national industrial recovery bill until the next session of Congress so that proper study and consideration can be made of its many features, which was ordered to lie on the table.

He also presented a resolution adopted by the New York Pharmaceutical Conference, representing more than 5,000 independent pharmacists of New York City and Westchester County, favoring the passage of the national industrial recovery bill without eliminating the licensing provision thereof, which was ordered to lie on the table.

He also presented a resolution adopted by the Wholesale Confectioners Board of Trade, Inc., of New York City, approving and endorsing the national industrial recovery bill, which was ordered to lie on the table.

He also presented a resolution adopted by the Retailers' National Council, with headquarters at Washington, D.C., endorsing the national industrial recovery bill, and urging the adoption of an amendment relative to code or codes to section 3 of the bill, which was ordered to lie on the table.

He also presented a report approved by a special meeting of the Merchants and Manufacturers Association of Bush Terminal, with headquarters at Brooklyn, N.Y., approving the national industrial recovery bill, and making certain recommendations relative thereto, which was ordered to lie on the table.

TREATMENT OF JEWS IN GERMANY

Mr. WALSH. Mr. President, I present and ask to have printed in the RECORD a memorial, a telegram, and lettter in the nature of memorials, from the Fall River American Jewish Congress, the Hatikvoh Camp, No. 40, O.S.Z., of Dorchester, and other citizens, all in the State of Massachusetts, remonstrating against atrocities committed against the Semitic race in Germany.

There being no objection, the memorials were referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, without the signatures to the last memorial, as follows:

FALL RIVER, MASS., *May 15, 1933.*

Senator DAVID I. WALSH,
Washington, D.C.:

At mass meeting of 27 local Jewish organizations, attended by over thousand citizens, it was unanimously resolved that we utter solemn protest against appalling injustice of which German Jews have become victims; that we urge Congress intercede in behalf of these persecuted people; we urge immediate intervention.

FALL RIVER AMERICAN JEWISH CONGRESS,
SAUL ODESS, *Secretary.*

DORCHESTER, MASS., *May 12, 1933.*

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

DEAR MR. SENATOR: You have no doubt heard of the present condition of the German Jews in Germany under the "Nazis" government.

I and my fellow coreligionists are suffering in spirit along with the Jews in Germany. We ourselves are unable to bring about any change in the "Nazis" policy, so we therefore appeal to you in behalf of humanity and world peace and urge you as Senator of these United States from Massachusetts to take whatever action may appear advisable in behalf of German Jews against whom the Hitler government is waging an unrelenting war of extermination.

I sincerely hope and trust that this matter will receive your immediate attention.

Sincerely yours,

HATIKVOH CAMP, NO. 40, O.S.Z.,
By MARCUS SELIKOVITZ, *Secretary.*

BOSTON, MASS., *May 24, 1933.*

Senator DAVID I. WALSH,
Washington, D.C.:

As human beings and as citizens of this liberty-loving country, we earnestly and fervently appeal that you do all in your power in behalf of the German Jews, against whom the Hitler government is waging cruelest unrelenting war.

PROTECTION OF NEW JERSEY SHORE LINE FROM EROSION

Mr. BARBOUR. Mr. President, I ask unanimous consent to have printed in the RECORD and appropriately referred a resolution I have received from the Board of Chosen Freeholders of Monmouth County, N.J., urging that a portion of the public-works fund be spent in checking erosion of the shore line of New Jersey.

There being no objection, the resolution was ordered to lie on the table and to be printed in the RECORD, as follows:

Whereas Congress has passed or is about to pass a bill creating a Federal emergency administration of public works and to provide funds, among other things, for the conservation and development of natural resources, including control, utilization, and purification of waters, prevention of soil erosion, river and harbor improvements, with a view to alleviating unemployment; and

Whereas serious erosion of the beach front on the shore line of New Jersey from Sandy Hook to Cape May has created a condition that threatens the very existence of the seashore resorts and has caused inestimable damage to bulkheads and structures heretofore erected, and threatens to destroy valuable properties, thus decreasing the ratables of the shore front to a point where the owners thereof have become discouraged unless this erosion is forthwith checked; and

Whereas the condition above referred to has become so serious that the local governing bodies and the counties of the State have found it impossible to cope with the situation because of the lack of financial ability to adequately meet the problem of checking the erosion and protecting the shore front; and

Whereas the Governor of this State has called to his aid departmental heads of the State government, pursuant to the provisions of the aforesaid legislation passed or to be passed by Congress, outlining a plan for the expending of such funds as may be made available under said program of unemployment relief outlined in said legislation, and will be called upon to submit such program to the Federal administrator in charge of such public works: Be it therefore

Resolved, That in this manner the Governor's attention be again respectfully called to the serious problem faced by all of the municipalities on the shore front and the county governments in which said municipalities are situated, to the end that he press with all the power at his command the need for immediate conservation, restoration, and protection which the situation warrants; and to that end this board in this manner pledges its undivided support, and that all the communities of this county so seriously affected, in the hope that from the funds made available an adequate amount may be set aside for this purpose and be made available at once if serious future loss and damage is to be averted; and be it further

Resolved, That the members of the Legislature of New Jersey representative of this county, our United States Senators at Washington, Hon. W. WARREN BARBOUR and Hon. HAMILTON F. KEAN, and our Congressman for the Third Congressional District, Hon. WILLIAM H. SUTPHIN, be furnished with a true copy of this resolution and urged to expend every effort in behalf of the shore-front communities to seeing to the direction of an expenditure of a portion of the public-works appropriation adequately sufficient to meet the dire needs of the shore-front communities in coping with the public emergency that has visited the entire shore and caused so great a loss and damage; and be it further

Resolved, That the public press of this county be respectfully asked to lend every aid in the form of publicity in furtherance of the objects sought to be attained in the passage of this resolution.

Seconded by Mr. Reichey and adopted on roll call by the following vote:

In the affirmative: Messrs. Jeffries, Polhemus, Reichey, Wyckoff, and Director Newcomb.

In the negative: None.

CERTIFICATION

I hereby certify the above to be a true copy of a resolution adopted by the Board of Chosen Freeholders of the County of Monmouth at a meeting held June 7, 1933.

CHAS. E. COLE, *Clerk.*

DEVELOPMENT OF SOUTHERLY END OF SANDY HOOK PARK, N.J.

Mr. BARBOUR. Mr. President, I ask unanimous consent to have printed in the RECORD and appropriately referred a resolution I have received from the Board of Chosen Freeholders of Monmouth County, N.J., urging that a portion of the public-works funds be utilized in the development of the southerly end of Sandy Hook Park as free public bathing grounds, made possible by the erection and construction of new State highways and bridges leading directly from the intensely populated sections of northern New Jersey and New York to the entrance of Sandy Hook Reservation at Highland Beach.

There being no objection, the resolution was ordered to lie on the table and to be printed in the RECORD, as follows:

Whereas Congress has passed or is about to pass a bill creating a Federal emergency administration of public works and to provide

funds, among other things, for the conservation and development of natural resources, including control, utilization, and purification of waters, prevention of soil erosion, river and harbor improvements, and publicly owned instrumentalities and facilities; and

Whereas the southerly end of Sandy Hook Park along the beach front affords unusual opportunities for free public bathing made possible by the erection and construction of new State highways and bridges leading directly from the intensely populated sections of northern New Jersey and New York to the very entrance to said Sandy Hook Reservation at Highland Beach, as well that it affords adequate navigation facilities for boats and craft of all kinds in and about New York Harbor; and

Whereas the State authorities at Trenton have recognized and advocated the need for a public park and free bathing grounds along the ocean front and have under consideration the location of such in the near future to take care of the great numbers of the public seeking such advantages, facilities, and privileges: Now, therefore, be it

Resolved by the Board of Chosen Freeholders of the County of Monmouth, That this board in this manner desires to point out to his excellency the Governor of the State of New Jersey and to the members of the legislature and to our Representatives in Washington the tremendous possibilities which such a project, if developed, would afford to the great masses of the public, as well as the benefits which would inure to the citizens of this county in advocating and pressing for the development of this portion of Sandy Hook not needed for military purposes in times of peace as a free public park and bathing grounds, and we do in this manner urge our public representatives to expend every effort and energy to seeing to the direction of an expenditure of a portion of the public-works appropriation adequately sufficient to make this proposed free public park and playground available to the use of the public; and be it further

Resolved, That the public press of the county be respectfully asked to lend every aid in the form of publicity in furtherance of the objects sought to be attained and that copies hereof be certified to the Governor, our representatives in the legislature at Trenton and at Washington, calling upon them for their cooperation in this important movement.

Seconded by Mr. Wyckoff and adopted on roll call by the following vote:

In the affirmative: Messrs. Jeffries, Polhemus, Wyckoff, Reichey, and Director Newcomb.

In the negative: None.

CERTIFICATION

I hereby certify the above to be a true copy of a resolution adopted by the Board of Chosen Freeholders of the County of Monmouth at a meeting held June 7, 1933.

CHAS. E. COLE, *Clerk*.

REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Military Affairs, to which was referred the bill (H.R. 5645) to amend the National Defense Act of June 3, 1916, as amended, reported it with amendments and submitted a report (No. 135) thereon.

Mr. DICKINSON, from the Committee on Military Affairs, to which was referred the bill (S. 1813) providing for the sale to Joe Graham Post, No. 119, American Legion, of the lands lying within the Ship Island Military Reservation in the State of Mississippi, reported it with amendments and submitted a report (No. 137) thereon.

Mr. PATTERSON, from the Committee on Military Affairs, to which was referred the bill (S. 1654) for the relief of George Yusko, reported it without amendment and submitted a report (No. 138) thereon.

Mr. HEBERT, from the Committee on the Judiciary, to which was referred the bill (S. 1650) amending section 74 of the Judicial Code, as amended (U.S.C., Annotated, title 28, sec. 147), reported it without amendment and submitted a report (No. 136) thereon.

EXECUTIVE REPORT OF THE JUDICIARY COMMITTEE

As in executive session,

Mr. LONG, from the Committee on the Judiciary, reported favorably the nomination of Frank J. Wideman, of Florida, to be Assistant Attorney General, to fill an existing vacancy, which was ordered to be placed on the Executive Calendar.

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on June 8, 1933, that committee presented to the President of the United States the enrolled bill (S. 1562) granting the consent of Congress to the Levy Court of Sussex County, Del., to reconstruct, maintain, and operate a free highway bridge across the Deeps Creek at Cherry Tree Landing, Sussex County, Del.

BILLS INTRODUCED

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

By Mr. NEELY:

A bill (S. 1869) relating to the manner of appointment of certain officers of the United States; to the Committee on the Judiciary.

By Mr. LA FOLLETTE:

A bill (S. 1870) to amend certain laws relating to American seamen, and for other purposes; to the Committee on Commerce.

By Mr. ERICKSON:

A bill (S. 1871) to amend the provisions of the act entitled "An act to extend the period of time during which final proof may be offered by homestead entrymen", approved May 13, 1932, to desert-land entrymen, and for other purposes; to the Committee on Public Lands and Surveys.

By Mr. McKELLAR:

A bill (S. 1872) to extend the times for commencing and completing the construction of a bridge across the French Broad River on the proposed Morristown-Newport Road between Jefferson and Cocke Counties, Tenn.; to the Committee on Commerce.

By Mr. JOHNSON:

A bill (S. 1873) to provide revenue by increasing the taxes on certain vinous liquors and prescribing conditions and limitations on the manufacture, transportation, and sale thereof; to the Committee on Finance.

By Mr. THOMAS of Oklahoma:

A bill (S. 1874) relative to leasing restricted lands of Indians of the Five Civilized Tribes of Oklahoma, and for other purposes; to the Committee on Indian Affairs.

COSTS OF MARKETING AND PROCESSING MILK AND ITS PRODUCTS

Mr. LA FOLLETTE submitted the following resolution (S.Res. 99), which was referred to the Committee on Agriculture and Forestry:

Resolved, That the Committee on Agriculture and Forestry, or a duly authorized subcommittee thereof, is authorized and directed to investigate the costs of marketing and processing milk and its products, including the salaries or other compensation received by officials or employees of companies marketing or processing dairy products and the profits and ownership of such companies, with the view of determining the extent to which such costs of marketing and processing and such salaries and profits are excessive in relation to the prices received by farmers in payment for milk or other dairy products.

For the purposes of this resolution such committee or subcommittee is authorized to hold hearings and to sit and act at such times and places as it deems advisable; to employ experts and clerical, stenographic, and other assistance; to require by subpena or otherwise the attendance of witnesses and the production of books, papers, and documents; to administer oaths and to take testimony and to make all necessary expenditures as it deems advisable.

The cost of stenographic services to report such hearings shall not be in excess of 25 cents per 100 words. The expenses of such committee or subcommittee, which shall not be in excess of $7,500, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed the bill (S. 1129) to amend sections 361, 392, 406, 407, 408, 409, 410, 411, and 412 of title 46 of the United States Code, relating to the construction and inspection of boilers, unfired pressure vessels, and the appurtenances thereof, with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had passed a bill (H.R. 5904) to validate collections of internal-revenue taxes stayed by requests or claims for credit, and for other purposes, in which it requested the concurrence of the Senate.

HOUSE BILL REFERRED

The bill (H.R. 5904) to validate collections of internal-revenue taxes stayed by requests or claims for credit, and for other purposes, was read twice by its title and referred to the Committee on Finance.

TAX-EXEMPT SECURITIES—EDITORIAL FROM THE ST. LOUIS STAR

Mr. CLARK. Mr. President, I ask unanimous consent to insert in the RECORD an editorial from the St. Louis Star and Times on the subject of the taxation of tax-exempt securities.

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

[From the St. Louis Star and Times]

AN INCOME-TAX PRECEDENT

In 1909 on the day the income-tax amendment was submitted by Congress to the States, Congressman Cline, of Indiana, made a statement which applies remarkably to the present situation regarding taxation of the income from tax-exempt securities.

The enthusiastic support of the constitutional amendment by some congressional leaders, he declared, "is to convert the country and Congress to the theory that Congress cannot now pass a valid income tax law which the Supreme Court would uphold as constitutional."

The theory was that if the amendment was submitted, 13 States could block it, and in the meantime it would be assumed that Congress had no power to legislate. Something of the same reason is back of the demand that Congress submit an amendment for the taxation of income from tax-exempt securities. It would be an admission that no power exists to tax the income from securities now exempt. Thus the holders of those securities would continue safe from the surtax. But if Congress simply repealed the present exemption and taxed all income, it would end the tax dodging, provided the Supreme Court upheld it.

The St. Louis Star and Times has pointed out previously that the sixteenth amendment gave Congress power to lay a tax on "incomes from whatever sources derived", and that in ordinary language that includes income derived from Federal, State, and municipal bonds.

It is argued against this that the Pollock decision of 1895, invalidating the 1894 income tax, laid down the rule that under the Constitution all power not granted to Congress was reserved to the States and that among the reserved rights of the States was the power to borrow money. A tax on income from State bonds, the court held, would diminish the borrowing power of the States and, therefore, would infringe upon their sovereignty in a matter reserved to them. The power to tax income from State bonds is the power to destroy them. So, even though Congress under the sixteenth amendment has power to levy a tax on "incomes from whatever sources derived", it has no power to levy a tax on incomes derived from State bonds because that covers a matter in which sovereignty is reserved to the States.

That argument has a plausible sound, but it ignores two very important facts: In the first place, if Congress levies a tax equally upon all income, including income from Federal and State bonds, it no more destroys State sovereignty than it destroys its own sovereignty. It no more diminishes State borrowing power than it diminishes its own borrowing power. If the tax applies to all income, it does not shift the relative borrowing power of anybody or anything. An assumption that such a tax is destructive, against a State, must carry the corresponding assumption that it is destructive to the Nation, which is plainly false. In brief, it is a mere bit of legal sophistry.

In the second place, the sixteenth amendment was a definite transfer of part of the reserved sovereignty of the States to the Nation—to wit, the right to protection from the effect of an income tax upon income "from whatever sources derived." By ratifying the sixteenth amendment the States definitely limited their sovereignty. If a tax upon all income would reduce their borrowing power, they consented to that reduction. The logic of the Pollock decision would hold good, after the adoption of the sixteenth amendment, only if Congress attempted to levy a discriminatory tax upon income from State and municipal bonds.

Why should not Congress submit this issue to the Supreme Court? There is good precedent for suggesting it. William Howard Taft, when a candidate for President, urged that Congress enact an income tax law despite the Pollock decision. He said in an address at Columbus, Ohio, August 19, 1907:

"In times of great national need, however, an income tax would be of great assistance in furnishing means to carry on the Government, and it is not free from doubt how the Supreme Court, with changed membership, would view a new income tax law under such changed conditions."

Then, in his address accepting the Presidential nomination in 1908, he said:

"In my judgment, an amendment to the Constitution for an income tax is not necessary."

The logic of events today is just what it was when Mr. Taft spoke those words, save that the emergency is greater and the constitutional path, because of the adoption of the sixteenth amendment, is clearer. When a future Chief Justice of the United States Supreme Court can thus appeal to Congress not to let itself be bound by an out-dated 5-to-4 decision, why should Congress hesitate to follow that path today?

It is time to end the fraud of income-tax exemption by congressional action under the sixteenth amendment.

NATIONAL RECOVERY ACT—EDITORIAL FROM BALTIMORE SUN

Mr. CLARK. Mr. President, I also ask unanimous consent to insert in the RECORD an editorial from the Baltimore Sun having to do with industrial control bill and the pledges of the last Democratic national platform.

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

[From the Baltimore Sun, June 9, 1933]

PROPOSAL AND PROMISE?

The platform approved by the Democratic National Convention a year ago contains the following pronouncement on the Federal antitrust laws:

"We advocate strengthening and impartial enforcement of the antitrust laws to prevent monopoly and unfair trade practices, and revision thereof for the better protection of labor and the small producer and distributor."

President Roosevelt accepted in full the platform, of which this, relative to the notable brevity of the document, was one of the more expansive planks. He said of the platform that it "is a proposal and at the same time a promise binding on the party and its candidates."

That part of the so-called "National Industrial Recovery Act", which provides for the regimentation of American industry under Federal auspices says:

"While this title is in effect and for 60 days thereafter any code, agreement, or license approved, prescribed, or issued and in effect under this title, or any action complying with the provisions thereof taken during such period shall be exempt from the provision of the antitrust laws of the United States."

Thus, insofar as the provisions of the so-called "recovery bill" are employed—and they are broad enough to embrace virtually the entire sweep of American industry—the Federal antitrust laws are for all practical purposes repealed.

The national industrial recovery bill is in legal form an emergency measure (though the sweeping economic readjustments contemplated give every promise of creating a perpetual emergency, so far as the time limit is concerned). Hence it may be argued after a fashion that the bill does not repudiate the Democratic platform.

It so happens, however, that the economic emergency at the time the platform was drafted was perhaps more acute than it is today. But at that time there was no qualification of the antitrust-law plank to suggest that these laws might be repealed during the emergency, though the case for that course was being strenuously pressed at the time.

The plank stands as an unqualified advocacy of a strengthening and impartial enforcement of the antitrust laws. And the first decisive step taken by the administration in this field is to deliver a coup de grâce to these laws. How this course can be reconciled with the view that "a platform is a proposal and at the same time a promise binding on the party and its candidates" we find very difficult to see.

ST. LAWRENCE DEEP WATERWAY TREATY

Mr. PATTERSON. Mr. President, I ask unanimous consent to have inserted in the RECORD an editorial appearing in the Kansas City Times of June 6, 1933, and in the morning issue of the Kansas City Star, in opposition to the St. Lawrence waterway treaty in its present form.

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

[From the Kansas City Times, June 6, 1933]

A THREAT TO THE VALLEY STATES

The giant St. Lawrence waterway project, as commonly understood, is an enterprise calculated to help balance the transportation advantages of this middle-States region with those of the coastal areas of the United States. Its purpose, along with that of the Mississippi River outlet to the south, is to free this midwestern area from the heavy transportation handicaps it has suffered since the building of the Panama Canal. The St. Lawrence project is designed, in short, to move an Atlantic seaport 1,000 miles or more inland and give this territory fair access to the cheap ocean transportation of the world.

It is with such an understanding that this project has been accepted and its benefits recounted. It was such a view in this country that led to signing of the joint treaty with Canada, which would authorize construction of the waterway and establish the terms upon which it should be maintained. Ratification of that treaty now is pending in the Senate. It is extremely important—especially to the valley area south of the Great Lakes, including Missouri, Kansas, and other States—that all the terms and conditions of this treaty be clarified and that the interests of a region to be vitally affected shall be thoroughly safeguarded.

In particular, one portion of the treaty, article 8, is open to serious question. It must be noted that the Mississippi waterway south from St. Louis and north from that point on east to Chicago and the Lakes is vital in a double sense to the middle and lower valley. The outlet to the south and that to the Lakes are equally essential. This treaty section as it now stands is a threat to both.

The article provides that diversion of Lake Michigan water through the Chicago Drainage Canal on to the Illinois River and into the Mississippi Channel shall be limited to only 1,500 cubic feet per second. That is inadequate to assure continued navigation of the Lakes-to-the-Gulf channel, opened in its entirety but a few days ago. For nearly 20 years the diversion at Chicago has

ranged from 8,500 to 10,000 cubic feet. An average diversion volume of at least 5,000 up to 10,000 feet is deemed an absolute necessity to the north-and-south channel.

The treaty article incorporates a decision of the United States Supreme Court with respect to future diversion. But the Court, in reaching its opinion 3 years ago, took into account the navigation needs only of the drainage canal, not the requirements of a Mississippi channel. That was recognized when Congress, only a few months after the Court's decision was rendered, authorized a survey of the Lakes-to-Gulf waterway project, a report of which was to be made in 1938.

Thus the matter stands. The treaty not only includes the diversion limit as stated, but it stipulates that should the United States at any future time desire an increase of diversion volume, "in order to meet an emergency", the matter shall be submitted for final decision to an arbitral tribunal. But on that Canada would have equal representation with this country, and no decision could be reached without the consent of the former. And it so happens that Canada was insistent upon the extreme low limit on diversion as incorporated in the treaty and has made it a cardinal point in the acceptance of that document. Further, waterway needs probably could not be termed an emergency. So the hands of this country would be tied, to the most serious detriment of this inland region.

The treaty makes Lake Michigan an international body of water, although it is wholly within the United States, a fact that has been recognized officially by this country for nearly 150 years. The article, therefore, is a surrender of sovereignty, with the attendant dangers noted.

If the article should be included, unchanged, in the ratification, these Middle States, distant from the Lakes, not only might be wholly denied participation in the St. Lawrence waterway benefits but denied as well safe access to an ocean outlet to the south. This area in effect might be left stranded with respect to transportation advantages, with even less advantage than it now holds through but limited use of the Mississippi channel.

The obviously just and necessary procedure is to incorporate a treaty reservation bearing upon lake water diversion and the valley navigation requirements of this country. As the treaty is drawn in this respect, and in others of less importance, the advantages are preponderantly with the other country. That is neither equitable nor needed. The adjustment can and should be made. If it is not made, the treaty should be held over from the present session and then given the thoroughly serious attention it deserves before it receives this country's final endorsement.

WHAT THE FIDAC IS

Mr. COPELAND. Mr. President, I present a letter addressed to the editor of the New York Sun and published in the issue of that paper of the 5th instant, entitled "What the Fidac Is, a Concise Explanation of the Society's Purpose", by Charles Hann, Jr., American president of the Fidac.

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

[From the New York Sun, June 5, 1933]

WHAT THE FIDAC IS—A CONCISE EXPLANATION OF THE SOCIETY'S PURPOSE

To the EDITOR OF THE SUN:

SIR: The recent brief visits of the famous Polish general, Roman Gorecki, head of the Fidac and president of the largest bank in Poland, to over a dozen cities in America, has aroused great interest in the Fidac and caused many to inquire about that organization. I am sure that many of your readers would like to know a little about the Fidac.

The Fidac, a name made up of the initials of "Fédération Interalliée des Anciens Combattants", the Interallied Federation of Ex-Service Men, is the great international organization of veterans' societies of 10 of the allied countries in the World War. The American Legion, with 1,000,000 members, is the sole society member of the Fidac in the United States. I have the honor to have been elected the American president by the congress in Portugal. The Fidac, which was founded in Paris in 1920, now has more than 8,000,000 members.

The purposes of the Fidac include the maintenance, fostering, and development of that spirit of comradeship which manifested itself on the battlefields of the World War of 1914–18, fought in common for a common cause, and to use that comradeship in the cause of peace. Ex-service men are informed how to know one another better so that they may better understand one another. Knowledge of the life, customs, problems, and aspirations of other countries often helps to remove obstacles to international understanding.

The Fidac stands aloof from all political parties or sectarian denominations, but one of its objects is to review impartially the great problems to be solved by the different countries, especially by the countries affiliated with the Fidac. Its constitution is as democratic as the constitutions of its component members. It desires to make known the program, the life, and the works of the member associations.

It supports the governments of its constituent countries and is determined to help those governments in any way that lies within its power to see that insofar as possible justice is meted out to the war disabled, the widows and orphans, to help in the maintenance of law and order, and generally to assist in obtaining as full a realization as may be possible of the results of the victory achieved in common.

Many constructive things have been accomplished by the Fidac in the interest of permanent world peace and the promotion of good will on earth, and the Fidac consistently strives to remove friction between allied nations, through unofficial explanations and contacts of responsible citizens and officials. It combats national or international false news and antiallied campaigns.

The Fidac recalls the sacrifices and efforts of the Fidac countries during the World War, which was hateful to them, and keeps reverently the memory of the dead. It strives to instruct the younger generation in respect to a better understanding among the peoples of the world.

The Fidac has splendid headquarters in Paris, France, at 15 rue de Presles. It publishes monthly a beautiful review, conducts a travel bureau, and sells souvenirs. The Fidac holds its annual Congresses in each allied member country in turn. The congress in Washington established the Fidac international identity card. The Fidac organized annual awards of the educational medal of the Fidac to educational institutions featuring international relations and friendship. The Fidac has done and is doing countless other good things in its activities which cover a wide field.

CHARLES HANN, Jr.,
American President of the Fidac.

NEW YORK, *June 3.*

NATIONAL INDUSTRIAL RECOVERY

The Senate resumed the consideration of 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.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Arizona [Mr. HAYDEN] to the amendment of the committee.

Mr. McNARY. Mr. President, I ask that the amendment may be stated.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 26, line 4, it is proposed to strike out the word "more" and insert the word "less."

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Arizona to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The VICE PRESIDENT. The next amendment will be stated.

The CHIEF CLERK. On page 27, after line 7, it is proposed to insert the following:

(b) All contracts let for Federal construction projects pursuant to this title shall contain provisions for minimum rates of wages, to be predetermined by the awarding authorities, which contractors shall pay to skilled and unskilled labor, and such minimum rates shall be stated in the invitation for bids and shall be included in the proposals for bids for the work. The awarding official shall have power to revise the predetermined wages if in his judgment changed conditions so justify. In event the rate of wages is increased, an amount equal to the amount of such increase in wages in any one month shall be paid at the end of such month to the contractor by the United States upon a satisfactory showing by the contractor as to the amount thereof, and in the event of a decrease in the rate of wages, the contract price shall be decreased by the amount of such decrease in wages, and such decrease in the contract price shall be computed on the basis of satisfactory evidence submitted by the contractor.

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

Mr. COPELAND. Mr. President, there is a good deal of opposition to this amendment on the part of the American Federation of Labor. I do not see the Senator from Rhode Island [Mr. METCALF] in the Chamber, but we held hearings before the Committee on Education last year, at which time the American Federation of Labor and others appeared before us. It supported that proposed legislation, but the organization is quite distressed over the inclusion in the bill of this particular amendment.

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

Mr. COPELAND. Yes.

Mr. WAGNER. I may say to the Senator that I am not responsible for the insertion of this provision; it was inserted by the committee. I recognize the opposition of labor organizations. They feel that it would interfere somewhat with their efforts to secure increase of wages at times if wages were fixed by a commission. I think they would prefer to do it as the result of collective bargaining, and, so far as I am concerned, I will not insist on the amendment.

Mr. COPELAND. I hope that the Senate will reject the amendment.

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

Mr. COPELAND. I hope it will not be agreed to.

Mr. HAYDEN. Mr. President, I do not know who is responsible for the amendment as adopted by the committee. I can say, however, that a similar system was adopted in the emergency public works act of 2 years ago, whereby the State highway commission predetermined the rate of wages. That provision of law has worked very satisfactorily. In that case the State highway department fixes the wages for various kinds of labor employed on road construction, sets them out in the specifications, and makes them a part of the bids, and then all contractors bid, knowing that they will have to pay labor at the same rate. As I have said, it has worked very satisfactorily. I do know, upon the other hand, that in the construction of public buildings, where the rule has been merely "the prevailing rate of wages", there have been continuous disputes all over the United States as to what was "the prevailing rate of wages" in the community where the buildings were erected.

Mr. DAVIS. Mr. President, if I may interrupt the Senator, let me say that under the so-called "Davis-Bacon law" wages throughout the United States are determined by the Secretary of Labor. That is the law now, and it has worked very satisfactorily to practically all those interested in this character of construction work.

Mr. COPELAND. It is only right; there should be an increase in the compensation of the contractor that labor should be benefited. There should be a range with reference to it. I hope the amendment will not be agreed to.

Mr. WAGNER. Mr. President, I would like to say to the Senator from Arizona [Mr. HAYDEN] that the provision to which he refers is still a part of the law and it is in this bill. The suggestion of my colleague does not in any way interfere with that particular provision.

Mr. JOHNSON. Mr. President, may I ask the junior Senator from New York [Mr. WAGNER] if he is familiar with what is known as the "Bacon-Davis Act"?

Mr. WAGNER. Does the Senator mean the act which authorizes the Secretary of Labor to determine the prevailing rate of wage?

Mr. JOHNSON. Yes. Is this virtually a repeal of that act?

Mr. WAGNER. No; we are not interfering with that act at all.

Mr. JOHNSON. That is what is expressed to me by some who are interested in it.

Mr. WAGNER. If we eliminate the provision, as is proposed by my colleague, then the Bacon-Davis Act remains the law of the land.

Mr. JOHNSON. The Senator then has no objection?

Mr. WAGNER. Oh, no.

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

The amendment was rejected.

Mr. FESS. Mr. President, last evening before we recessed the Senator from New York [Mr. WAGNER] was ready to accept an amendment that I did not then have ready in reference to the annex of the Library of Congress. I have the amendment now at hand and offer it.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. The Senator from Ohio proposes, on page 20, line 23, after the word "facilities", to insert:

(5) To advance, upon request of the Commission having jurisdiction of the project, the unappropriated balance of the sum authorized for carrying out the provisions of the act entitled "An act to provide for the construction and equipment of an annex to the Library of Congress", approved June 13, 1930 (46 Stat. 583); such advance to be expended under the direction of such Commission and in accordance with such act.

The VICE PRESIDENT. The question is on agreeing to the amendment submitted by the Senator from Ohio.

The amendment was agreed to.

Mr. FESS subsequently said: Mr. President, I ask unanimous consent that following the adoption of the amendment which I offered a few moments ago I may have inserted in the RECORD a letter from the Librarian, Dr. Putnam, giving the reasons why the amendment should be adopted.

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

The letter is as follows:

LIBRARY OF CONGRESS,
Washington, June 9, 1933.

Hon. SIMEON D. FESS,
Senate Office Building.

MY DEAR SENATOR FESS: Herewith three copies of the amendment. You will notice it goes in on page 19, at line 23, inserting there a new clause (5). In case of question the emphasis might be:

(1) The original proviso to section 202 remains untouched.

(2) This amendment merely authorizes an advance of funds.

(3) It authorizes even that only on the request of your Commission.

(4) It reserves for your Commission the direction of the expenditure.

To the suggestion that the matter belongs rather to the appropriation bill, the answer is:

(1) This will delay the project by at least another year.

(2) Plans have already been prepared and with the funds in hand the main contract could be let at once.

(3) In the meantime the congestion is very serious and impedes every operation of the Library.

Faithfully yours,

HERBERT PUTNAM, *Librarian.*

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

The next amendment of the Committee on Finance was, on page 28, after line 10, to strike out:

(b) No articles, materials, or supplies shall be acquired for public use or for use upon or in State, municipal, or private projects financed in whole or in part by Federal funds, under this or other acts of Congress, unless such articles, materials, or supplies have been manufactured in the United States of articles, materials, or supplies mined or produced in the United States, if available at a reasonable cost.

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

Mr. MURPHY. Mr. President, I desire to offer an amendment to the committee amendment on page 19, line 3.

The VICE PRESIDENT. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. The Senator from Iowa proposes, on page 19, line 3, after the word "plants", to insert the words "armory and memorial buildings."

Mr. HARRISON. I think that is all right, and I am willing to have it go to conference.

The VICE PRESIDENT. The vote by which the committee amendment as amended was agreed to will have to be reconsidered. Without objection, that vote is reconsidered. The question is on agreeing to the amendment of the Senator from Iowa to the amendment of the committee.

The amendment to the amendment was agreed to.

The committee amendment as amended was agreed to.

The VICE PRESIDENT. The clerk will report the next amendment.

The next amendment of the Committee on Finance was, on page 28, after line 18, to insert:

SUBSISTENCE HOMESTEADS

SEC. 207. To provide for aiding the redistribution of the overbalance of population in industrial centers $25,000,000 is hereby made available to the President, to be used by him through such agencies as he may establish and under such regulations as he may make, for making loans for and otherwise aiding in the purchase of subsistence homesteads. The moneys collected as repayment of said loans shall constitute a revolving fund to be administered as directed by the President for the purposes of this section.

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

Mr. ASHURST. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. ASHURST. Is the pending amendment on page 28?

The VICE PRESIDENT. The pending amendment is on page 28, beginning in line 19.

Mr. ASHURST. On page 28 I observe a committee amendment beginning in line 11, striking out down to and including line 18.

The VICE PRESIDENT. The amendment has been agreed to.

Mr. ASHURST. I was out of the Chamber at the time, attending a meeting of the Judiciary Committee.

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

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

Mr. ASHURST. I yield.

Mr. REED. The reason why that was stricken out was that by an act of March 3 of this year, in the Treasury and Post Office Departments appropriation bill, it was made general law applicable to all departments and governmental agencies that domestic materials shall be purchased where reasonably practical.

Mr. ASHURST. That is the trouble—"where reasonably practical."

Mr. REED. I am not quoting the exact language. The language, as I recall it, is, in effect, "where the interests of the Government will permit and where it can be done without paying an unreasonable price." It seemed to Congress that those limitations ought to be applied.

Mr. ASHURST. I accept the statement of the Senator, and I ask unanimous consent to reconsider the vote by which the amendment was agreed to.

The language stricken out and which I desire restored reads:

(b) No articles, materials, or supplies shall be acquired for public use or for use upon or in State, municipal, or private projects financed in whole or in part by Federal funds, under this or other acts of Congress, unless such articles, materials, or supplies have been manufactured in the United States of articles, materials, or supplies mined or produced in the United States, if available at a reasonable cost.

The scope and purpose of this bill seem to be generally approved, and need not be repeated now. The scholarly Senator from Ohio [Mr. FESS] delivered last evening a speech here that, in my judgment, elevated him to a still higher position as a scholar and historian. A reply was made thereto by the Senator from Massachusetts [Mr. WALSH], who with an eloquence and a flawless logic rarely seen even in the Senate, pointed out that these are unusual times; these are catastrophic times; these are times that try men's souls. We are calling into requisition latent powers of the Constitution seldom resorted to except in grave emergencies.

Mr. President, there is no disguising the fact that American labor cannot successfully compete with foreign articles and foreign labor. The American shoe factories cannot make shoes in competition with foreign shoe factories. The American manufacturer of furniture cannot compete with the foreign manufacturer. The American miner, who smites the obdurate face of nature in search of the metals, cannot compete with the cheap and conscript labor of Russia. The American sawmill man, converting logs into lumber and shingles, cannot compete with the convict and conscript labor of Russia.

How ironical it is to find in a bill the supposed purpose of which is to restore industry in the United States and reduce unemployment in the United States—how ironical it is, I say, to find public funds used in the purchase of materials mined and fabricated in foreign countries.

I see sitting before me with their usual diligence the two Senators from California [Mr. JOHNSON and Mr. MCADOO], and I am thus reminded that the Federal Government is financing the construction of the Oakland Bridge, near the Golden Gate, the most romantic, the most fascinating of all harbors in the world. Yet the manganese that goes into the steel used in that bridge, which steel is paid for by the United States, comes from Russia, and this manganese is produced and mined by conscript or convict labor, and thus the United States, out of its public funds, is generously advancing the money to construct that bridge, whereas at home and in the State of California there is ample manganese.

For example, let me refer to a distressing and singular episode. Some years ago in a certain town in Arizona it was concluded by the citizens that they should have a new schoolhouse. I do not here mention the town. The trustees of the school district let the contract and concluded that inasmuch as Arizona produced copper they would roof the new schoolhouse with copper. The trustees stipulated for copper, but, behold, when the building was completed there was indeed a copper roof on the building which roof has been paid for by the taxpayers of that district, but the copper came from a foreign country where copper may be mined at one eighth of the cost at which copper may be mined in America.

I cite another illustration, and I am not certain as to these facts I now relate, but a gentleman in whom I have confidence, whose name may be given, who is now attached to the Senate, told me that 2 years ago the very chairs in the Senate restaurant were made in Europe. I am not vouching for the authenticity of this statement, but the gentleman who told me is at hand and may be called.

So, Mr. President, in this time of national distress, when we are heavily oppressing and burdening our taxpayers and necessarily doing so, we surely ought to be statesmen enough and fair enough to our own taxpayers to see to it that in every case where Federal funds are used all the materials, articles, and supplies paid for by Federal funds shall be available if, only, and when such materials, articles, and supplies are made, mined, and produced in the United States.

It is folly—and I now use a phrase that I heard last fall that attracted me. It was used by the Senator from Michigan [Mr. VANDENBERG], who said that a certain thing was "fiddle-faddle." I apologize to the Senate for using such slang, but it is so apt that I apply it at this time. It is folly, it is mere froth, it is fiddle-faddle to pretend we have not manganese enough and lumber enough and other raw materials enough in America to make the articles that go into our public works financed by Federal funds.

So, Mr. President, I therefore urge that this language be restored. I believe that if we are to acquire an emergency stock of materials and supplies strategic to the national welfare, such materials, articles, and supplies should be produced, grown, mined, and fabricated in the United States.

You may call that an embargo if you choose. I never was afraid of epithets. On the countrary I desire to secure, temporarily, at least, an embargo of goods, articles, and materials made by cheap, convict, or conscript labor abroad when and while we are trying to stabilize America and reduce unemployment here. I ask Senators not to allow this bill to pass unless they are certain that all the materials and articles used and paid for by public moneys shall be produced, grown, fabricated, and manufactured in the United States.

What a folly, what a puerile procedure, to appropriate billions of dollars designed and intended to aid our own country to restore business, to reduce unemployment, and yet leave the door open, leave the gap down, so that foreign countries with lower standards of living, with cheaply paid labor, may send their goods, materials, and articles here and receive in payment therefor the hard-wrung money of our taxpayers.

If one John Smith or Richard Roe desires to spend his own earnings in a foreign country, that is his business. If any American citizen desires to purchase a hat, or a suit of clothing, or a piece of furniture, made in Europe rather than in America, that is that citizen's business, and no one has a right to complain; but we must draw the line when it comes to spending the public money. As to all public moneys that are expended under such a bill as this one, care and prevision should be taken to see to it that no materials, supplies, or articles are used except those that come from the bosom of America, especially when her own taxpayers are paying for them.

Mr. President, the able Senator from Pennsylvania [Mr. REED]—and I am not using the word "able" merely as a gesture of polite speech, because the Senator from Pennsylvania is known throughout this country to be a diligent, able statesman and an exceedingly astute lawyer—tells me that already we have on the statute books a law which denounces

the use of materials and supplies produced in a foreign country and paid for out of our Federal Treasury. That is what the Senator's statement seems to be.

Mr. REED. That is right.

Mr. ASHURST. The Senator then takes the position that we do not need this statute.

Mr. President, it requires fortitude and presumption to challenge a direct statement as to the law as pronounced by the Senator from Pennsylvania. It may be that such law would be efficacious and sufficient for the Treasury Department expenditures or for such Departments as are mentioned; but I am fearful that the law referred to by the able Senator is not sufficient wholly to protect our country and our citizens against the influx of cheaply made goods, articles, and materials.

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

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

Mr. ASHURST. I yield to the Senator.

Mr. TRAMMELL. I think in substance the law that we passed some time ago is about as the paragraph contained in this bill; but it occurs to me that that policy is such a wholesome policy, and there is such necessity to impress it upon those who administer the law in regard to purchasing American products, that it would be a very desirable thing to have it continued in this bill, even if covered by the other measure.

Mr. ASHURST. That is my point. I was at the bar for 14 years. I did not achieve such eminence at the bar as did my learned friend the Senator from Pennsylvania [Mr. REED]. No honors, no wreaths in the legal world placed upon his brow could be so splendid as to make me at all envious of him. I rejoice in the success and ability of other men, for I am ennobled by their learning, and I do say the Senator from Florida has put his finger upon the point. That law referred to by Senator REED is not adequate, is not efficacious for all purposes; hence out of abundant caution this language ought to be restored in the form in which it passed the House.

Mr. TYDINGS. Mr. President——

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

Mr. ASHURST. I yield to the Senator.

Mr. TYDINGS. I desire to ask a question as a matter of information.

I understood that the Senator from California [Mr. JOHNSON] had already offered an amendment which I thought was comprehensive enough to cover this situation. It is the law of the land. I remember the Senator offering the amendment some time ago.

Mr. JOHNSON. Mr. President, it was the amendment that was attached, I think, to the Post Office bill last March, just before we adjourned.

Mr. TYDINGS. That is right.

Mr. JOHNSON. But the Senator from Arizona and some others think that it is not entirely appropriate to this new legislation.

Mr. ASHURST. That is the point.

Mr. TYDINGS. The reason why I interrupted the Senator from Arizona was not to take issue with him, but to get information. I understand that the law passed at the behest of the Senator from California would apply to the legislation which we are now about to enact.

Mr. JOHNSON. Mr. President, if the Senator will pardon me——

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from California?

Mr. ASHURST. I yield for that purpose.

Mr. JOHNSON. The hope was, when the amendment was attached to the Post Office bill, that it would constitute general legislation which in the future would deal with the subject; but we never contemplated at that time this measure, of such extent that we have no comprehension of what it may be and what it may do. For that reason, I think it would be a safer idea to do as the Senator from Arizona is suggesting.

Mr. TYDINGS. What I had in mind was that I think the amendment offered by the Senator from California had been dressed over several times, and was pretty generally acceptable; and it struck me that if we were to go along in the same line it would be well to stick to the same phraseology. What I desire to ask the Senator from Arizona is, What did not the amendment offered by the Senator from California contain that this amendment does contain, and which is necessary to carry out the philosophy of that amendment?

Mr. REED. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Pennsylvania?

Mr. ASHURST. I yield to the Senator from Pennsylvania.

Mr. REED. I have in my hand a copy of the Treasury and Post Office appropriation bill approved March 3, 1933. In title III of that act, which is found on page 35, occurs the following. While it is somewhat lengthy, I think it ought to be read, because it is so much more comprehensive than this language which the Finance Committee struck out of the pending bill.

Mr. ASHURST. I yield for that purpose.

Mr. TYDINGS. Mr. President, before the Senator reads that, I wonder if he will permit an interruption.

Mr. REED. Surely; as far as I have the floor.

Mr. TYDINGS. May I ask the Senator if, in his judgment, the amendment of the Senator from California, which he has in his hand, is sufficiently comprehensive to cover this situation?

Mr. REED. I think it is much more comprehensive; and that will appear as I read it. If the Senate will bear with me, I think the reading is better than any argument that I might advance:

SEC. 1. That when used in this title—

(a) The term "United States", when used in a geographical sense, includes the United States and any place subject to the jurisdiction thereof;

(b) The terms "public use", "public building", and "public work" shall mean use by, public building of, and public work of, the United States, the District of Columbia, Hawaii, Alaska, Puerto Rico, the Philippine Islands, American Samoa, the Canal Zone, and the Virgin Islands.

SEC. 2. Notwithstanding any other provision of law, and unless the head of the department or independent establishment concerned shall determine it to be inconsistent with the public interest, or the cost to be unreasonable, only such unmanufactured articles, materials, and supplies as have been mined or produced in the United States, and only such manufactured articles, materials, and supplies as have been manufactured in the United States, substantially all from articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States, shall be acquired for public use. This section shall not apply with respect to articles, materials, or supplies for use outside the United States, or if articles, materials, or supplies of the class or kind to be used or the articles, materials, or supplies from which they are manufactured are not mined, produced, or manufactured, as the case may be, in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality.

Mr. ASHURST. Mr. President, I do not wish to interrupt the Senator, but he has read far enough for me to say that I can drive a coach and four through that law in nine places. Why, Mr. President, I will show the Senator where and how I can drive a coach and four in nine places through it.

Mr. REED. Mr. President, before the Senator starts on his coaching trip, will he not let me read the third section? [Laughter.]

Mr. ASHURST. Yes, indeed.

Mr. REED (reading):

SEC. 3. (a) Every contract for the construction, alteration, or repair of any public building or public work in the United States growing out of an appropriation heretofore made or hereafter to be made shall contain a provision that in the performance of the work the contractor, subcontractors, material men, or suppliers shall use only such unmanufactured articles, materials, and supplies as have been mined or produced in the United States, and only such manufactured articles, materials, and supplies as have been manufactured in the United States substantially all from

articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States except as provided in section 2: *Provided, however*——

Mr. ASHURST. Ah! "Provided, however!"

Mr. REED. Yes; that is there.

Mr. ASHURST. Yes. "Provided, however, if the head of the department does not want to buy American manganese, he may buy it elsewhere."

Mr. REED. The worst of it is the words "Provided, however" are in italics. [Laughter.]

Mr. ASHURST. That makes the trouble still greater.

Mr. REED (reading):

That if the head of the department or independent establishment making the contract shall find that in respect to some particular articles, materials, or supplies it is impracticable to make such requirement or that it would unreasonably increase the cost, an exception shall be noted in the specifications as to that particular article, material, or supply, and a public record made of the findings which justified the exception.

I shall not read any more; but the act goes on to provide that if any contractor violates these provisions, he shall not again be given a public contract by the Federal Government.

Surely the Senator does not think that this miserable little sentence which the Finance Committee struck out can compare in effectiveness and comprehensiveness with that general law which was put in by the Senator from California last March.

Mr. ASHURST. Mr. President, I should be inclined at first blush to accept any legal paper prepared by the Senator from California, and to which he gave his attention; but I think it is well to remember that the language proposed by the Senator from California was to cover the particular cases he had in mind on that bill.

I am not going to array myself as a lawyer against such another eminent lawyer as the senior Senator from California; but I do point out that the defect in the act that has just been read by the able Senator from Pennsylvania is this:

Provided, however, That if the head of the department or independent establishment making the contract shall find that in respect to some particular articles—

In the case of the Oakland Bridge, costing $40,000,000, to be paid for by the Federal Government, the departments must have held that there was no manganese in America, and that therefore they would use manganese from Russia to construct the Oakland Bridge, to be paid for by the American taxpayers. So much for Brackenberry, so much for that law. It did not work. It allowed foreign material to come in.

Mr. TYDINGS. Mr. President, I should like to point out that in the amendment which was reported in the bill, which was stricken out, and which the Senator wants to have reinserted, the last six words are "if available at a reasonable cost."

Mr. ASHURST. I am willing that they be stricken.

Mr. TYDINGS. I want to point out that the same objection would be applicable.

Mr. OVERTON. Mr. President, the provision in the bill as it came from the House makes the language applicable to "State, municipal, or private projects financed in whole or in part by Federal funds." Does the law referred to by the Senator from Pennsylvania, the existing law, cover projects which are financed by Federal funds, and are State or private in their character?

Mr. REED. No, Mr. President; it relates only to public spending for articles manufactured by private persons and subsequently bought for the Government.

Mr. President, will the Senator from Arizona permit a question?

Mr. ASHURST. Certainly.

Mr. REED. The Senator says he is about to move to strike out the last six words in the paragraph. Let me call to his attention the fact that the conservation corps has just bought 6,000 trucks.

Mr. ASHURST. Yes.

Mr. REED. Each of them has four rubber tires on it.

Mr. ASHURST. Yes.

Mr. REED. Rubber is made in the United States at the present moment out of goldenrod, at a very high cost. It is available for about 3 cents a pound as it comes from Brazil and the East Indies. The Senator's amendment would compel the Government to buy goldenrod rubber instead of the rubber which is imported. At the present time in the United States there is a very small quantity of tin produced from American ore, smelted in America. The quantity is infinitesimal. It does not amount to 1 percent of the national needs of tin each year. The Senator's amendment, as he would change it, would force the Government to buy nothing but that American tin. The price would go sky-high.

Mr. ASHURST. That is what we are seeking to do, is it not? What is the purpose of this bill?

Mr. REED. I am only a Republican. I believe in reasonable tariffs.

Mr. ASHURST. I should think the Senator would, coming from a State which has always urged reasonable tariffs.

Mr. President, the word "reasonable" sounds well; it is a large, euphonious, mouth-filling word, "reasonable" tariffs. I am in favor of tariffs which will, until this unemployment crisis comes to an end, keep out goods and materials produced by cheap foreign convict, conscript, or forced labor, whether the tariff be reasonable or unreasonable.

Mr. REED. Will the Senator yield?

Mr. ASHURST. Certainly.

Mr. REED. The test of a reasonable tariff, then, might be whether it was so high as to completely exclude all foreign products. The Senator, while he disapproves of such a tariff, reaches exactly the same end in a more direct way by just clapping on a complete embargo.

Mr. ASHURST. I do not disguise my position. I do not hide behind ambushes. I have fought for years for an embargo, not only a high tariff but an embargo, on copper produced by cheap foreign labor.

Mr. REED. That is the kind of Democrat I like. I thank the Senator. [Laughter.]

Mr. CLARK. Mr. President, in view of the numerous disputes which have taken place here between the proponents of tariffs and embargoes, it seems to me that the matter might be simplified, if the Senator would permit me to make a suggestion.

Mr. ASHURST. I yield to the able Senator from Missouri.

Mr. CLARK. I think this might settle the whole business: "On and after the approval of this act no article or commodity shall, under any circumstances, be imported into the United States or exported from the United States which can in any manner or by any possibility be produced in the United States."

That would, of course, include an embargo on exports, because it logically and inevitably follows from the embargo on imports.

Mr. ASHURST. I accept the amendment. [Laughter.]

Mr. COSTIGAN. Mr. President, may I ask the Senator from Missouri whether he would be willing to include in his amendment a provision applying the same paralyzing rule to the products of each State?

Mr. CLARK. Yes.

Mr. ASHURST. Mr. President, I am willing to accept the suggestion that tin and rubber, for which the Senator from Pennsylvania pleads, may constitute an exception.

I advocate no free-trade nostrums. Free trade exists only in the minds of those who sit in academic chairs. It does not exist in the practical world.

The able Senator from Missouri [Mr. CLARK] last night vindicated a great name. He is a worthy scion of an illustrious sire, and he disclosed a research of history, particularly referring to the Democratic positions, in a manner that won for him the admiration of his colleagues.

The PRESIDING OFFICER. The Senator from Missouri will give attention to the Senator from Arizona.

Mr. ASHURST. I am a Jacksonian Democrat. It was the protective-tariff State of Pennsylvania that first proposed General Jackson for the Presidency. General Jackson was not at first proposed by Tennessee, and in the initial days of General Jackson's Presidential campaign a distinguished gentleman from Virginia, Mr. Ritchie, a great editor of a great paper, an illustrious man, wrote to General Jackson and said, in substance:

We in Virginia have had notice in the press that you, sir, are advocating protective tariffs.

It has been years, Mr. President, since I read the letter, but I can quote some of it.

"If it be true, General Jackson", the letter went on, "that you are advocating a protective tariff, the support for the Presidency that Virginians have heretofore given you will be relaxed."

Whereupon General Jackson, with that courage and frankness that always characterized him, wrote to Mr. Ritchie, and in his letter of reply wrote one of the greatest protective-tariff speeches in the history of our country. General Jackson pointed out that if America was to be a great, powerful, and happy country, we must in and of our own selves and in our own bosom produce the materials of war in order to protect ourselves, and in and of ourselves from the rich bosom of America produce the articles, materials, and supplies needful to a people pursuing the arts of peace and progress.

If any Democrat is perplexed as to what his duty is or as to what the ancient and original doctrine of the Democratic Party was, let him read the letter of General Jackson to Mr. Ritchie. Not even the Senator from Pennsylvania, in his most exuberant desire for a protective tariff, reached the point Andrew Jackson reached.

Thomas Jefferson wrote 14, mayhaps 16, letters urging a protective tariff. The free-trade, low-tariff doctrine introduced into our country some 40 or 50 years ago is an excrescence upon the party. It is not the true Democratic doctrine. But whether it be the doctrine or not, it is not my doctrine. I stand for the protection of American industry and for the protection of American labor, no matter what epithet may be given to such doctrine.

Mr. President, my State has honored me far beyond my deserts. Yet, indeed, I am presumptuous enough to ask them to continue these honors. That State at one time produced one sixth of the copper of the world. As my able friend from Massachusetts [Mr. WALSH] says, many of those copper towns are now ghost towns.

Some 10 years ago the able Senator from Massachusetts came to Arizona, and as he traveled the highway from Tucson to Douglas the people came out from their mines and ranches on the hillsides to see this illustrious man from Massachusetts. His reputation had preceded him. He passed through the historic and glamorous town of blood and silver and sand of bygone days—Tombstone. The copper mines of that county in which Tombstone is located have been closed because of a lack of tariff protection. The smelter stacks, which once poured their plumes of smoke skyward, testifying to industry and good wages, are empty. The drill and pick have fallen silent. The bats and the owls and the reptilia of the desert now in large part inhabit some of the buildings where in happier days my good friend from Massachusetts visited and spoke. That is the result of free trade.

Mr. WHITE. Mr. President, does the Senator charge this result to the visit of the Senator from Massachusetts? [Laughter.]

Mr. ASHURST. The Senator from Massachusetts was received with a royal welcome. His speeches were listened to with respect. Industry then flourished in the copper camps. But when vast quantities of copper were discovered in Africa, where labor is paid 30 or 40 cents a day, and where the ores are four times as rich as our ores, our copper industry in Arizona, in Montana, in Colorado, in Nevada, in Michigan, and elsewhere, fell into obsolescence because of free trade, and, I repeat, towns and cities where once a happy people labored and were paid good wages—towns, villages, and cities where people worked on week days and worshiped their Creator on Sunday, where their children went to school well dressed, where each citizen was radiant with optimism, hope, and joy, and had faith in the institutions of his country—gloom, pessimism, and contagious despair now reign and hope has abandoned her noble functions.

I tell Senators that I am through with the folly of throwing my porcelain theories against a concrete wall of fact. The porcelain is always shattered; the facts remain. Free trade is a porcelain theory. When hurled against the concrete wall of facts, the porcelain is always shattered.

Mr. SHIPSTEAD. Mr. President, it seems that this proviso of the law which has been quoted here, and which has been the subject of this debate, revolves about a question of fact as to whether or not manganese can be produced in the United States at a reasonable cost.

Mr. ASHURST. Mr. President, I reply that manganese is produced in 32 of our States. About 3½ years ago an investigation was made by the Bureau of Mines, supplemented by the efforts of 15 or probably more, perhaps 20, engineers, miners, men skilled in geophysics, men skilled in chemistry, and the conclusion was reached, buttressed upon facts, that there is an ample supply at reasonable cost of manganese to be found in the United States.

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

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Minnesota?

Mr. ASHURST. I yield.

Mr. SHIPSTEAD. I simply want to call attention to the fact that the use of American manganese ore in the manufacture of steel cannot be compared with the use of goldenrod in the manufacture of rubber, because in a ton of steel there are only 14 pounds of manganese used, and if we use American manganese it costs 1 cent a pound extra, which would add 14 cents to the cost of a ton of steel.

Mr. ASHURST. I thank the Senator for his contribution.

Mr. LEWIS. Mr. President——

Mr. ASHURST. I yield to the Senator from Illinois.

Mr. LEWIS. Mr. President, I ask the Senator from Arizona, known as he is to all of us on both sides as an historian of his party, as well as a practical follower of his party, to recall and state if he does not——

The PRESIDING OFFICER. Let there be order in the Senate.

Mr. LEWIS. Of course, Mr. President, no one ever expects a Senator to listen to any other Senator.

Mr. ASHURST. Mr. President, I always listen with instruction and delight to my able friend from Illinois.

Mr. LEWIS. I was only remarking that an innovation such as intimated by the Chair should really not be put upon Senators ever to listen to anybody except themselves.

Mr. President, I return to my observation, and ask my able friend from Arizona if he will not state to this honorable body on both sides that it is a mistake to indulge the idea or make the accusation that the Democratic Party was ever for free trade.

Mr. ASHURST. The Senator is correct.

Mr. LEWIS. It never was, and it never has subscribed itself to such a doctrine as a principle of government.

Mr. ASHURST. I thank the Senator. He is correct.

Mr. LEWIS. May I not say in this connection that the theory——

The PRESIDING OFFICER. The Senate must be in order and the galleries will please be quiet or the Chair will clear them.

Mr. LEWIS. Mr. President, let me ask the Senator if it be not true that our theory has ever been a tariff not only legitimately for legitimate revenue but always as an incidental guardianship, which we speak of as incidental protection, and that the doctrine of John C. Calhoun and those who followed him, which was a doctrine addressed to those who early engaged in agriculture and who, having to purchase many things before manufacturing became an incident to our own development, demanded reductions and adjust-

ments of tariffs as to such commodities imported; but there never was in the policy of the Democratic Party, since the Republic was founded, the doctrine of free trade, in the sense in which the expression is used.

Mr. ASHURST. The Senator is correct. He referred to one of the most eminent of Americans, one of the purest of statesmen, John C. Calhoun. I have always had before me a sentence in substance from John C. Calhoun: Every man and every institution in our country should bear alike the burdens of government and receive alike its benefits.

Now, Mr. President——

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

Mr. ASHURST. Yes.

Mr. VANDENBERG. I simply want to congratulate the Senator upon his able tariff analysis, and urge him to lift his voice loud enough so that Secretary of State Hull will be sure to hear him in London.

Mr. SMITH. Yes; exactly!

Mr. ASHURST. Mr. President, I have a great admiration for Secretary of State Hull. The personal relations between that gentleman and myself are so intimate and so cordial that they are almost brotherly in their affection. There is probably no man, outside of my own blood kin, whom I hold closer in friendship and intimacy that the able, pure-minded and high-minded Secretary of State, Mr. Hull. He knows my tariff views. I have in private conversation inflicted them upon him so often that I now suspect whenever I call upon him to engage in social converse he says to himself, "I hope Henry is not going to try again to impose some of his high-tariff doctrine on me." [Laughter.]

Mr. President, getting back to John C. Calhoun, he began his life as a protectionist.

Mr. SMITH. And regretted it ever afterwards.

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

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

Mr. ASHURST. I yield.

Mr. FESS. It is interesting to recall that John C. Calhoun was the author of the Tariff Act of 1816.

Mr. ASHURST. The Senator is correct.

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

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from South Carolina?

Mr. ASHURST. I yield.

Mr. SMITH. The Senator has been a close student and he doubtless is aware that John C. Calhoun lived the remainder of his life regretting the horrible blunder he made when he advocated a protective tariff for infant industries, and he spent the last years of his life in a magnificent fight against that fatal error.

Mr. ASHURST. Mr. President, I said that John C. Calhoun began his career as a high-tariff man, and, as the able Senator from Ohio [Mr. FESS] suggested, Calhoun piloted through the Congress the protective-tariff bill in 1816. Now the scholarly Senator from South Carolina [Mr. SMITH], a worthy follower of John C. Calhoun, suggests that Mr. Calhoun regretted such action the remainder of his life.

Mr. President, there is no one here who has not many private regrets. So Mr. Calhoun was not an exception in that regard. Being a pure man, a man of conscience, if he believed he did wrong, he naturally would regret it——

Mr. SMITH. Mr. President, will the Senator yield to me at that point?

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from South Carolina?

Mr. ASHURST. I yield.

Mr. SMITH. Mr. President, the historical connection which forced John C. Calhoun into that error was the War of 1812, as the Senator knows. At that time there was evidence of the fact that in the days of our infancy as a nation, when we had but lately emerged from the struggle for liberty and had but lately achieved victory, there was need for some manufactures. Mr. Calhoun advocated protection—that is, that the Government should lend whatever credit it might have to the development of those things of which during the War of 1812 it became evident we stood so sorely in need. It was, however, only to be a temporary aid, in order to secure such development and to produce commodities which were not then manufactured to any extent in this country. Under those circumstances he did agree to a tariff and specified the commodities that should be protected, which were those that we had not even begun to manufacture and supply for ourselves; but he opened the door to the inordinate greed that has brought us to the horrible conditions from which we are suffering today, the rule of the corporations, which alone, under the very principle of the tariff, can be benefited by it. The masses of the American people have from time to time in their disorganized condition attempted to stem the tide of the bleeding of all the nations for the benefit of the few. Like a patriot, Calhoun deplored the fact, while he had merely lent his support when he thought it was necessary for the protection of his Government from an invading foe, that he had lent himself temporarily to a thing that has devastated America, and I thought drew the line between the two parties.

I do not know where, in the name of God, I am now; I thought that I belonged to the Democratic Party, but if the doctrine I hear here today is the doctrine of the Democratic Party I am a man without a party; but, thank God, there are some faithful ones left yet, and in spite of the fact that copper is produced in Arizona real, genuine Democrats are produced in South Carolina. [Laughter.]

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Illinois?

Mr. ASHURST. I yield.

Mr. LEWIS. Mr. President, as I accept the courtesy of the Senator from Arizona, I regret that we have awakened from the eminent Senator from South Carolina rather an assault upon the views which we represent, and something of indignation and resentment at the views which we say the ancient eminent statesman from South Carolina, Mr. John C. Calhoun, represented. But, Mr. President, since my good friend from Arizona allows me to interpolate some remarks in the midst of his observations, let me say that time does make changes in statesmen, and while the eminent Senator from South Carolina may doubt as to where he stands today, he must reckon that the whole world has been going through such a metamorphosis that none of us can say that we will be tomorrow the same as we were yesterday. If we are to speak the facts of history, lest we shall be held up to a new generation as a party which represented free trade and favored opening our ports to all the world to inundate with their goods our own people, let it be said that so far as he spoke for the Democratic Party—for Mr. Calhoun was not much of a Democrat; he was very much a statesman, but a man who had not reached the point of acknowledged democracy representing equality of opportunity or equality of manhood—those two things he did not advocate. The regret which was in the life of Mr. Calhoun is not as my eminent friend from South Carolina now recalls and describes. It was because in a tempting moment he became an advocate of Henry Clay's tariff of 8 percent proposal, with gradual increase. It was in his advocacy of Henry Clay and that which Mr. Clay subsequently claimed that he stood for in union of States and central power controlling the United States. It was that which embarrassed Mr. Calhoun, for which, as the eminent Senator from South Carolina well says, there were days of regret, but it was regret because of the position he took which justified Mr. Clay in his Presidential campaign in charging him both with motives and objects that were foreign to his purpose. His purpose was the legitimate protection of American industry and not the advocacy of the candidacy or principles of Mr. Clay. There is where the distinction as to politics and theory lies.

Mr. ASHURST. Mr. President, I now speak of another equally distinguished statesman, probably the premier of all America's orators—whose voice boomed like a golden bell

hung in the canopy of the sky—Daniel Webster. He began as a Representative from Massachusetts as a freetrader.

A Senator near me, the Senator from Illinois [Mr. LEWIS], suggests he was from New Hampshire. The Senator is correct. Webster was once a Representative from New Hampshire, and originally was a freetrader.

Mr. FESS. Mr. President——

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

Mr. ASHURST. Of course I yield to the Senator from Ohio.

Mr. FESS. Daniel Webster was born in New Hampshire, but he moved to Boston and represented a district in Massachusetts in the Congress.

Mr. ASHURST. I am not going to quarrel with or be drawn into any controversy with the learned Senator from Ohio as to whether or not Daniel Webster served in Congress from New Hampshire, but I will be presumptuous enough to say that he was once a Representative from New Hampshire. I beg the Senator's pardon for disagreeing with him, but I am quite sure of my statement. Anyway, whether Daniel Webster was once a Representative from New Hampshire or not, he was once a freetrader.

The logic of events addressed themselves to the intellect and conscience of Daniel Webster; he became a high-tariff man and spent some unpleasant moments later remembering that he had been a freetrader.

Mr. SHIPSTEAD and Mr. COSTIGAN addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Arizona yield; and if so, to whom?

Mr. ASHURST. I yield first to the Senator from Minnesota.

Mr. SHIPSTEAD. I have in my office a letter written in 1828 by Mr. Lawrence, of Massachusetts, to Daniel Webster, who was then a Senator. The letter was addressed to Mr. Webster and had reference to the then pending tariff bill which had just been reported to the Senate by the Finance Committee. Mr. Lawrence expressed approval of that tariff bill of 1828 and said if it could be passed by the Congress in the form in which it had been reported by the Finance Committee, he could assure Mr. Webster that the West and the South would be mortgaged to New England for the next 100 years.

Mr. ASHURST. I thank the Senator.

Mr. COSTIGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Colorado?

Mr. ASHURST. I yield.

Mr. COSTIGAN. While Daniel Webster adjusted himself to the growing protectionist sentiment of Massachusetts, in his later life it has always been the contention of historians that he never turned his back upon his original argument in favor of freer commerce. My trouble with the argument of the distinguished Senator from Arizona is that I fear he has left out of his proposed amendment what would appear to be implicit in his argument, namely, a provision that those who interfere with his embargo shall be subjected to an inquisition, drawn, quartered, and finally thrown to the sharks. [Laughter.]

Mr. ASHURST. The able Senator from Colorado always speaks to the point and with great pungency, but those who will be thrown to the sharks will be those industries that have to compete with the cheap labor and cheap methods of foreign countries that do not have our standards of living.

Mr. FESS. Mr. President, will the Senator from Arizona yield at that point?

Mr. ASHURST. Very well.

Mr. FESS. I want to correct an error into which I fell. I was not aware that Webster had ever been elected a Representative from New Hampshire. I find that he was elected for two terms and then moved to Massachusetts and was elected from Massachusetts to the Senate.

Mr. ASHURST. The Senator is frank and manly. It is additional evidence that even Homer sometimes nods! I have learned, as a Senator once said to me, that even I do not know it all. [Laughter.]

James Madison was a good Democrat in his day. No one questions his democracy. He piloted through the House our first tariff bill. Madison was denied a seat in the Senate. Virginia, for good reasons of her own, sent two other renowned men to the Senate and did not send James Madison, but Madison secured a seat in the House and, in the Congress which assembled in 1789, he piloted, I repeat, the first tariff bill through the House. Madison was 8 years Secretary of State under Jefferson, 8 years President of the United States. Let me read the preamble of that bill:

> Whereas it is necessary for the support of the Government, for the discharge of the debts of the United States, and for the encouragement and protection of manufacturers that duties be laid on goods, wares, and merchandise imported: Therefore be it enacted—

And so forth. Mr. President, I conclude by inquiring how will the shingle mills of Oregon, how will the shingle mills of Washington survive against the lumber of Russia? How will the manganese producers of America survive against the manganese produced by the forced, conscript labor of Russia? How will the copper industry survive against the importations of foreign copper produced by labor which is paid 40 cents a day, and where the ores are, in some cases, four times as rich as some of our own ores?

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

Mr. ASHURST. Yes.

Mr. SHIPSTEAD. The only question is whether or not the American people and this Government are willing that the steel manufacturers shall have an extra cost of 14 cents a ton on steel by reason of using American manganese.

Mr. ASHURST. Mr. President, I apologize for consuming so much time. I ask that the language be restored, and that the committee amendment be rejected.

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

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from West Virginia?

Mr. ASHURST. I yield to the able Senator.

Mr. HATFIELD. Does the Senator remember the title that was given to the first tariff bill by James Madison?

Mr. ASHURST. Yes; I read it just a few moments ago when the Senator was not in the Chamber.

Mr. HATFIELD. Does the Senator remember the observations made by the then President, George Washington?

Mr. ASHURST. I do not for the moment recall them.

Mr. HATFIELD. May I read them to the Senator?

Mr. ASHURST. I shall be glad to have the Senator do so.

Mr. HATFIELD. This protective tariff worked so well that President Washington, in a subsequent message, said:

> Agriculture, commerce, and manufacturer prosper beyond example. Every part of the Union displays indications of rapid and varied development, and with burdens so light as scarcely to be perceived. It is not too much to say that our country presents a spectacle of national happiness never surpassed.

Mr. ASHURST. Mr. President, in conclusion, surely the American citizen has a right to his own market, and that is all I am asking by restoration of the language, viz, that the American citizen shall have the benefit of his own market and shall have the preference instead of the foreigner.

The PRESIDING OFFICER. Does the Senator from Arizona move to reconsider the vote by which the committee amendment was agreed to?

Mr. ASHURST. I ask unanimous consent to that end. I ask that the vote by which the amendment was agreed to may be reconsidered.

The PRESIDING OFFICER. The Senator from Arizona asks unanimous consent that the vote by which the amendment on page 28, beginning in line 11, was agreed to may be reconsidered.

Mr. HARRISON. Mr. President, I think in fairness to the Senator the vote ought to be reconsidered, but I think after its reconsideration the action of the committee should be upheld by the Senate. The only reason why the Senate committee took action in striking out the language was be-

cause of the law that has already been enacted and too, at the insistence of the Secretary of War who stated in a letter to me that the adoption of the language would slow up a speedy starting of the program.

Mr. ASHURST. Mr. President, has the Senator the letter?

Mr. HARRISON. Yes; and I ask unanimous consent that the letter and a letter from the Secretary of State may be inserted in the RECORD. I hope the action of the Senate committee will be upheld by the Senate.

The PRESIDING OFFICER. Without objection, the letters referred to by the Senator from Mississippi will be inserted in the RECORD.

The letters are as follows:

DEPARTMENT OF STATE,
Washington, May 29, 1933.

The Honorable PAT HARRISON,
United States Senate.

MY DEAR SENATOR HARRISON: I wish to call to your attention section 205 (b) of the Industrial Recovery Act introduced in the Senate May 27, which reads as follows:

"No articles, materials, or supplies shall be acquired for public use or for use upon or in State, municipal, or private projects financed in whole or in part by Federal funds, under this or other acts of Congress, unless such articles, materials, or supplies have been manufactured in the United States of articles, materials, or supplies mined or produced in the United States, if available at a reasonable cost."

On May 12 this Government joined seven other governments represented in the Organizing Committee for the Monetary and Economic Conference in an agreement not to adopt any new initiatives which might increase the many varieties of difficulties now arresting international commerce. This provision in the Industrial Recovery Act would appear to be a new initiative substantially adding to the difficulties now arresting international commerce. Similar provisions in State legislation have recently been given great publicity in the Paris press and this enactment could hardly fail to produce a strong reaction detrimental to our efforts to obtain the removal of trade barriers.

I doubt that this limitation on the sound discretion of administrative officials serves any useful purpose. In some cases it would probably prove detrimental to the best administration of projects financed by Federal funds. The important thing, however, is that the enactment of a mandatory provision of this kind at this juncture would be a highly inflammatory gesture from an international point of view. This is not an appropriate time for substantial cancelation of our free list by indirect protectionism.

Sincerely yours,

CORDELL HULL.

WAR DEPARTMENT,
Washington, May 29, 1933.

Hon. PAT HARRISON,
Chairman Senate Finance Committee,
United States Senate.

DEAR SENATOR HARRISON: It has been brought to the attention of the War Department that there has been incorporated in H.R. 5755, which is a bill to encourage national industrial recovery, etc., section 205 (b), on page 19, lines 11 to 18, inclusive, which is as follows:

"(b) No articles, materials, or supplies shall be acquired for public use or for use upon or in State, municipal, or private projects financed in whole or in part by Federal funds, under this or other acts of Congress, unless such articles, materials, or supplies have been manufactured in the United States of articles, materials, or supplies mined or produced in the United States, if available at a reasonable cost."

Title III of Public 428, Seventy-second Congress, approved March 3, 1933, contains a provision requiring the use of domestic materials in Government purchases and public works, with certain exceptions and limitations. For your convenience, section 2 of this title relating to the procurement of supplies is quoted:

"SEC. 2. Notwithstanding any other provision of law, and unless the head of the Department or independent establishment concerned shall determine it to be inconsistent with the public interest, or the cost to be unreasonable, only such unmanufactured articles, materials, and supplies as have been mined or produced in the United States, and only such manufactured articles, materials, and supplies as have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States, shall be acquired for public use. This section shall not apply with respect to articles, materials, or supplies for use outside the United States, or if articles, materials, or supplies of the class or kind to be used or the articles, materials, or supplies from which they are manufactured are not mined, produced, or manufactured, as the case may be, in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality."

Section 3 of this title provides that a similar provision shall be contained in every contract for the construction, alteration, or repair of any public building or public work in the United States.

It will be noted that the proposed section in the National Industrial Recovery Act differs from title III of Public 428 in the following particulars:

(1) It does not provide that the head of department or independent establishment concerned may determine such purchase to be inconsistent with the public interest.

(2) While the proposed act includes the words "if available at a reasonable cost", it does not provide for the determination of that fact by the head of the department or independent establishment nor does it provide who shall determine that question.

(3) The proposed act limits the purchases to manufactured articles only while the act of March 3, 1933, covers not only articles manufactured in the United States but also such unmanufactured articles, materials, and supplies as have been mined or produced in the United States.

(4) The proposed act does not provide that if articles, materials, or supplies of the class or kind to be used, or articles, materials, or supplies from which they are manufactured are not mined, produced, or manufactured, as the case may be, in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality that articles of foreign origin may then be procured.

In other words, the proposed section would change completely the provisions of title III of the act of March 3, 1933, which has been in effect in all Government establishments since that date.

The proposed section in H.R. 5755 would be very difficult, if not entirely impracticable, of administration. This statement is based upon the efforts now being made to carry out the more liberal provisions of title III of the act of March 3, 1933. Manufactured articles are complex in their nature, and the task of determining in each purchase the origin of all the components that may enter into an article will present great difficulties to the purchasing agencies and also to the commercial concerns who are attempting to transact business with the Federal departments. Ordinarily, merchants do not know the genealogy of the goods being sold by them. Even manufacturers must go back through one or more steps in the chain of supply to determine the real origin of the materials entering into the product produced by themselves.

In consequence, the proposed section, if enacted into law, will seriously impede the execution of all projects in which any Federal funds are involved. It is believed that the purpose of the industrial-recovery bill is to speed national economic improvement.

It is undisputed that in all construction projects there must be used a certain amount of foreign materials. This is inescapable because certain essential materials are not produced in the United States at all; or, if so, the domestic production is limited in quantity. For example, rubber, platinum, chromium, jute, tin, asbestos, mercury, tungsten, etc., must be used. It is true that the quantities involved may be small, but the proposed restriction makes no exceptions and rests the determination solely upon the question of cost. This can only be determined by inviting bids and comparing those submitted. Therefore, if the agencies of the Government must withold action upon every purchase until a determination can be made whether any bidder expects to use foreign materials, interminable investigations, delays, and disputes will result.

In short, the opinion of the War Department is that the proposed section of H.R. 5755, quoted above, would tend to defeat the purpose of the act.

A further difficulty that is anticipated in the administration of such a provision is the question as to who will determine the only qualifying condition, namely, "if available at a reasonable cost." The existing law provides that agencies of the executive departments are authorized to make determinations of questions that arise under the law. It is the view of the War Department that this duty should be reposed in the head of the department or independent establishment concerned in the transaction who is charged with and is responsible for the results. Otherwise the business of the Government will suffer because of delays in the possible reference to one official of the multitudinous cases that will arise under such a law. It is believed that the heads of the departments and establishments of the Government may be safely trusted to safeguard the interest of American business whenever the law gives them the necessary authority to do so.

Inasmuch as the various Government departments and establishments are now operating under title III of the act of March 3, 1933, and the intent of the proposed act is apparently to extend the restriction of such purchases to articles, materials, or supplies purchased for use upon or in State, municipal, or private projects financed in whole or in part by Federal funds, it is suggested that if such is the purpose of this section the expeditious and simple method of so doing would be to provide expressly that the pertinent provisions of title III of the act of March 3, 1933, shall extend and apply to all cases contemplated by the section here under consideration.

The War Department in submitting this letter desires only to bring the foregoing matters to the attention of Congress in order that these aspects of this law may be considered before final enactment.

Sincerely yours,

GEO. H. DERN, *Secretary of War.*

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arizona that the vote by which the committee amendment was adopted shall be reconsidered? The Chair hears none, and it is so ordered.

Mr. ASHURST. Mr. President, the Senate has been so patient and kind that I am not going to offend by speaking any longer more than to say that in my judgment the pres-

ent law is not efficacious. Unfortunately the department takes refuge behind the language of the present law, wherein it is provided "if it would unreasonably increase the cost." By their mere ipse dixit they say it would increase the cost and hence they buy foreign materials. I ask that the language be restored and that the committee amendment be rejected.

The PRESIDING OFFICER. The clerk will report the amendment of the committee.

The CHIEF CLERK. On page 28 the committee proposes to strike out lines 11 to 18, both inclusive, as follows:

(b) No articles, materials, or supplies shall be acquired for public use or for use upon or in State, municipal, or private projects financed in whole or in part by Federal funds, under this or other acts of Congress, unless such articles, materials, or supplies have been manufactured in the United States of articles, materials, or supplies mined or produced in the United States, if available at a reasonable cost.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

Mr. ASHURST. On that I respectfully ask the yeas and nays.

The yeas and nays were not ordered.

Mr. ASHURST. Mr. President, that forces me to do that which I very much regret to do. I am forced to speak at enormous length if I am not to have the yeas and nays.

Mr. HARRISON. I understood the yeas and nays were ordered.

The PRESIDING OFFICER. No; the Chair announced there was not a sufficient number seconding the demand.

Mr. HARRISON. I ask unanimous consent that the count be taken again on the demand for the yeas and nays.

The PRESIDING OFFICER. Is the demand for the yeas and nays seconded?

The yeas and nays were ordered.

Mr. LONG. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LONG. Are we voting "yea" to retain the language?

The PRESIDING OFFICER. The question is on the committee amendment which strikes out the language on page 28 beginning in line 11. Those favoring striking it out will vote "yea" and those favoring its retention will vote "nay." The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SMITH. Mr. President, there seems to be confusion in the Senate as to just what the yeas and nays signify.

The PRESIDING OFFICER. The Chair will restate the question.

The question is on the adoption of the committee amendment on page 28, striking out the language contained in the bill. Those in favor of striking it out will vote "yea." Those opposed will vote "nay."

Mr. ROBINSON of Indiana (when his name was called). In the absence of the junior Senator from Mississippi [Mr. STEPHENS], with whom I have a general pair, and not knowing how he would vote, I withhold my vote.

The roll call was concluded.

Mr. LEWIS. Mr. President, I desire the attention of the Senator from Rhode Island [Mr. HEBERT] to ask if my eminent friend desires to read out the list of missing fellow seamen from the second cabin. [Laughter.]

Mr. HEBERT. Mr. President, I am informed that we have no announcements to make regarding pairs this morning. I desire to announce, however, that the Senator from Delaware [Mr. HASTINGS] is detained from the Senate on official business.

Mr. LEWIS. I announce the absence of the Senator from Nebraska [Mr. THOMPSON], who is engaged at the White House on official business.

Mr. FESS. I desire to announce that the senior Senator from Oregon [Mr. MCNARY] is unavoidably detained from the Senate. Were he present he would vote "yea."

Mr. KENDRICK. I wish to announce the absence on official business of the Senator from Virginia [Mr. BYRD], the Senator from Wisconsin [Mr. DUFFY], the Senator from Florida [Mr. FLETCHER], and the Senator from Mississippi [Mr. STEPHENS].

The result was announced—yeas 48, nays 35, as follows:

YEAS—48

Bailey	Copeland	Kean	Pope
Bankhead	Costigan	Keyes	Reed
Barkley	Cutting	King	Robinson, Ark.
Black	Dieterich	La Follette	Sheppard
Bratton	Dill	Lewis	Smith
Bulkley	Fess	Logan	Thomas, Okla.
Bulow	George	Lonergan	Thomas, Utah
Byrnes	Goldsborough	McAdoo	Townsend
Carey	Gore	McKellar	Tydings
Clark	Hale	Metcalf	Wagner
Connally	Harrison	Murphy	Walcott
Coolidge	Hebert	Norris	Walsh

NAYS—35

Adams	Caraway	Long	Schall
Ashurst	Dale	McCarran	Shipstead
Austin	Davis	McGill	Steiwer
Bachman	Dickinson	Neely	Trammell
Barbour	Erickson	Nye	Vandenberg
Bone	Frazier	Overton	Van Nuys
Borah	Hatfield	Patterson	Wheeler
Brown	Johnson	Reynolds	White
Capper	Kendrick	Russell	

NOT VOTING—13

Byrd	Glass	McNary	Robinson, Ind.
Couzens	Hastings	Norbeck	Stephens
Duffy	Hayden	Pittman	Thompson
Fletcher			

So the amendment of the committee was agreed to.

Mr. HARRISON. Mr. President, last night, when the Senate adjourned, there was a road amendment pending. I should like to have us return to that matter, if the amendment may be stated.

The PRESIDING OFFICER. Without objection, the Senate will return to the consideration of the amendment referred to by the Senator from Mississippi, which will be stated.

The CHIEF CLERK. On page 23, line 16, after the word "States", it is proposed to strike out the comma and the words "three fourths."

Mr. AUSTIN obtained the floor.

The PRESIDING OFFICER. Let the Chair state the question.

The question is on agreeing to the committee amendment on page 23, line 16, to strike out the words "three fourths."

Mr. AUSTIN. Mr. President, I desire to say just a few words in support of the committee amendment.

For the purpose of the RECORD of the Senate on this subject, I should like to call attention to page 4365 of the RECORD of the House, which contains a table of States and columns representing the effect of the change in the allocation of these funds which would have occurred had the bill remained without the amendment proposed by the committee.

Mr. WALSH. Mr. President, will the Senator state again the page to which he refers?

Mr. AUSTIN. Page 4365 of the RECORD.

Mr. WALSH. I thank the Senator.

Mr. AUSTIN. From that table it is perfectly apparent that the distribution of assistance which is intended by this great measure will be largely curtailed if we do not assent to the committee amendment. Some 30 States of the Union will have their allotments reduced materially if we do not adopt the committee amendment, and 16 or 17 States of the Union will have their allotments greatly increased if we do not adopt the committee amendment.

What does this mean in terms of relief?—for this is principally a relief measure.

Of course, it needs no argument whatever to have everyone admit that in terms of development, in terms of highway construction, the committee amendment would achieve the objective of broadly spreading the development all over the country, and making not only a more equitable allocation of the development but a much better allocation of it from the point of view of the general welfare. This, however, is a relief measure; and let us consider where we are at this moment with relief before we pass upon this amendment.

The Wagner-La Follette-Costigan bill, carrying the huge sum of $500,000,000 for relief to be expressed in gifts or

grants to the several States, contains this provision—and I refer to section 4—as follows:

Out of the funds of the Reconstruction Finance Corporation made available by this act the Administrator is authorized to make grants to the several States—

I omit the balance of the paragraph in order to have brought forward prominently the ratio of participation of the several States in this fund.

I read from subsection (b) of section 4, as follows:

Of the amounts made available by this act, not to exceed $250,000,000 shall be granted to the several States applying therefor, in the following manner: Each State shall be entitled to receive grants equal to one third of the amount expended by such State, including the civil subdivisions thereof, out of public moneys from all sources for the purposes set forth in subsection (a).

Mr. President, I shall conclude shortly, but I wish to have in the RECORD these facts. The effect of that law is to make the rich State richer and the poor State poorer. Let us consider the case of a State like Vermont. It finds itself in this situation under that law, that it cannot participate on anywhere near an equitable or reasonable basis with the great States of this Nation, because it has practically nothing as a foundation for drawing funds from this huge sum of $500,000,000 today. Those great States are able to employ, as a measure of the amount of money they can draw out of that $500,000,000, all of that sum which they obtained from the Federal Government and expended in ways of relief heretofore. But a State like the State of Vermont, which did not ask for and did not receive one single cent from the Federal Government to aid it in supporting its poor, unfortunate people, has not any such measure.

Mr. WAGNER. Mr. President, the allocation to which the Senator refers applies to only $250,000,000. In the case of the Senator's State, they will still get whatever additional sum is needed, of which the community itself cannot carry the burden, out of the second $250,000,000, because the allocation of that is purely upon need. I do not think the Senator intends to be inaccurate, but the allocation to which he refers applies only to one half.

Mr. AUSTIN. I have read the language of the measure, and there can be no confusion whatever about it. The Senator from Vermont is talking about that $250,000,000, and that measure which the law lays down for it, and that is one half of the total, $500,000,000. I am referring to it for this purpose, namely, to show that if we carry on in the same manner, with the amendment pending now in the Senate, we are still further crowding the small States right off into a corner and bringing forward the great States, with their large centers of population, which have reached into the Treasury and which will now reach in again, to the great disadvantage of the small States, if we do not adopt the committee amendment.

Mr. President, it should be remembered that in a rural State like the State of Vermont this contribution to highway construction is practically the only way in which the Federal Government can aid the State in relief of unemployment. Therefore we say that this amendment of the committee should be adopted in the interest of a broad, fair distribution of this relief over the entire country, reaching out into the rural communities, and attracting out into rural life people who seek employment and who are now in congested areas. The whole theory of relief would be benefited by adopting the committee amendment. I therefore hope that it will prevail.

Mr. LEWIS. Mr. President, may I ask the Senator from Vermont what proposition is before the Senate at this time which opposes the committee amendment?

Mr. AUSTIN. At the time of considering the committee amendment yesterday, a debate started favoring the rejection of the committee amendment. Thereupon a request was made by the Senator from Pennsylvania [Mr. REED] that that matter be postponed until later because of its controversial character. It has now come up again for consideration, and I have made such statements as I have made in this matter because I hope the committee amendment will prevail.

Mr. COPELAND. Mr. President, I feel almost ashamed to rise in my place to speak against the committee amendment. I have been much impressed by what the Senator from Vermont has said. I know how sincere he is, and it is distressing to me to appear to be in the position of opposing him, particularly to urge something for a rich State like mine.

The figures to which our attention has been called by the Senator from Vermont, found on page 4365 of the RECORD, appear to indicate that, if the committee amendment were defeated, my State would profit to the extent of $5,200,000. With apparent selfishness I must point out why, from my standpoint, we should defeat the committee amendment, in spite of the eloquent appeal of the Senator from Vermont.

It so happens that the States enumerated in this table which would profit by the defeat of the amendment are the industrial States. Who can question but that unemployment and human distress are greater in the industrial States than elsewhere?

Mr. HAYDEN. I question that very, very seriously. I think that the distress in the industrial sections, such as in the centers of population, where there are great newspapers and other avenues of publicity, has been more exploited than elsewhere in the country. I think, in all sincerity, that in small communities, in backward places, where the distress of the people is not generally widely known, there is just as much misery and just as much human suffering, in proportion, as in the industrial centers.

Mr. COPELAND. What my friend from Arizona has said makes it all the more difficult for me. My ears, unfortunately, are so attuned that I can hear a baby's cry, no matter in what State or in what country that baby lives. I suffer myself because of the misery of which I hear.

There is no misery anywhere like the misery in the cities. I was born on a farm and brought up in the country. Perhaps on that account the human suffering in the great, teeming centers makes more appeal to me, because it is so shocking to my sensibilities and to my traditions. But I have often said that when the people in New York suffer it is not like the suffering on a farm, where there are vegetables to be had. If the Senator from South Dakota [Mr. NORBECK] were here, I would not dare trot out the old rooster any more! I have said that one can go out and get an old rooster and parboil him and have something to eat; but with us, when there is hunger, there is nothing to eat but the sidewalks of New York.

Mr. WAGNER. Mr. President, in normal times, of course, I would not think of even citing this comparison, but during this emergency I think we ought to consider somewhat the respective contributions toward the unemployed. I would like to read right here, while the Senator is discussing that question, some figures as to that.

In the State of Arizona the amount per capita received in the distribution of this $400,000,000 is $13.47. In New York it is $1.60. The amount per unemployed worker in the State of Arizona, in the distribution of the $400,000,000 under the Highway Act, would be $123, and in New York it would be $10. If we adopted the House provision Arizona would receive $100 per unemployed worker and New York would receive $12. I wanted to show this extreme disparity, which I do not think ought to exist during this emergency period.

Mr. COPELAND. Mr. President, I thank my colleague for his contribution.

Mr. VANDENBERG. Mr. President, I think there is another factor which we are entitled to emphasize under existing circumstances. It is to be remembered that a substantial portion of the revenue is to come from a gasoline tax, and such taxes come in overwhelming degree from the larger States, which are now struggling with their own problems, and have an existing difficulty to find revenues within themselves with which to meet their own problems.

For example, if the Senator will permit me, if the gasoline tax which is included in this particular bill were to be continued for 15 years, which is the amortizing period to

pay the entire cost of the particular road projects which we are discussing, the following would be the net result of the arithmetic.

The State of New York would pay $111,000,000 in return for $20,000,000 of road rewards, whereas the State of Arizona—and I cite that only because the Senator from Arizona has invited the parallel—would receive $5,800,000 in return for only $4,000,000 during the entire period. Which is to say, that the State of Arizona would make an actual cash profit, in respect to this transaction, whereas States like New York, Michigan, and Ohio would suffer a stupendous net loss, no matter what methods were used for the allocation.

I think that in normal times we are not entitled to make that plea, and I would not think of making it in normal times, but at a time when the larger States are having all in the world they can do to make both ends meet, I submit we are entitled to consider that factor.

Mr. COPELAND. Mr. President, I thank the Senator. I am sorry, if I may be permitted to say it again, that we have to talk of things which are sordid. But in my city we are paying for poor relief, a direct gift by the city, seven and a half million dollars per month. We are paying in New York City for the care of a million families about $90,000,000.

This is a serious thing, let me say, and, while the amount involved in the amendment, so far as my State is concerned, is small compared to our needs, yet, after all, the additional $5,000,000 to our receipts would mean much in promoting human relief and the preservation of self-respect.

It is not good for people to have to be given money; it is not good for people to be on the dole. Every American citizen is entitled to work at a decent wage. The good thing about road work, as I see it, is that about 90 cents out of every dollar is used to pay for labor.

I must not detain the Senate. I wish that my State, generous as it is, might be free from the need of any appeal whatever, and that I might be authorized by my State to say, "We will foot the whole bill." But we have the same troubles in the great State of New York that people have in other States. New York City is looked upon as a very wealthy city. As a matter of fact, the wealth is in the hands of a comparatively few men. The poverty and the human suffering in New York are as great as anywhere on earth.

This contribution and this difference in arrangement will make a difference of $5,000,000 to my State; it will mean that for 20 or 30 days human beings there can earn money and be preserved from the indignity of taking relief from charity. So my appeal is that the Senate be generous with us.

Let me remind the Senator from Arizona [Mr. HAYDEN], who is always eager to help his State and his section—and I honor him for it, and no man does his work here more intelligently or more diligently than does the Senator from Arizona—that in this bill we are providing $50,000,000 for trails and for forests, things which we cannot have in my section of the country. But if we shall be given this additional sum, and be permitted to share a little more generously in the distribution provided by the bill, it will mean relief of human suffering in a State where there is just as much human suffering as there is anywhere else in the Nation.

Mr. BRATTON. Mr. President, I hope the committee amendment will prevail. It is designed to conform the apportionment of this fund to the system which has prevailed with respect to the Federal highway program ever since it was initiated many years ago. It was thought then to be fair and equitable and just among the several States, and I see no reason for making a distinction between this situation and those which have preceded it. Why should we depart from the basis of allotment heretofore existing? Why should we invoke a new system? Why should we disrupt the uniformity of the system that has obtained for more than 15 years?

This provision in the measure, Mr. President, is simply to expand Federal-aid highway construction. The present system has been found to be satisfactory; it has been found to be equitable among the several States, having regard for their population, for their area, and for other factors taken into consideration.

Of course, Mr. President, unusual conditions beset us on every hand; indeed, an abnormal situation surrounds us all; but why should we depart from the well-settled and well-understood system which has obtained through the years? If we disrupt that now, on the next occasion some other departure will be suggested. Mr. President, we may well adhere to the system already tried and found satisfactory.

It has been urged that some 18 States will lose under this new basis of apportionment and that about 30 States will gain. Mr. President, I hope I should be the last one in this body who would say anything intended to array one State against another or to array one group of States against another group; each one of us should refrain from doing that. The system, founded about 20 years ago, has been operated since that time upon a basis of apportionment which has worked satisfactorily; it has proven to be equitable. I cannot see why present circumstances should move the Congress to depart from that system and that plan of apportioning funds for the construction of Federal-aid highways.

The committee amendments are intended to conform the apportionment of this fund to that heretofore existing.

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

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

Mr. BRATTON. I yield.

Mr. WAGNER. The Senator appreciates that, of course, I have always voted in favor of highway appropriations, to be allocated according to the present law?

Mr. BRATTON. Yes.

Mr. WAGNER. Under normal circumstances, of course, it is a very fair apportionment, but in this emergency we are not in a normal situation; we ought to consider the general unemployment situation and the places where unemployment is most intense. Under ordinary circumstances, I would not make this comparison, but I think we ought to consider it in deciding upon this amendment. On the basis of a one-fourth apportionment according to population, the State of New Mexico would get for each unemployed worker $155.13, while the State of New York, even according to the one-fourth apportionment according to population, would get but $12 per unemployed worker. So we are only seeking a very slight increase of what our apportionment would be according to law. It seems to me that the Senator ought to consider that point, and I want to arouse his generous impulses to the extent of helping our populated centers by this slight increase in aid.

Mr. LA FOLLETTE. Mr. President, will the Senator from New Mexico yield to me?

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Wisconsin?

Mr. BRATTON. I yield.

Mr. LA FOLLETTE. Of course, it is not possible to build up on the table referred to by the Senator from New York, but I venture the assertion that if it were—in other words, if a table showing the entire distribution of the $3,300,000,000 could be formulated at this time, no such discrepancy in the distribution according to the unemployed worker would be shown in that table, for this reason: Under this bill a large part of the money available under the program will no doubt be allocated to cities, counties, and States for carrying on public-works projects other than roads. Therefore they will no doubt get the major portion of that part of the program. On the other hand, the less populous communities, with fewer municipalities, fewer public works other than roads to be built, will have to rely for their unemployment relief chiefly upon the distribution of the money for road work.

Certainly no one in this body will question my interest in unemployment relief and in putting people back to work; and I think I am perfectly justified in saying that upon the basis of this bill, unless the committee amendment shall be

sustained, those communities which are not able to qualify or to furnish projects other than roads will suffer great hardship. Therefore I believe the contention of the Senator from New Mexico is absolutely correct.

Mr. BRATTON. Mr. President, I welcome the observations of the Senator from Wisconsin. No one in this body has given more earnest or prolonged consideration to the subject of unemployment relief than has the Senator from Wisconsin; indeed, few of us have devoted ourselves to that problem, even in a comparable sense, to the manner in which he has labored with it.

Let me say to my friend from New York preliminarily that I recall how he has supported the Federal-aid highway appropriation from year to year. That, Mr. President, was characteristic of the Senator from New York; but let me say to him that if every dime of the $3,300,000,000 of Federal-aid highway money provided in this measure were expended in the 30 States that will gain, and not a dime of it were expended in the 18 States that will lose, I assert with every ounce of sincerity at my command that the 18 States would still benefit more than would the 30 States which would gain if the committee amendment should prevail, because highway construction is the major benefit under this measure to the sparsely populated States of the Southwest, and the Middle West, and the Northwest. That is not true of the industrial centers. They will benefit otherwise under this bill; they will get their share, and perhaps more than their share, under the proposed legislation, and I do not begrudge them any part of it.

What I do insist upon is that we adhere to the system heretofore obtaining with respect to the allotment of Federal-aid money, because even then the 30 States that will gain under the table to which reference has been made will not share disproportionately to the 18 States which will lose. The latter States will enjoy their share, and perhaps more, under other provisions of the proposed legislation.

So let us not array one group of States against another; let us not discuss this question from a selfish standpoint. If we have our share under this provision and other States enjoy theirs and more under the other provisions, let us all cooperate in the hope that all will enjoy the fullest measure of benefit possible under the legislation as a whole.

Mr. COPELAND. Mr. President——

Mr. BRATTON. I yield to the Senator from New York.

Mr. COPELAND. The Senator was always a just judge, and he will be a just judge to the end of his days.

Mr. BRATTON. I thank the Senator more than can be expressed in words.

Mr. COPELAND. My deep regret is that he is leaving the Senate. The Senator from New Mexico has honored this body; he has won the affections of his fellow Senators, and he has shown always by his fairness and justice and generosity how kind a man he is.

Now, let me ask the Senator, Would he be willing to compromise this matter and have one half of the sum set aside in accordance with the provisions of the Federal Highway Act and the other half in the ratio of population?

Mr. BRATTON. Mr. President, before answering the Senator's question, let me say that words would be empty and fruitless if I undertook to employ them to express my appreciation for his encomiums of me, and I return with compound interest the affection he has expressed. Let me say to him that I believe, if the committee amendment shall be adopted and the system heretofore existing shall continue, his State will enjoy its full share, and probably more; and I am happy in the thought that it will be so, because I know, Mr. President, that the Senator's State has suffered tremendously during the crisis through which we have been passing. The Senator from New York has told us from time to time of the distress and the suffering and sacrifice of the people of his State. We all join him in a deep feeling of keen interest in the matter. But, Mr. President, even with the committee amendment sustained by the Senate, the State of New York, so ably represented by both Senators from that State, will enjoy its full share of the benefits. I hope the amendments of the committee may prevail.

Mr. WALSH. Mr. President, the case in favor of the House provision is admirably stated in letters sent to members of the Finance Committee by A. W. Brandt, State highway commissioner of New York State. May I read it? It is as follows:

MAY 29, 1933.

Hon. PAT HARRISON,
United States Senate.

MY DEAR SENATOR HARRISON: The House when it passed the public works bill provided that the $400,000,000 authorized under section 204 should be allocated to the States, three fourths on the basis of the Federal Highway Act and one fourth on the basis of population. This method of allocation was endorsed by a subcommittee representing the executive committee of the American Association of State Highway Officials. It was accepted by the President and included in the bill transmitted to Congress. Copies of this bill were sent to all State highway officials, and not one protest against the method of allocation has been received.

The American Association of State Highway Officials realizes that this is not in the strict sense of the word a public works bill, but is an emergency relief measure, and that more consideration than the Federal Highway Act provides should be given to the unemployed in each State.

I am attaching hereto several copies of a tabulation showing the amount per capita by States that this $400,000,000 provides as well as the amount per gainful worker and the amount per unemployed worker under the provisions of the Federal Highway Act. You will notice that the State of Massachusetts—

The writer uses the State of Massachusetts for illustration, though as a matter of fact he appears to be the State highway commissioner of New York State—

You will notice that the State of Massachusetts receives $7.69 for each unemployed worker under the provisions of the Federal Highway Act, while the State of Nevada receives $362.24 for each unemployed worker, nearly 50 times as much. Certainly there is nothing equitable in the way of relief in any such allocation as that. The fourth column of this tabulation shows the amount that each unemployed worker receives on the basis of three fourths of the money allocation under the Federal Highway Act and one fourth on the basis of population. That is by no means an equitable distribution; that is, the State of Massachusetts will only receive $10.42 per unemployed worker, while the State of Nevada receives $276.80 per unemployed worker.

As a member of the committee representing the State highway officials I urge that your committee oppose any effort to change the allocation in the bill as passed by the House. I am sure by looking over this tabulation the members of your committee will agree that the sparsely settled States are being treated more than fairly, and that if there is any just grievance it is in the States which are densely populated, where the intensity of unemployment is the greatest.

I am also attaching hereto a chart showing the intensity of unemployment in each State.

Very truly yours,

A. W. BRANDT,
For the Committee Representing American Association of State Highway Officials.

Mr. President, the table which I will annex to my remarks shows but little shifting in benefits to any State. To be sure, the sparsely settled States with large areas lose some of the allotment they receive under the Senate committee amendment, but the more populous States, where unemployment is greater, receive a small increase by virtue of the House text.

Let me present some of these figures. Alabama receives $59.63 per unemployed worker under the provision of the Senate committee amendment, while under the provision of the House text Alabama would receive $59.81. California, under the provisions of the Senate committee amendment, would receive $17.20, against $16.42 per unemployed worker under the House text; Connecticut, $14.16, as against $11.29. If I cared to take the time of the Senate to make further comparisons between the two provisions and the amount that each State would receive per unemployed person, I would be able to show a very small reduction in the large amounts allotted to the sparsely settled States and only a small increase to the populous States because of the very large number of unemployed people in those States. Certainly no harm will be done to the smaller States by retaining the House provision and rejecting the Senate committee amendment.

I ask permission to insert in the RECORD at this point the table referred to in the letter which I have just read.

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

State	Apportionment of $400,000,000 on the basis of sec. 21 of the Federal Highway Act			Amount per unemployed worker; apportionment on basis of three quarters, sec. 21, Federal Highway Act, and one quarter on population
	Amount per capita	Amount per gainful worker	Amount per unemployed worker	
Alabama	$3.22	$8.31	$59.63	$59.81
Arizona	13.47	35.51	123.82	100.36
Arkansas	3.78	10.49	78.61	75.92
California	2.74	6.22	16.42	17.20
Colorado	7.27	18.69	49.02	42.26
Connecticut	1.62	3.83	11.29	14.16
Delaware	8.39	20.39	107.53	91.09
Florida	3.69	9.04	27.26	26.47
Georgia	3.58	8.96	51.95	50.80
Idaho	11.28	30.95	134.58	110.66
Illinois	2.22	5.33	12.96	14.47
Indiana	3.15	8.15	26.18	26.41
Iowa	4.28	11.58	69.32	65.20
Kansas	5.79	15.68	82.26	73.29
Kentucky	2.89	8.32	38.67	39.92
Louisiana	2.77	7.13	28.71	29.98
Maine	4.46	11.53	36.37	33.92
Maryland	2.08	5.05	22.63	25.83
Massachusetts	1.35	3.15	7.69	10.42
Michigan	2.60	6.54	13.78	14.66
Minnesota	4.38	11.31	39.78	37.24
Mississippi	3.58	8.52	91.61	89.55
Missouri	3.45	8.58	31.38	30.96
Montana	15.66	38.88	119.90	96.17
Nebraska	6.16	16.73	85.60	75.53
Nevada	57.68	122.44	362.24	276.80
New Hampshire	4.30	10.38	33.17	31.17
New Jersey	1.37	3.23	8.58	11.56
New Mexico	15.48	45.85	193.26	155.13
New York	1.60	3.66	10.06	12.66
North Carolina	3.04	8.44	46.67	47.53
North Dakota	9.46	26.83	160.76	134.41
Ohio	2.25	5.72	15.09	16.79
Oklahoma	4.02	11.63	44.93	42.82
Oregon	7.00	16.29	43.27	37.56
Pennsylvania	1.82	4.72	12.65	15.15
Rhode Island	2.91	6.73	12.54	12.92
South Carolina	3.20	8.08	57.10	57.39
South Dakota	9.64	26.98	284.34	237.29
Tennessee	3.32	9.06	60.10	59.83
Texas	4.39	11.58	52.94	49.54
Utah	9.16	27.36	89.61	75.19
Vermont	5.56	14.16	51.02	45.74
Virginia	3.11	8.54	43.72	44.27
Washington	4.69	9.63	28.51	27.06
West Virginia	2.55	7.74	29.86	31.93
Wisconsin	3.39	8.83	32.95	32.63
Wyoming	22.78	55.55	203.10	159.60
Hawaii	5.43	(1)	(1)	(1)
Average	3.26	8.23	26.84	26.84

[1] Data not available.

Mr. VANDENBERG. Mr. President——

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

Mr. WALSH. I yield.

Mr. VANDENBERG. While no one would wish in such a connection of course to make any invidious comparison, yet as a matter of truthful analogy and logic, when we find a situation which gives $362 for unemployed workers of the State of Nevada, we find a situation which at least in terms of Michigan mathematics would provide a sufficient fund to take care of all of the unemployment of the State. If we could have $362 for each unemployed worker, our entire unemployment problem would be answered without any collateral assistance whatever.

Mr. WALSH. The Federal Government would take care of everything?

Mr. VANDENBERG. Precisely. The Federal Government would take care of everything under such an allotment. Our contemplation, on the other hand, in an industrial State which is overwhelmed with a major crisis in unemployment, is that we receive but $13.78 per unemployed worker, and the net result is that the contribution, while welcome, is scarcely significant in helping us to meet the problem.

Mr. WALSH. By retaining the House text, which I fear we are not going to succeed in doing, the Senator's State would get an advance from $13.78 to $14.66 to help it handle its great unemployment problem.

Mr. VANDENBERG. Yes.

Mr. WALSH. I have been impressed with the argument made by the Senator from Wisconsin [Mr. LA FOLLETTE] and the Senator from New Mexico [Mr. BRATTON] that under other provisions of the bill it may be possible for municipalities who undertake projects of a public character to receive, through the provision granting aid from the Federal Government, 30 percent of the cost of labor and materials as a benefit that the rural States or less sparsely settled States will not be in a position to obtain.

Mr. President, I make bold to say, and I fear I am alone in this position, at least publicly alone, that I personally think we have gone into the business of building highways throughout this country to too great an extent. I think in some States we have reached the stage of waste and extravagance and luxury. The magnificent boulevards that have recently been constructed, 4-lane boulevards running in different directions across several States, have cost a tremendous sum of money. To be sure, they were undertaken in the days of prosperity, but they have put a blanket of debt upon the cities and towns, that are now prostrate financially because of their inability to collect taxes to meet the expenses of their governments.

In my judgment the time has come to halt and to go carefully forward in the matter of spending money further for additional public highways. The Federal Government will soon be appropriating funds for maintenance. I concede that great benefits have resulted from building many of these highways. There was great need for highway purposes. It has been of inestimable value. But when and in what year are we going to reach the point when we have met all the necessary requirements and entered into the domain of waste and extravagance? Certainly in some Commonwealth we have reached that point, and that is not through Federal aid but through the States' large appropriations to that end.

Through private conversations I have had with Senators here it has been indicated to me that their States, if not already, are rapidly reaching the point where there is not the need for continuing the large appropriations we have been making for highway purposes. In my judgment a good deal of this money will be spent in the building of highways that it is not necessary to build and that will lay upon the Federal Government or the State government a very large burden for maintenance for many years to come. Certainly the point of building highways ought to be related to and thought out and worked out in conjunction with the cost of maintaining the highways.

Mr. President, I hope that the purpose of the bill, which is to relieve unemployment, will not be lost sight of in the vote upon the amendment and that the House provision will be retained.

WILLIE MAYES SHUEY

Mr. GLASS. Mr. President, may I submit a unanimous-consent request that I hope will not involve any discussion? If it does, I shall withdraw it.

The PRESIDING OFFICER. The Senator may.

Mr. GLASS. I ask unanimous consent that the Senate consider at this time a resolution (S.Res. 98), which I submitted day before yesterday and which is on the desk.

Let me make a preliminary statement of a few words.

I happened not to be present in the Senate when there was an announcement of the death of Mr. Theodore F. Shuey, who for 65 years had been a reporter of Senate debates. He came from my State, and his body is buried there. I have now submitted a resolution asking that the Senate vote his widow 1 year's salary.

It is a most extraordinary case—a man engaged for 65 years reporting the debates of the United States Senate, whose services were of inestimable value to Senators personally, and who, in the course of his service, corrected enough grammatical errors in the speeches of various Senators to justify this contribution to his widow.

I ask unanimous consent for the consideration of the resolution at this time.

The PRESIDING OFFICER. Let the Chair state to the Senator from Virginia that the resolution went automatically to the Committee to Audit and Control the Contingent Expenses of the Senate, so the Senator should modify his request and move that the committee be discharged from the further consideration of the resolution.

Mr. GLASS. I modify my request in accordance with the statement of the Chair.

Mr. McNARY. Mr. President, the practice has been to refer these matters to the Committee to Audit and Control the Contingent Expenses of the Senate after reference has been made to the standing committee having jurisdiction of the subject matter. Has this resolution taken the prescribed course?

Mr. GLASS. It has not, Mr. President, perhaps owing to my ignorance of the customary procedure.

The PRESIDING OFFICER. If the Senator will permit the Chair to make a statement, the Chair is advised that these resolutions go nowhere except to the Committee to Audit and Control the Contingent Expenses of the Senate. They do not go to any regular standing committee. This resolution is now before the Committee to Audit and Control the Contingent Expenses of the Senate, and the Senator from Virginia has asked unanimous consent that that committee be discharged from its further consideration.

Mr. GLASS. It is a rather insignificant sum; and I may say that the successor of Mr. Shuey, I am informed, is not drawing any salary at present. The reporters are making contribution accordingly.

The PRESIDING OFFICER. Let the Chair state that he is advised by the authorities here that the widow of an employee of the Senate who has served over 25 years' time is customarily entitled to a year's salary.

Mr. McNARY. Mr. President, I was about to say that I thought it probably would not be necessary to discharge the Committee to Audit and Control the Contingent Expenses of the Senate, leaving it as if they had refused to act on the matter.

Mr. GLASS. No; I do not want to leave any such inference. Very likely I should have asked to have the resolution sent there, instead of asking to have it lie on the desk.

Mr. McNARY. I understand that the committee did not act unfavorably on the matter.

Mr. GLASS. No; they did not.

Mr. McNARY. I have no objection to the present consideration of the resolution.

Mr. COPELAND. Mr. President——

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

Mr. GLASS. Certainly.

Mr. COPELAND. I was away from the Senate at the time Mr. Shuey died. I am glad of this opportunity to speak of my deep affection for him. I may say to the Senator from Virginia that if this little gift to the widow is to make up for correcting the mistakes of Senators, I think I should pay the whole amount myself.

It is a notable thing that a man should serve 65 years in a legislative body or elsewhere and never miss a day. It is a very remarkable service. Because of Mr. Shuey's lovable qualities, as well as the perfection of his work, I think we may well turn aside for a moment to adopt this resolution.

I agree with the Senator from Oregon that it is fully in accord with our custom to pay a year's salary under these conditions. It has been done a number of times where employees have served a long time. I am very happy, indeed, to join in the request of the Senator from Virginia.

Mr. WALSH. Mr. President, I should like to add that I think the Senator from Virginia has expressed the sentiments of every Senator upon this floor; and I am sure every Senator envies him the honor and the privilege of taking the course he has taken to reward the dependents of a faithful public servant.

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

Mr. GLASS. I yield.

Mr. FESS. The Chairman of the Committee to Audit and Control the Contingent Expenses of the Senate has just entered the Chamber, and I think he will be glad to ask unanimous consent to have the committee discharged.

Mr. BYRNES. Mr. President, I have no objection to the discharge of the committee. In fact, I will join in asking unanimous consent for the present consideration of the resolution of the Senator from Virginia.

The PRESIDING OFFICER. Without objection, the Committee to Audit and Control the Contingent Expenses of the Senate will be discharged from the further consideration of the resolution, which will be read.

The Chief Clerk read Senate Resolution 98, submitted by Mr. GLASS on the 7th instant, and it was considered by unanimous consent and agreed to, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the appropriation for expenses of inquiries and investigations, contingent fund of the Senate, fiscal year 1932, to Willie Mayes Shuey, widow of Theodore F. Shuey, late an Official Reporter of the Senate, a sum equal to 1 year's compensation at the rate he was receiving at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

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 House 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.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 5240) to provide emergency relief with respect to home-mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes occupied by them and who are unable to amortize their debt elsewhere, to amend the Federal Home Loan Bank Act, to increase the market for obligations of the United States, and for other purposes.

NATIONAL INDUSTRIAL RECOVERY

The Senate resumed the consideration of 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.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment on page 23, line 16.

Several Senators called for the yeas and nays.

The yeas and nays were ordered.

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

The PRESIDING OFFICER. The absence of a quorum being suggested, the clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

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

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). Eighty-eight Senators having answered to their names, a quorum is present. The question is upon the committee amendment on page 23, line 16, upon which the yeas and nays have been ordered.

Mr. BRATTON. Mr. President, may we not vote upon the two amendments together? They relate to the same matter.

Mr. HARRISON. I ask unanimous consent that we vote on the two together.

The PRESIDING OFFICER. Is there objection? If not, it is so ordered. The amendments will be stated.

The CHIEF CLERK. The pending amendment is on page 23, line 16, to strike out the comma after the word "States" and the words "three fourths"; and the next amendment is, on line 19, after the word "supplemented", to insert "(which act is hereby further amended for the purposes of this title to include the District of Columbia)"; and then to strike out lines 21, 22, and 23 down to and including the word "census" and the comma.

The PRESIDING OFFICER. The question is on agreeing to the two amendments which have just been stated.

The clerk will call the roll.

The Chief Clerk called the roll.

Mr. DALE (after having voted in the affirmative). Mr. President, I have a general pair with the junior Senator from California [Mr. McADOO], and was informed that if present he would have voted as I have voted. However, there seems to be some little misunderstanding as to how the Senator from California would vote on this question, and therefore I withdraw my vote.

Mr. KENDRICK. Mr. President, I desire to announce that the Senator from Virginia [Mr. GLASS], the Senator from Illinois [Mr. LEWIS], the Senator from North Carolina [Mr. REYNOLDS], and the Senator from Indiana [Mr. VAN NUYS] are absent in attendance on a committee meeting.

I also wish to announce that the Senator from Louisiana [Mr. LONG] and the Senator from Nevada [Mr. PITTMAN] are absent on official business.

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

The result was announced—yeas 66, nays 20, as follows:

YEAS—66

Adams	Carey	Hayden	Robinson, Ind.
Ashurst	Clark	Kendrick	Russell
Austin	Connally	Keyes	Schall
Bachman	Costigan	King	Sheppard
Bailey	Cutting	La Follette	Shipstead
Bankhead	Dickinson	Logan	Smith
Barkley	Dieterich	McCarran	Steiwer
Black	Dill	McGill	Stephens
Bone	Duffy	McKellar	Thomas, Okla.
Borah	Erickson	McNary	Thomas, Utah
Bratton	Fletcher	Murphy	Thompson
Brown	Frazier	Norris	Townsend
Bulow	George	Nye	Trammell
Byrd	Gore	Overton	Wheeler
Byrnes	Hale	Patterson	White
Capper	Harrison	Pope	
Caraway	Hastings	Robinson, Ark.	

NAYS—20

Barbour	Fess	Kean	Tydings
Bulkley	Goldsborough	Lonergan	Vandenberg
Coolidge	Hatfield	Metcalf	Wagner
Copeland	Hebert	Neely	Walcott
Davis	Johnson	Reed	Walsh

NOT VOTING—10

Couzens	Lewis	Norbeck	Reynolds
Dale	Long	Pittman	Van Nuys
Glass	McAdoo		

So the committee amendments were agreed to.

Mr. DILL. Mr. President, on last evening I was on my feet to propose an amendment on page 26, line 16. I want now to ask unanimous consent to return to that amendment and to modify it so that my amendment will be to add, after the word "construction", the words "repair and improvement."

Mr. HARRISON. I do not think there is any objection to the amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 26, line 16, after the word "construction", to insert the words "repair and improvement."

The amendment to the amendment was agreed to.

Mr. LA FOLLETTE. Mr. President, on the same page, in line 17, after the first comma, I move to insert the words "the Canal Zone."

Mr. HARRISON. There is no objection to that amendment.

The PRESIDING OFFICER. The clerk will report the amendment.

The CHIEF CLERK. On page 26, line 17, after the word "Alaska" and the comma, to insert the words "the Canal Zone."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. BLACK. Mr. President, I send an amendment to the desk, which I desire to offer.

The PRESIDING OFFICER. The clerk will report the amendment.

The CHIEF CLERK. It is proposed to insert before the period and after the word "appropriations" in line 4, page 24, the following words: "and unobligated balances of previous appropriations made for Federal-aid projects destroyed or injured by storm and flood."

The PRESIDING OFFICER. The amendment of the Senator from Alabama is not in order at this time, because it is an amendment to the original text, and not a committee amendment.

Mr. BLACK. I understood we were taking up amendments to the original text.

The PRESIDING OFFICER. The Senate is still considering committee amendments.

Mr. HARRISON. Mr. President, have we not finished with the committee amendments?

The PRESIDING OFFICER. No. The clerk will state the next amendment.

The CHIEF CLERK. The next amendment of the committee is to strike out pages 30, 31, 32, 33, and down to line 16 on page 34.

Mr. HARRISON. I ask unanimous consent that before we go to the taxation part of the bill we finish up with individual amendments to the public-construction title.

Mr. SMITH. Mr. President, does the Senator from Mississippi mean that when we finish with the consideration of committee amendments in title II, individual amendments may be offered before we go to the next title?

Mr. HARRISON. Yes; Senators may offer individual amendments now to title II before we go to the taxation features of the bill.

Mr. SMITH. I have some amendments which are necessary to go into the bill in order to aid the Department of Agriculture to discharge certain function, and I should like to have the Senator indicate to me when the time comes that it would be appropriate to offer them.

Mr. HARRISON. I know what the Senator has in mind, and I do not think there will be any objection to those amendments being offered after we finish with the other amendments in the bill.

Mr. SMITH. I do not want to interfere with the progress on the bill, but I want to have an opportunity to offer these amendments.

Mr. HARRISON. I understand that; but I do think it would be better if we should finish now the public-construction part of the bill, by individual amendments being offered, if the Senate committee amendments are out of the way.

Mr. REED. Of course, the taxation features are part of title II.

Mr. HARRISON. Yes.

Mr. REED. The Senator does not mean to permit individual amendments to them?

Mr. HARRISON. Not until we finish with the others.

Mr. BLACK. Mr. President, I have sent forward an amendment which has already been read and which can be disposed of in just a moment. The chairman of the committee says he has no objection to it.

The PRESIDING OFFICER. The Senator from Mississippi [Mr. HARRISON] has made a request for unanimous

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

The clerk will state the amendment offered by the Senator from Alabama.

The CHIEF CLERK. It is proposed to strike out the period on line 4, page 24, and to add the following words: "and unobligated balances of previous appropriations made for Federal-aid projects destroyed or injured by storm and flood."

Mr. HARRISON. I have no objection to that amendment going to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. TRAMMELL. I send to the desk an amendment which I desire to propose.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 19, in line 13, after the word "plants"——

The PRESIDING OFFICER. The Chair will state that the committee amendment at that point has been agreed to. Without objection, the vote whereby the committee amendment was agreed to will be reconsidered.

Mr. McNARY. Mr. President, may we not have the amendment read before other action is taken?

The PRESIDING OFFICER. The amendment will be read.

The CHIEF CLERK. On page 19, after the amendment heretofore agreed to, in line 3, it is proposed to insert after the word "plants" the following:

For the construction of drydocks and graving docks and accessories thereto.

Mr. TRAMMELL. Mr. President, I will say that this amendment is offered——

Mr. HARRISON. Mr. President, I have no objection to this matter going to conference, I will say, unless some other Senator has objection.

Mr. FLETCHER. I hope the Senator will allow it to take that course.

The PRESIDING OFFICER. Without objection, the vote whereby the amendment of the committee was agreed to will be considered, and, without objection, the amendment proposed by the Senator from Florida to the amendment will be agreed to, and the amendment, as amended, will be agreed to.

Mr. McKELLAR. Mr. President, I ask the clerk to read the amendment, which I send to the desk, to come in on page 18, line 10, after the word "buildings."

The CHIEF CLERK. On page 18, line 10, after the word "buildings" it is proposed to insert:

(including the remodeling of buildings hereby authorized to be purchased for Federal purposes).

Mr. HARRISON. Mr. President, I think that amendment carries out the intention of the proposed act. I have no objection to it, and I shall not make objection to it.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. McKELLAR. I offer a further amendment along the same lines to come in on page 21, line 22, after the word "apply."

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 21 line 22, after the word "apply" and before the period, it is proposed to insert:

Except that the Postmaster General may in cases deemed in the public interest acquire sites and buildings requiring but little remodeling for postal purposes.

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

Mr. McCARRAN. Mr. President, we could not hear the amendment over here.

The PRESIDING OFFICER. The amendment will again be stated.

The amendment was again stated.

Mr. WAGNER. Mr. President, I understand the amendment includes the authority to purchase buildings as well as the sites upon which the Federal Government is to construct buildings. I have no objection to letting it go to conference, but I think it is very questionable whether that authority ought to be conferred.

Mr. McKELLAR. I hope the Senator will let it go to conference.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. AUSTIN. Mr. President, I should like to inquire of the Senator from Tennessee or the Senator from New York while we are on this subject, is it the intention by the general description contained in section 202, on page 18, to include such projects as are referred to in the amendment offered by the Senator from Tennessee, that is, such projects as have been heretofore included in Document No. 788?

Mr. McKELLAR. The only addition is the remodeling of such buildings. The buildings to which the Senator refers are already included in section 202.

Mr. WALSH. Mr. President, I should like to inquire of the Senator from Tennessee or the Senator from Mississippi is there any precedent for legal authority being given to the head of any department to purchase property for the purpose of remodeling it for post-office purposes?

Mr. McKELLAR. I do not know whether there is any precedent or not, but there is very little precedent for anything in this bill, for that matter.

Mr. WALSH. But this bill contemplates the building of post offices for the purpose of providing employment and not merely for the purpose of purchasing or owning post offices. It would make it possible to buy property everywhere where post offices already exist and for which rent is now being paid. The theory upon which this bill is founded is that people will be put to work and that materials will be purchased and that new buildings will be erected and industry benefit thereby. Now, however, it is proposed to go into the business of buying for post-office purposes second-hand business blocks. Who can possibly conceive the pressure that will be brought to bear upon department heads to sell property that has been thrown on the market to the Federal Government for post-office sites and for remodeling into post offices? It seems to me it is an extreme proposal for the Federal Government to go into the real-estate business to the extent of remodeling existing buildings.

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

Mr. WALSH. I yield.

Mr. REED. I should like to ask the Senator from New York whether he approves this amendment?

Mr. WAGNER. I do not. I just made a statement to that affect.

Mr. HARRISON. Mr. President, there are some of these amendments that we can accept in order to go along, but I hope the Senator from Tennessee will not press his amendment.

Mr. McKELLAR. Mr. President, this amendment was suggested by the Post Office Department. I am sorry to hear the Senator from Massachusetts say that it is "an outrageous proposal." I do not think it is outrageous at all. I think the attitude of the Department indicates that that is not so. I hope the Senator from Mississippi will take the amendment to conference and iron it out.

Mr. HARRISON. The first amendment has been agreed to.

Mr. McKELLAR. Both have been agreed to, and it is just a question now of talking about them. The Senate has agreed to both of them, and the RECORD will so show. I hope the Senator will take them to conference, and if they are not right, I know the conferees will straighten them out.

Mr. HARRISON. I hope the Senator will withdraw the amendment. I will ask the ruling of the Chair. Has the amendment of the Senator from Tennessee been agreed to?

Mr. AUSTIN. Mr. President, I do not think my inquiry was answered. I should like to ask the Senators in charge of the bill the following question: Do they interpret section 202 to include within the description of projects therein mentioned in general terms such projects as are covered by Public Document No. 788 relating to the public-building pro-

gram outside the District of Columbia proposed under the $415,000,000 authorization contained in acts approved May 25, 1926, February 24, 1928, March 31, 1930, and February 16, 1931? Are such projects comprehended by the general terms of section 202?

Mr. WAGNER. All projects are. This simply refers to a provision in the Emergency Relief and Construction Act of 1932 by which we made it possible to acquire sites at once so that the usual condemnation proceedings could be avoided, such proceedings sometimes covering a period of 5 or 6 months or more. In order to save that money we authorize the Government to acquire the property at once, and then have a proceeding, if that shall be desired, in condemnation to ascertain the value of the property.

Mr. AUSTIN. Mr. President, the Senator does not understand my question; probably it was so confused that it could not be understood by anyone. I am not talking about condemnation proceedings or the acquisition of property; I am talking about the provision of section 202 relating to a comprehensive program of public works; and all I want to know is whether the authors and proponents of this bill interpret that section to include such projects as are described specifically in document numbered 788 to which I have called attention.

Mr. WAGNER. Does the Senator mean whether or not money appropriated under this act may be used for the construction of the buildings to which he refers?

Mr. AUSTIN. Yes.

Mr. WAGNER. Yes; it may be.

Mr. AUSTIN. That is all I desire to know.

Mr. REED. Mr. President, I move to reconsider the vote by which the last amendment of the Senator from Tennessee was adopted. I do not believe that most of the Members of the Senate heard the question put; most of us were unconscious of the fact that the amendment was being declared adopted. The amendment, in effect, proposes that with these unemployment-relief funds we shall go out and buy real estate. That may relieve a little unemployment on the part of influential persons who can persuade the Postmaster General to buy their real estate, but the mass of the people will get no benefit from it, and such an amendment has no business in this bill.

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

Mr. REED. I yield.

Mr. WAGNER. I wonder whether I am clear about it that there is no power existing now under any statute to acquire pieces of property in that way.

Mr. REED. Only in cases where Congress has specifically legislated to authorize it; and I am very happy to learn that the Senator from New York, who has given close study to this unemployment-relief bill, is not in sympathy with the amendment.

Mr. WAGNER. On the contrary, I hope that the amendment may be withdrawn.

Mr. HARRISON. Mr. President, I ask unanimous consent that the vote by which this amendment was adopted may be reconsidered.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the vote is reconsidered. The question now is on agreeing to the amendment offered by the Senator from Tennessee.

The amendment was rejected.

Mr. WHEELER. Mr. President, on page 27, I move to strike out, on line 9, beginning with subdivision (A), the words:

> To citizens of the United States who are bona-fide residents of the political subdivision and/or county in which the work is to be performed.

The reason for that amendment, Mr. President, is that the State highway commission of my State writes me, and has telegraphed me on numerous occasions, to the effect that with this provision in the bill it will work a hardship upon the commission, in that they will be unable to take people out of the congested districts and put them into the country districts. In other words, the ruling of the Department has been that they must give preference to and take all the workers from the county lists; and consequently they say that, for instance, in a city like Butte, where there is a tremendous amount of unemployment, on account of——

Mr. WAGNER. Mr. President——

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from New York?

Mr. WHEELER. Yes.

Mr. WAGNER. Does the Senator propose to strike out subdivision (A)?

Mr. WHEELER. I propose simply to strike out subdivision (A).

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Montana.

Mr. LA FOLLETTE. Mr. President, may I ask the Senator from Montana whether the situation he has in mind would be cared for if this provision were simply made not to apply to road construction? The Senator knows full well that upon many other types of public construction, experience in the past indicates that contractors have bid upon projects and then have imported or brought in their labor from very distant regions, and persons residing within the immediate localities have had to stand idly by while others brought perhaps 500 or 1,000 miles have been given jobs on the project.

Mr. WHEELER. Let me say to the Senator that my amendment retains the State provision; in other words, the contractors will have to give preference to citizens of the State, but not to those of the particular community. There may be some communities, for instance, some counties, in which road construction will be carried on where there will be practically no unemployment at all.

Mr. LA FOLLETTE. All I was suggesting to the Senator was that he move to amend subdivision (A) by inserting an exemption insofar as highway construction and repair work are concerned.

Mr. WHEELER. Does not the Senator think if we leave clause (B) in the bill that, as a matter of fact, it will take care of the situation, because under that clause preference will have to be given to the people in the several States?

Mr. LA FOLLETTE. I realize that, Mr. President, but it seems to me, inasmuch as these are simply preferences and the law does not provide that the residents of the communities must be employed, if the Senator would provide an exemption insofar as highway construction and repair work is concerned with regard to subdivision (A) that the difficulty of the highway department of his State would be eliminated. At the same time, upon these projects, other kinds than road construction, preference would be given to those who reside in the localities where the project is being constructed.

Mr. WHEELER. I would not have any objection to it except that it seems to me unnecessary. I know of no particular instance where the situation applies except as to road construction. I can well imagine there could be a situation where it was desired to construct some public building in a community where the labor would not be of the quality or kind required.

Mr. LA FOLLETTE. They merely give preference. If the skilled labor is not there, they, of course, bring it in. The Senator knows that right here in the District of Columbia, where a large construction program has been carried on for the last 2 or 3 years, contractors have come here and made low bids and have brought their labor from hundreds of miles distant, while residents of the District of Columbia and surrounding territory have had to go on with no employment whatsoever.

I think the objective sought to be obtained by the two subdivisions, insofar as the residents of those localities are concerned, is a worthy one. I recognize, however, that highway projects present a different problem, because a contractor may undertake the construction of a stretch of 5 or 6 or 10 miles of road, and it would be found that the particular project went from one political subdivision to another, and he would have to stop when he came to the boundary line and lay off the crew that worked up to that point and hire another crew. It seems to me to be very

practical and very easy to draw an exception to the subdivision excluding it from application to highway construction.

Mr. WHEELER. Of course, that could be done, but the situation to which the Senator calls attention in the District of Columbia would still be taken care of by subsection (B), because it provides that preference in the employment of labor in connection with any such project shall be given first to ex-service men and their dependents, and so on, and subsection (B) gives preference to citizens of the United States who are bona-fide residents of the State, Territory, or District in which the work is being performed. In the District of Columbia there would not be any question about it, and no contractor would be able to go outside for labor.

Mr. LA FOLLETTE. I recognize that the District of Columbia would be taken care of in the situation. I simply mentioned it as an example. We might have the same situation in a large State, where a highway might be built in one part of the State and the contractor who got the contract would bring the labor from a distant point in the State, and those who live in the community where the project is being constructed would be denied an opportunity to get any work. I am wondering if an exception would not meet the Senator's objective so far as highway work is concerned.

Mr. WHEELER. It would meet my objective, so far as I am concerned, if we simply left it to the discretion of the highway commissioner with reference to road work or if we incorporated a proviso that "nothing in this subsection shall apply to highway construction" or something to that effect.

In line with the suggestion of the Senator from Wisconsin I withdraw my former amendment to strike out subsection (A), and instead thereof I move to insert, in line 10, after the word "perform", the words "provided this preference shall not apply in case of highway construction."

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

Mr. GORE. Mr. President, I gave notice on yesterday or the day before that I would offer an amendment on page 34, section 210, paragraph (A), beginning in line 18.

Mr. LA FOLLETTE. Mr. President, we have not yet reached that point.

Mr. GORE. I thought we had reached that title. I withhold the amendment for the time being then.

Mr. METCALF. Mr. President, during my short absence from the Chamber today an amendment was considered on page 27, line 18, in which I am very much interested. I ask unanimous consent that we may reconsider the vote by which the amendment was rejected.

The VICE PRESIDENT. Is there objection to the request of the Senator from Rhode Island?

Mr. HARRISON. Mr. President, may I ask the Senator if it would provoke much discussion?

Mr. METCALF. The Senator knows I never talk long.

Mr. HARRISON. I understand; but the Senator might inspire others to talk. We had quite a discussion on that matter this morning. We have almost reached the point in the bill where we are to take up the tax question. There ought not to be a great deal of discussion on that matter. It seems that if we can pass the bill this afternoon the conferees can go into session on it tonight and there is a very strong probability of our adjourning tomorrow; but if we prolong discussion and stay here indefinitely, there is no hope of doing that.

Mr. METCALF. I promise not to talk an hour.

Mr. McNARY. Mr. President, let me suggest to the Senator from Mississippi that the matter was brought up immediately following the quorum call this morning when the Senator from Rhode Island was detained on public business. When he reached the Chamber, action had been taken. I think it is but fair to him that he should have the privilege of having the vote reconsidered.

Mr. HARRISON. As I said, I am not going to raise any objection, but I do hope that prolonged discussion will not be had again on the matter.

The VICE PRESIDENT. Is there objection to the request of the Senator from Rhode Island to reconsider the vote by which the amendment on page 27, line 18, was rejected? The Chair hears none, and it is so ordered. The question is on agreeing to the committee amendment on page 27, line 18.

The amendment was agreed to.

Mr. McCARRAN. Mr. President, I desire to offer an amendment; on page 26, after line 17, to insert a new subsection. The amendment is on the table, and I offer it at this time.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. The Senator from Nevada proposes, on page 26, after line 17, to insert a new subsection (c), as follows:

(c) The President is authorized to allocate not to exceed $20,000,000 of the amount made available by this act for the maintenance of existing scientific and research activities and experimental farms maintained by the Government on or in Federal reclamation projects.

Mr. HARRISON. Mr. President, does the Senator expect to discuss this at length?

Mr. McCARRAN. I had expected to discuss it at length.

Mr. HARRISON. I have no personal objection to letting it go to conference, if the Senator desires.

Mr. McCARRAN. Very well.

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

Mr. ROBINSON of Arkansas. Mr. President, I propose an amendment; on page 22, in line 11, after the words "cost of", to insert the words "surveys, plans, and", so it will read:

The amount apportioned to any State under this paragraph may be used to pay all or any part of the cost of surveys, plans, and of highway construction—

And so forth. It merely broadens slightly the authorization.

Mr. HARRISON. I have no objection to the amendment.

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

Mr. ROBINSON of Arkansas. I desire to offer another amendment. On page 18, line 16, after the words "flood control", insert "and rehabilitation of works previously completed by political subdivisions of the several States." This would enable the administrator to use a portion of the fund for rehabilitating public works, such as drainage ditches and canals.

Mr. HARRISON. I have no objection.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Arkansas.

The amendment was agreed to.

Mr. ROBINSON of Arkansas. In connection with the amendment just adopted, I ask that there may be inserted in the RECORD a letter fully explaining the purpose of the provision.

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

The letter is as follows:

THE LITTLE RIVER DRAINAGE DISTRICT,
Cape Girardeau, Mo., June 1, 1933.

Senator JOSEPH T. ROBINSON,
Senate Building, Washington, D.C.

DEAR SIR: I have just read H.R. 5755, referred to as the National Industrial Recovery Act, sometimes spoken of by the press as the public works bill.

I doubt whether this bill, as drawn, is sufficiently broad to permit drainage districts to qualify under the bill. We have this thought in mind.

The ditches or canals of practically every drainage district in the Mississippi Valley have grown up with willows, flags, cattail, moss, and other vegetable growth that has reduced the efficiency of the ditches very materially.

This condition has come about by reason of the inability of the farmers owning lands in the district to pay their taxes. The district, having no other source of revenue than money collected from taxation for maintenance purposes, has been without funds to do this badly needed maintenance work.

The drainage districts are political subdivisions of the State, exercising only prescribed governmental functions. They are in no sense private corporations, as has been announced by both the Supreme Court of the United States and the Supreme Court of Missouri (*Houck* v. *L.R.D.D.* (239 U.S. 254, l. c. 261), *State ex rel. Caldwell* v. *L.R.D.D.* (291 Mo. 72, l. c. 78–9), and *L.R.D.D.* v. *R.R.*

(236 Mo. 94, l. c. 111–12)). I merely give you three of a long list of Missouri cases so holding.

Being political subdivisions of the State, "as much so as the city of Hannibal", to use the exact words of our supreme court, it is desired that if a public-works program is to be instituted that they be permitted to qualify under the terms of the act to the end that they may rehabilitate and restore to their former state of efficiency the ditches that have deteriorated during the period of extreme depression in agricultural products.

Furthermore, the act carries with it a 30-percent grant from the Federal Government to the municipalities qualifying under the act; and it is, of course, highly desirable that if this clause remains in the act that the drainage districts be enabled to secure the benefit of the grant and thereby lessen the burden of taxation on the lands in the district. The ditches in these districts are completed projects but have depreciated to such an extent that the efficiency of the ditches has been reduced in many instances as much as 66⅔ percent or more.

Bonds were issued to construct these ditches and the annual installment of the taxes for the retirement of these bonds must be paid. Since the efficiency of the ditches is so greatly reduced they fail to drain the land, and consequently the farmer is unable to grow his crops and he is unable to pay his tax and hold his property, because the land becomes water-logged because of the inability of the ditches to carry the water away.

Perhaps under a broad construction of the act it is sufficient. From the press reports I gather it is not stylish to introduce amendments to a bill after it comes out of the committee.

If it be possible to secure a committee amendment so as to take away all uncertainty about drainage districts qualifying under the act, it will be a great saving to the taxpayer in these districts.

I suggest for your consideration addition of the following words immediately following the words "flood control", in line 22, page 12 of H.R. 5755, to wit:

"and rehabilitation of works previously completed by political subdivisions of the several States."

I call your attention to the use of the word "political subdivision", in lines 5 and 6, page 20, of section 205 of the act, wherein it specifies the residence of the labor to be used in carrying out the terms of the act.

I am calling this matter to the attention of Senator CLARK, of Missouri, and Congressman CLYDE WILLIAMS, of Missouri, and Congressman W. J. DRIVER, of Arkansas, all of whom have large areas incorporated in drainage districts in their respective States that are in exactly the same situation as hereinabove detailed, and the landowners of which will be greatly benefited if the suggestions herein brought to your attention can be incorporated in the act.

I shall be pleased to hear from you at your convenience.

Very respectfully,

OLIVER & OLIVER, *General Attorneys.*

Mr. COPELAND. Mr. President, may I ask the Senator from Mississippi if someone proposed an amendment relating to educational institutions?

Mr. HARRISON. Such an amendment was considered in committee, and there was an amendment offered on the floor yesterday, but it was voted down, as I recall.

Mr. COPELAND. May I ask what Senator introduced the amendment?

Mr. HARRISON. I believe it was the Senator from Illinois [Mr. LEWIS], but I am not sure about it.

Mr. COPELAND. The recollection of the Senator is that the matter was presented?

Mr. HARRISON. It was presented and the amendment was voted down in the committee.

Mr. COPELAND. It was presented to the committee?

Mr. HARRISON. Yes; and on the floor of the Senate.

Mr. COPELAND. So that in the opinion of the Senator it would be useless to offer another amendment on that subject, because the decision would be certain to be adverse?

Mr. HARRISON. I believe so.

Mr. TRAMMELL. Mr. President, I have an amendment which I desire to offer.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 19, line 3, after the word "plants" and the semicolon in the committee amendment, in section 202, it is proposed to insert:

finance and/or aid in the construction of exhibition parks and gardens and accessories which are self-liquidating in character.

Mr. TRAMMELL. Mr. President, I offer this amendment on behalf of my colleague [Mr. FLETCHER], he having proposed it before the committee. He is unable to be here at this time.

Of course, I am very much in favor of the amendment. It authorizes loans for exhibition parks and the development of gardens, something like the famous magnolia gardens south of Charleston, S.C. Of course, I should like very much, as my colleague would, to have this added to the list of self-liquidating projects for which loans could be made.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Florida.

The amendment was rejected.

Mr. NYE. Mr. President, I desire to address myself to section 204, paragraph (1).

A few days ago I made personal inquiry of the Chairman of the Finance Committee regarding the question of the privilege of constructing bridges. Upon reading the section, though he has insisted that bridges are included, I find that the only mention is that of the widening of narrow bridges or the replacement of unsafe bridges. I wonder if the Senator feels that bridges themselves are included.

Mr. HARRISON. The experts, and all those connected with the drafting of the bill, think bridges are included.

Mr. NYE. Would we not be more secure if we inserted in line 11, after the word "highway", the words "and bridge"?

Mr. HARRISON. I have no objection to that.

Mr. NYE. Then I offer such an amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from North Dakota.

The amendment was agreed to.

Mr. AUSTIN. Mr. President, I desire to interrogate the Senator from Mississippi again about section 202, on page 18. That section contains a broad description of a program of public works. I desire to ask first with respect to the amendment in line 13. The words are, "construction of sewage-disposal plants." Does the Senator construe that clause to include sewers?

Mr. HARRISON. I think it would be construed to mean exactly what it says—sewage-disposal plants. I doubt whether it would be construed in any other sense.

Mr. AUSTIN. Does the Senator regard sewers as within the intent of public works?

Mr. HARRISON. If the Senator desires to offer an amendment to say "sewers and sewage-disposal plants", I shall have no objection to it.

Mr. AUSTIN. Very well. I have such an amendment printed, and it is on the desk. I call it up at this time.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 18, line 13, after the word "of", it is proposed to insert "sewers and".

The VICE PRESIDENT. Without objection, the vote whereby the committee amendment was agreed to will be reconsidered. The Senator from Vermont offers an amendment to the committee amendment, which has been stated. The question is on agreeing to that amendment.

The amendment to the amendment was agreed to.

Mr. AUSTIN. Mr. President, in the same paragraph, on the same page, line 16, I ask the Senator from Mississippi if he interprets the language "and harbor improvements and flood control" to include such projects as have already been surveyed and reported upon by the Army engineers.

Mr. HARRISON. I may say to the Senator that I think there is no question about that.

Mr. LA FOLLETTE. Mr. President, I think there is no question about that.

Mr. AUSTIN. I wanted to have the RECORD show that. At the suggestion of the Senator from Mississippi, I had a talk with those who ought to know about that, and was so informed privately; but I desire to have no question about it.

Mr. HARRISON. That was the information presented to the committee.

Mr. VANDENBERG. Mr. President, I desire to offer an amendment to the committee amendment on page 18.

Last night, if I may have the attention of the Senator from Mississippi, there was general agreement that street-widening projects will be eligible for loans under the language of the bill; but that is so vital to the city of Detroit, it being the only real opportunity for relief at that very difficult point in the country, that I am very anxious to add, in line 13, the words "widening of streets."

Mr. HARRISON. I have no objection to that.

Mr. VANDENBERG. I offer that amendment to the committee amendment.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

Mr. RUSSELL. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 21, line 22, it is proposed to insert the following:

(d) The President, in his discretion, and under such terms as he may prescribe, may extend any of the benefits of this title to any State, county, or municipality notwithstanding any constitutional or legal restriction or limitation on the right or power of such State, county, or municipality to borrow money or incur indebtedness.

Mr. REED. Mr. President——

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

Mr. RUSSELL. I do.

Mr. REED. I did not mean to discuss the proposal to abolish all constitutions that is embodied in that amendment; but I have been trying for sometime to get recognition, so that I might ask the Senator from Mississippi about the part of the bill that occurs on page 18, lines 15 and 16, where the President apparently is given power to prepare a program of public works, including the construction of river and harbor improvements.

Does the Senator from Mississippi construe that to mean that the President will be in any way bound by the river and harbor acts we have heretofore passed or by the action of the Corps of Engineers in surveying projects; or is the President given a free hand to improve any river, anywhere, in any way, or any harbor, anywhere, in any way?

Mr. HARRISON. Mr. President, as the Senator knows, in the committee that particular question was not put either to General Johnson or to others who framed the legislation. My own opinion is that the President would have full power in the matter without reference to the projects that had been adopted by the Board of Army Engineers, though that might have great influence with him. I imagine it would be in most cases those projects that he would adopt; but I do not think he is restricted to the adoption of just those particular projects.

Mr. REED. I think the Senate ought to understand what it is doing, then, that all of the experience of past years, all of the studies made by the engineers, are saved from scrapping only by the discretion of the President. All the precautions we have taken, all the limitations we have put on, all the study and surveys made by the Army engineers in response to our directions, go for naught if President Roosevelt, in his sole and uncontrolled discretion, chooses to ignore them.

It is just as well that we should understand that before we pass this bill.

Mr. COPELAND. Mr. President, if the Senator will yield, I think it would be most unfortunate if we did not include language to make it clear that the approved projects are the ones to be considered.

Mr. REED. So do I.

Mr. COPELAND. Because all such projects have been considered by committees of both Houses; they have been studied by the Army engineers; and, as a matter of fact, I do not see how any other river and harbor projects could be advantageously carried on, because of the lack of study. I agree fully with the Senator from Pennsylvania, however, that language should be added here which will make it clear that it is the approved projects that will be given consideration.

Mr. REED. Mr. President——

Mr. RUSSELL. I believe I have the floor.

The VICE PRESIDENT. The Senator from Georgia has the floor. He has the right to yield to whom he wishes.

Mr. RUSSELL. Mr. President, I do not desire to yield for a discussion on that point. I have a brief statement that I wish to make in connection with this amendment.

Mr. REED. Very well. I will speak in my own time.

Mr. RUSSELL. Mr. President, despite the remark of the Senator from Pennsylvania, this amendment does not affect the Constitution of the United States. It merely provides that every county or municipality of the Nation may be placed upon the same basis and be permitted to share the benefits of the bond issue that is proposed to be floated by this title of the pending bill.

Some of the States have constitutional limitations on the borrowing power of their municipalities and require elections to be held, at general elections, before bonds can be issued by the various municipalities and counties or before the States or their subdivisions can incur any indebtedness.

We are preparing here to borrow the sum of $3,300,000,000 for distribution under the terms of this act. This amounts in round figures to $27.50 for every man, woman, and child in the United States.

I submit to the Senate that since we are vesting in the President of the United States such wide discretion in all recent legislation, there can certainly be no valid objection to permitting him to make such loans to worthy projects, subject to such rules as he may lay down and prescribe. No municipality or county of this nature should be debarred on account of some antiquated provision of State constitution or laws that cannot be changed until the next general election in 1934.

I have in mind, in my own State, a small municipality—one of the most progressive of the smaller cities of the Nation—which owns its own power plant, which owns its own waterworks and gas system, a magnificent municipal auditorium, a school system, and properties valued at from two to three million dollars; but, on account of constitutional limitation, this city cannot issue bonds or incur any indebtedness whatever in excess of 7 percent of the assessed value of its property. They will be wholly debarred from obtaining one dime of the funds raised by this bond issue, for they are already bonded to this extent, though it represents only a small portion of the assets of this municipality.

Mr. President, there is a precedent for this amendment. In the original Reconstruction Finance Corporation Act, providing $300,000,000 for the relief of destitution in this country, there was a similar provision. Under that provision if there was destitution in States having constitutional inhibitions against borrowing funds, they were not to be denied the benefits of the act.

There are municipalities in the United States today that are in default on their bonds, that cannot meet their indebtedness or their obligations, and yet they can obtain grants of money under this act; but municipalities and States that are hampered with constitutional provisions, as Georgia is, cannot obtain a single dime under this bill unless this amendment be adopted.

All I am asking is that if the President decides it is possible to enter into a contract that will protect the interests of the United States, the municipalities of my State may have a right to come in and enjoy all the benefits of this act. They have been unable to get a single, solitary loan under the self-liquidating provisions of the Reconstruction Finance Corporation Act. Every cent that will be secured to combat unemployment in a large number of States will be that which goes to highways. My amendment will enable a considerable number of political subdivisions to obtain very necessary assistance in addition to highway funds, and create work for the unemployed. It will tend to make for a more equitable distribution of the large fund the bill provides for, and will make for essential justice in this great matter.

Mr. President, in this legislation we are departing from anything that has been known heretofore. Since I have come to this body I have heard Senator after Senator say that no one today felt that the original $300,000,000 advanced to the various States for the relief of destitution ever would be repaid; that this indebtedness has now been assumed by the national Government. Who knows? I dare say that in 3 years there will be candidates for the House of Representatives and for the United States Senate in the

various States who will be running on platforms of canceling the indebtedness to the States and the advances that may be made to the various cities and municipalities under the terms of this act, because they will take the very natural position that the National Government has already levied taxes upon all the people in order to fund and retire this bond issue, and therefore there is no necessity of the cities repaying any of the advances which might be made to them. I understand that under this bill the Federal Government will make a direct grant to municipalities for 30 percent of the cost of a project, and that the Federal Government will lend to the municipalities or other political subdivisions the other 70 percent of the cost of the project.

If in the future, in this revolutionary age, an age of change, this indebtedness should be canceled, it would mean that the people of the States who could not avail themselves of the loans would be compelled to bear their part of the cost of retiring these bonds, yet they would not have derived one dollar of benefit therefrom.

I appeal to the Members of the Senate to agree to this amendment, and vest the President of the United States with this additional power, in order that some satisfactory method may be worked out between those who have this work in charge and the municipalities and States which are handicapped by constitutional restrictions.

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

The amendment was agreed to.

Mr. GORE. Mr. President, before we take up the tax amendment, I wish to offer an amendment to title II, I believe it is, the public-works title. I move to insert in the proper place under that title these words:

In the selection of projects under this title preference shall be given to the control of the flood waters of the Mississippi River and its tributaries.

Mr. President, I am not going to debate the point. I am not going to ask for a record vote. I merely offer the amendment for the RECORD, and for my own record.

The Mississippi River drains, in whole or in part, 32 different States of this Union. The control of its flood waters constitutes a national project. That project cannot be met or financed by any one State, or by any combination of States. It is a national project. It must be taken care of, and it should be taken care of, and should be financed by the Government of the United States.

We stand by and suffer floods to come, time after time, destroying, at each visitation, enough property in value to control these flood waters and to render the future secure, and the property situated in the Mississippi Basin secure. Yet we stand by and permit that demon to come, time after time, and do not bridle the demon.

Let the record bear witness that there is one man here who thinks that it is a national shame, and that it approaches a national crime, to permit this devastation to occur and to reoccur time after time and year after year, while we waste multiplied millions, waste money on projects which are of no consequence, and neglect this project, which is of national consequence, and is of concern, vitally and directly, to 32 different States of this Union.

Mr. WAGNER. Mr. President, I hope the amendment will not be agreed to.

Mr. GORE. Mr. President, I wish to say that the protest on the part of the Senator from New York is entirely unnecessary. This project has too much sense in it to have the slightest chance on earth.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Oklahoma [Mr. GORE].

The amendment was rejected.

Mr. ADAMS. Mr. President, I present an amendment, which I ask to have read.

The VICE PRESIDENT. The Senator from Colorado offers an amendment, which the clerk will report.

The CHIEF CLERK. On page 18, line 16, in section 202, to insert the following, after the word "control":

and also the construction of any river or drainage improvement required to perform or satisfy any obligation incurred by the United States through a treaty with a foreign government heretofore ratified and to restore or develop for the use of any State or its citizens water taken from or denied to them by performance on the part of the United States of treaty obligations heretofore assumed.

Mr. ADAMS. Mr. President, I wish to make some explanation in reference to this amendment.

The amendment combines within itself the possibilities both of unemployment relief and development of natural resources, and adds the possibility of the performance of an obligation on the part of the United States Government. It renders possible the doing of a thing which this body has upon two occasions directed should be done. Bills to that effect have passed this body twice.

The foundation of the situation is this: It affects directly three States, the State of Texas, the State of New Mexico, and the State of Colorado.

In 1906 the United States entered into a treaty with the Republic of Mexico by which the United States Government gave to the Republic of Mexico 60,000 second-feet annually of the waters of the Rio Grande. In order to carry out that treaty obligation there have been imposed upon the water users of Texas, New Mexico, and Colorado obligations to pass that amount of water down the river. They have been denied the opportunity of developing their regions because of the paramount obligation brought about by a treaty of the United States Government.

This amendment offers merely the opportunity, as the section under consideration is not mandatory but merely permissive, to include in the public-works program a project which will restore to the States of New Mexico, Texas, and Colorado the waters which they are now furnishing to the United States in order that it may deliver the waters to the Republic of Mexico.

It so happens that there is a physical and geographical situation near the boundary of the State of New Mexico which, with comparatively slight development, will permit the producing of practically a new water supply to meet this obligation. Therefore this amendment limits itself in terms to restoring to States that which was taken from them by the United States Government pursuant to treaty obligations. It is, as I have said, purely permissive, and it should be included for consideration with the other public-works program.

Mr. COSTIGAN. Mr. President, unfortunately I have not heard the discussion thus far. I came into the Chamber while my gifted colleague was speaking on the amendment he has tendered. I rise to support that amendment and wish to add that a bill providing for a drainage project in the San Luis Valley of Colorado for the benefit of the States of Colorado, New Mexico, and Texas, and sponsored by the Senators from those three States, passed this body in February 1931, more than 2 years ago; that his amendment is consistent with and looks toward the public ends contemplated in that measure, which was carefully considered at that time; and I am convinced that the amendment should be adopted.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the junior Senator from Colorado [Mr. ADAMS].

The amendment was agreed to.

Mr. OVERTON. Mr. President, I offer an amendment, which I send to the desk.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 20, line 5, after the numerals "202", it is proposed to insert a comma and the following:

And to refinance or aid in refinancing outstanding obligations heretofore or hereafter issued in connection with local contributions made to aid in the construction of Federal flood-control works.

Mr. REED. Mr. President, I should like to ask the Senator a question.

Mr. WAGNER. Mr. President, this amendment would change the policy and philosophy of this whole legislation

and permit the use of Government funds for refinancing purposes. I hope the amendment will not be agreed to.

Mr. REED. Mr. President, would this in any way help bring about reemployment?

Mr. WAGNER. No; it has no relation to it.

Mr. OVERTON. Mr. President, I think the Senator from New York takes a mistaken view about this question. The pending bill, when enacted into law, will authorize these flood-control works to be undertaken. The bill further authorizes the financing of those flood-control projects.

The flood control law enacted by the Congress provides that the Federal Government shall go ahead and do the work at the cost of the Federal Government. There are one or two exceptions to that rule. One is that the States and local subdivisions are required to make certain local contributions, principally of rights of way. Those local subdivisions, the levee boards, have been making those contributions. They have been able to do so up to the time of this depression, but they are not able now to continue to furnish those contributions, and they will have to be financed.

If that work is to go ahead, if the Federal Government is to continue with this floor-control work on the Mississippi River and its tributaries, and these local subdivisions, the levee boards, are to be required to continue to furnish the rights of way, it will be necessary that they be refinanced in reference to the obligations they have already incurred in respect to these rights-of-way.

It might be said, Mr. President, that the Government could go ahead and finance them for future rights of way, but they have outstanding obligations, obligations which they have not been able to meet. They are obligations which have been incurred with property owners, where levees are to be constructed, which have to be purchased, and concerning which they have given their certificates of indebtedness, or their promises to pay, their contractual obligations to pay, their I O U's.

They have not been able to take up those obligations, which are outstanding, and those obligations are being hawked around at 80 cents and 60 cents and 50 cents on the dollar, until it has reached the point where the property owners are unwilling to deal with the local boards unless they are properly financed.

Mr. President, if this work is to continue, if the Federal Government is to go on with this stupendous task of undertaking to control the flood waters of the Mississippi River, it is necessary not only to finance the future rights of way but to refinance these levee boards with reference to obligations which they have already incurred with respect to the rights of way already secured.

I say that the amendment is in line with the pending bill. The Government cannot go on with the flood-control works unless the rights of way are furnished. If the rights of way are to be furnished by the local authorities, then the local authorities ought to be aided by this measure.

Mr. LONG and Mr. WAGNER addressed the Chair.

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

Mr. OVERTON. I yield to my colleague the senior Senator from Louisiana.

Mr. LONG. May I ask if these are the rights of way that the levee boards have to buy for the Government?

Mr. OVERTON. They are.

Mr. LONG. At certain times the levee boards cannot wait to be financed by the Government, because they have to spend the money first and the Government has to pay them back?

Mr. OVERTON. Yes.

Mr. LONG. The levee boards now have not the money with which to do that. If the Senator from New York and the Senator from Mississippi understood this amendment, I believe they would accept it.

Mr. WAGNER. Mr. President, I understand the amendment, and, to the extent to which this money is used to refinance any obligation, it will prevent the use of it for the purpose of this act, namely, to employ people.

Mr. LONG. Mr. President, does not the Senator from New York know that every dime of it is used to employ people? When the rights of way are obtained by the State of Mississippi, the State of Tennessee, the State of Missouri, the State of Arkansas, the State of Louisiana, the State of Illinois, all of them are reimbursed for the money by the Government; but they cannot go on with the public-works program until they get the rights of way for the Government. It is necessary, in order that the work may start, that these boards get the rights of way. Then when they get the rights of way the work starts, and the Government reimburses the States or the levee boards.

The trouble, however, is that we have not the money to pay the people to get the rights of way, in the first place, and, therefore, while the Government gives us back the money, we cannot get the credit to buy the rights of way and to enable the work to go on. That is due largely because of the floods of 1927, 1928, and of other years, which we have never got over, and we have had to let all this work remain idle, and let people go unemployed for the reason that we cannot get the money to pay for the rights of way for which the Government reimburses us anyway.

I do not see why the Senator from New York should have any objection to the amendment. In the long run the Government will not be out a penny in the world. It is, in the ultimate, the Government's own obligation, but all the work of flood protection is held up for the simple reason that although the Government is willing to repay the States for the rights of way when the States buy them, the States cannot buy them because they have not the credit now to make the initial outlay, and that keeps the work tied up.

Mr. OVERTON. Is it not a fact that it will require only a million or two million dollars to secure these rights of way?

Mr. LONG. It will require very little money to do so. The Government would not have to advance over a million or two million dollars, I should say, at the most. It is a very small item because it will all be turned over; as fast as we get a million and a half it will be turned right back. In other words, the Government is not out anything, but it simply is just giving us a little "edge" to start on. If we had a million dollars, by the time we used up that million dollars the Government would pay us back a million dollars, but we have not the million dollars to start on. That is the trouble today.

This work is important. It is work that will do much good. As a matter of fact, it is an ideal kind of public work. If we could spend every dollar of this money on that kind of work we should be doing as much good as we could do by doing any other work. I do not see why objection is made to the amendment. It is almost an infinitesimal matter. By the adoption of this amendment we will make it possible to go ahead with the flood-control work which the Government is paying for anyway. I hope Senators will not make any objection to the amendment, but will let it be adopted. I will say the Government will not be out a 10-cent piece on it; it will not cost the Government a dime.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. OVERTON]. [Putting the question.] By the sound the "noes" seem to have it.

Mr. LONG. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. McNARY. On this vote I have a pair with the senior Senator from Florida [Mr. FLETCHER]. Not knowing how he would vote I withhold my vote. If I were permitted to vote I should vote "nay."

Mr. STEPHENS (when his name was called). I have a general pair with the Senator from Indiana [Mr. ROBINSON] and therefore withhold my vote. If permitted to vote I should vote "yea."

The roll call was concluded.

Mr. HEBERT. I desire to announce the following general pairs:

The Senator from Vermont [Mr. DALE] with the Senator from California [Mr. MCADOO];

The Senator from Michigan [Mr. VANDENBERG] with the Senator from Illinois [Mr. LEWIS]; and

The Senator from Maine [Mr. WHITE] with the Senator from West Virginia [Mr. NEELY].

Mr. KENDRICK. I desire to announce that the Senator from Arizona [Mr. ASHURST], the Senator from Colorado [Mr. COSTIGAN], the Senator from Virginia [Mr. GLASS], the Senator from Nevada [Mr. PITTMAN], and the Senator from Indiana [Mr. VAN NUYS] are necessarily absent on official business.

The result was announced—yeas 27, nays 47, as follows:

YEAS—27

Bachman	Copeland	Logan	Pope
Bone	Cutting	Long	Reynolds
Borah	Dill	McGill	Russell
Capper	Erickson	Murphy	Schall
Caraway	Hatfield	Nye	Trammell
Carey	Johnson	Overton	Wheeler
Clark	La Follette	Patterson	

NAYS—47

Adams	Byrnes	Hastings	Robinson, Ark.
Austin	Connally	Hayden	Sheppard
Bailey	Coolidge	Hebert	Smith
Bankhead	Davis	Kean	Steiwer
Barbour	Dickinson	Kendrick	Thomas, Utah
Barkley	Dieterich	Keyes	Thompson
Black	Duffy	Lonergan	Townsend
Bratton	Fess	McCarran	Tydings
Brown	Goldsborough	McKellar	Wagner
Bulkley	Gore	Metcalf	Walcott
Bulow	Hale	Norris	Walsh
Byrd	Harrison	Reed	

NOT VOTING—22

Ashurst	George	Neely	Thomas, Okla.
Costigan	Glass	Norbeck	Vandenberg
Couzens	King	Pittman	Van Nuys
Dale	Lewis	Robinson, Ind.	White
Fletcher	McAdoo	Shipstead	
Frazier	McNary	Stephens	

So Mr. OVERTON's amendment was rejected.

Mr. DIETERICH. Mr. President, I offer an amendment.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 19, line 3, after the amendment heretofore agreed to at that point——

The VICE PRESIDENT. The Senator from Illinois offers an amendment to an amendment which has already been agreed to. The only way the amendment can now be in order is to reconsider the vote by which the committee amendment was agreed to. That may be done by unanimous consent.

Mr. DIETERICH. I ask unanimous consent that the vote whereby the committee amendment was agreed to may be reconsidered.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the vote whereby the amendment was agreed to will be reconsidered. The amendment offered by the Senator from Illinois to the committee amendment will now be stated.

The CHIEF CLERK. Following the amendments heretofore agreed to after the word "plants" in line 3, page 19, it is proposed to insert the following:

And for systems for central generation and distribution of steam.

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

The amendment to the amendment was rejected.

The VICE PRESIDENT. The question recurs on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. REED. Mr. President, I offer an amendment.

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

The CHIEF CLERK. On page 18, line 16, after the word "control", it is proposed to insert the following proviso:

Provided, That no such river and harbor improvements shall be carried out unless they have heretofore or hereafter been adopted by the Congress or have been recommended by the Chief of Engineers of the United States Army in reports heretofore submitted to Congress.

Mr. REED. Mr. President, just a word in explanation. The amendment would come in the appropriate place in that line, either before or after the amendment of the Senator from Colorado [Mr. ADAMS]. The purpose of the amendment is to limit the expenditure of these moneys to such river and harbor projects as Congress in the past has authorized or in the future may authorize, or such as the Chief of Engineers has favorably reported upon up to this time. Within that vast group of projects the President has a free hand.

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

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

Mr. REED. Certainly.

Mr. TYDINGS. I think it has been pretty conclusively shown that the money expended on dredging is practically all money for labor. As a matter of fact the Chief of Engineers of the Army has submitted a report which was placed in the RECORD in which it is shown that a greater amount of labor is used for the dredging dollar than for any other dollar the Government expends. I appreciate the Senator does not want every creek in the country dredged, but it occurs to me that perhaps his amendment may be a little bit strictly drawn. If the amendment were to read "unless approved by the engineers of the Army", that would not only allow such projects as are now included, but any hereafter approved that are worthy, and in that way we would get the maximum amount of labor employed for the dollar of the Government money that is expended.

Mr. REED. I think the projects that have already been approved, either by us or by the Chief of Engineers, are so vast that there will be plenty of dredging to do with all the money the President can spare. I should think the President himself would like to be protected by some such provision as this, because it will relieve him of a lot of importunities from people presenting projects that are really without merit. Were I in his place, I should like to be protected by having a proviso like this.

Mr. WHEELER. Mr. President, do I understand the Senator's amendment would preclude any work except that which the Army engineers have under advisement at the present time but have not already approved?

Mr. REED. Unless it was already approved of, it would preclude it.

Mr. WHEELER. I certainly would be opposed to that, for the reason that on the Mississippi River there is flood control and on the Missouri River there are a number of projects on which the Army engineers are at this very moment working on, and some of the staff have already approved them and they have been sent up to the Chief of Engineers. Certainly the Senator would not want to eliminate those because of the fact that the President might have in mind that they were more worthy than the ones already approved. If he would provide for those that have been approved or those hereafter approved by the Board of Army Engineers, then I would have no objection.

Mr. REED. My thought was that if in the future recommendations came, Congress could act on them, but I realize that would prevent any work this season on those projects. The Senator from Maine [Mr. HALE] also has been urging the same amendment, saying that he had some meritorious projects in the course of study, as has the Senator from Minnesota [Mr. SHIPSTEAD]. In view of the large popular demand for insertion of the words "or hereafter", I will modify my amendment accordingly to read "any reports heretofore or hereafter submitted by him to Congress."

Mr. TYDINGS. If the Senator does that, as I understand the amendment, which I hold in my hand, it would still be necessary for Congress to adopt the change.

Mr. REED. Not at all. It would then read:

Provided, That no such river and harbor improvements shall be carried out unless they shall have heretofore or hereafter been adopted by the Congress or shall have been recommended by the Chief of Engineers of the United States Army in reports heretofore or hereafter submitted to the Congress.

Mr. TYDINGS. If the Senator will yield further, under that phraseology it will be necessary to have the Congress authorize the work, and the whole summer would go by without any work being done.

Mr. REED. Not at all. It is in the alternative, either that they shall have been approved by Congress or shall have been recommended by the Chief of Engineers.

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

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

Mr. REED. I yield.

Mr. WAGNER. Does it not require a submission to Congress before action can be taken? The President would be powerless to act unless the project had been submitted to the Congress. Of course, during the summer a report could not be submitted to Congress.

Mr. REED. I see the Senator's point. It can be cured by making it read in this fashion, and I modify it accordingly:

Provided, That no such river or harbor improvements shall be carried out unless they shall have been heretofore or hereafter adopted by the Congress or are recommended by the Chief of Engineers of the United States Army.

I think that makes it clear.

Mr. BORAH, Mr. AUSTIN, and Mr. COPELAND addressed the Chair.

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

Mr. REED. I yield first to the Senator from Idaho.

Mr. BORAH. Would any such improvement be carried on unless either one or the other, either the Congress or the engineers, had approved of it?

Mr. TYDINGS. As I understand it, the improvement could not be carried on unless it was both recommended by the engineers and approved by the Congress; but, under the Senator's amendment, if there is more work to be done than Congress has approved, it could only be done if the engineers had authorized it. It was to take care of perhaps a gap in a large program that the engineer feature, without congressional action, was adopted for this emergency.

Mr. BORAH. I cannot imagine the President taking up a project unless one or the other had happened, anyway.

Mr. TYDINGS. Of course.

Mr. AUSTIN. Mr. President, I desire to ask the Senator from Pennsylvania a question. The Senator from Vermont understands by the language of the amendment that it does not relate to flood control.

Mr. REED. No; it does not.

Mr. AUSTIN. In that event, should it not follow the word "improvement" rather than the word "control"?

Mr. REED. No; because the proviso is limited to river and harbor improvement, and it comes in appropriately at the end of the sentence.

Mr. AUSTIN. With the explanation that it is not intended to affect flood-control projects, I have no objection to it going there. If it were to affect those projects, I certainly would want to change its location.

Mr. REED. Grammatically we cannot put a proviso in the middle of a sentence, so we have put it at the end of the sentence and by its terms limited it solely to river and harbor improvement.

Mr. AUSTIN. Very well.

Mr. VANDENBERG. Mr. President, will the Senator yield for a question?

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

Mr. REED. I yield.

Mr. VANDENBERG. As I understand the situation, unless the Senator's amendment is adopted, we have reverted to the old pork-barrel rivers and harbors rule and system of operation.

Mr. REED. Oh, worse than that. We have shut our eyes and said to the President of the United States, "Take $3,000,000,000 and spend it in any old creek or any place at any old time in any old way."

Mr. VANDENBERG. But if we replace the great progress that has been made in Congress in the last 10 or 15 years in the direction of at least attempting to be somewhat scientific in respect to river and harbor improvements, we turn our backs on all that and go back to where we were before we started.

Mr. REED. Just as we would turn our backs on the political education of the country for the last century and a half.

Mr. COPELAND. Mr. President, there has been more scandal attached to river and harbor matters than to any other projects presented to Congress. We long since learned in the Committee on Commerce that the only safe way to proceed in river and harbor items is to insist that there shall be an approval of each project by the Board of Army Engineers. I am in hearty sympathy with the amendment suggested by the Senator from Pennsylvania.

While I am on my feet I want to find fault with the Board of Army Engineers. I think some of their regulations are as antiquated and moss covered as the codes of ethics of some of the learned professions.

For example, contractors are now at work to dredge the channel between Governors Island and Brooklyn. The contractors took the work at 19 cents per cubic yard. They wanted to get a dredge. The only dredge to be had in that vicinity is owned by the Government. The Government proposed to let the contractors have the dredge, requiring them to pay all the wages paid to the men on the dredge and a certain per diem for its use. In addition, there is a surcharge of 50 percent of the sum of those two items. In other words, it will cost the contractors, if they are obliged to take that dredge, about 40 cents a yard to make the excavation when the contract was made for 19 cents a yard.

I can see no reason why the Government should interfere in this manner with the operation of such activities in our various rivers and harbors. Nevertheless, if we do not have such a provision as is suggested by the Senator from Pennsylvania, every old river and creek and mudhole in the United States will be put forward as a place where Government money should be spent. I think it is utterly wrong.

There ought to be some authoritative place or body to regulate the matter. The Army engineers should do this. They are above suspicion of politics or improper influences. If we cannot trust them, we cannot trust anybody. I think the President himself would be glad to have the Army engineers pass judgment upon river and harbor projects before they are undertaken.

Mr. SHIPSTEAD. Mr. President, under this provision projects can be prosecuted if they have heretofore been adopted by the Congress or are hereafter or have heretofore been approved by the Chief of Engineers of the United States Army. With those reports the Chief of Engineers always presents an estimate of cost, and Congress authorizes a certain amount of the estimate or the total of the estimate for appropriation.

I should like to ask the Senator from Pennsylvania whether or not he believes that under this provision in the pending bill, if the Chief of Engineers shall approve a project, it will be necessary, before starting work on the project or allotting funds to the project, to come to the Congress for an appropriation and an authorization for an appropriation, or for an increase in an authorization that has heretofore been limited.

Mr. REED. No, Mr. President. An authorization is just a check imposed by Congress upon itself—a check imposed as a preliminary to making an appropriation. The Constitution does not mention authorizations. Consequently when in this bill we appropriate $3,300,000,000 we have done the final and decisive act; and no further authorization and no further appropriation is necessary.

Mr. SHIPSTEAD. I thank the Senator.

The VICE PRESIDENT. The question is on agreeing to the amendment as modified. [Putting the question.] By the sound, the "ayes" seem to have it.

Mr. HARRISON. I ask for a division.

On a division, the amendment as modified was agreed to.

Mr. COSTIGAN. Mr. President, I desire to propose orally two amendments which I believe the committee will accept. They are identical in language, and I ask unanimous consent that they may be treated as one amendment.

I move to strike out, on page 27, lines 7 and 8, the words "citizens of the United States who are", and the same words in line 10 of that page.

Mr. HARRISON. Mr. President, may I say that my recollection is that paragraph (a) has already been amended.

Mr. COPELAND. Yes; it has.

Mr. HARRISON. And what the Senator is trying to do has already been done by the Senate.

Mr. COSTIGAN. I did not know that it had been done.

Mr. LA FOLLETTE. No; Mr. President. Will the Senator yield?

Mr. COSTIGAN. With pleasure.

Mr. LA FOLLETTE. I would not wish the Senator from Colorado to be laboring under a misapprehension, and I am sure the Senator from Mississippi would not wish that to occur.

The only amendment to this particular subsection which was adopted was one offered by the Senator from Montana [Mr. WHEELER], which exempted from its provisions highway-construction work, and had no relation to the question of whether the persons to be employed were bona-fide residents or bona-fide citizens, or both.

Mr. HARRISON. The Senator from Wisconsin has stated the facts. The Senator from Montana first offered the amendment to strike out all of that section, and finally agreed on the proposition to make it applicable only to the highways.

Mr. COSTIGAN. Mr. President, in view of the statements of the respective Senators from Wisconsin and Mississippi, for which I am indebted to them, I feel that I should renew my motion. The language moved to be stricken is certainly, as one member of the committee said last evening, unintended.

Mr. HARRISON. I do not think there will be any objection to striking out those words.

Mr. COSTIGAN. If the language is stricken out, preferences in regard to employment to work on public projects will be given first to ex-service men and their dependents, which is proper; and, after that, to bona-fide residents of political subdivisions in the regions in which the projects are to be constructed.

Mr. President, in order that the reasons for the amendment may be of record and may be more surely before the conference committee for consideration, if there is, though there should not be, any doubt on the question, I ask unanimous consent to include in the RECORD a letter, not from noncitizens but in fact written on behalf of distinguished citizens of this country who are members of the board of trustees and advisory council of the Foreign Language Information Service of New York City. This organization is the lineal descendant of a Government organization of the World War—the Public Information Service created by President Wilson at that time. Its fine motto has been to interpret America to the foreign born in our midst and the foreign born to America. Its present director, who signs the letter, is an able lawyer, a member of a distinguished American family, who has proven his devotion to the public service.

I ask that this letter, which gives convincing and, indeed, overwhelming reasons for the amendment, may be incorporated in my remarks.

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

FOREIGN LANGUAGE INFORMATION SERVICE, INC.,
New York City, May 26, 1933.

DEAR SENATOR COSTIGAN: Miss Eastman has already called your attention to one feature of the national industrial recovery bill, as recommended by the Ways and Means Committee of the House, which we feel will work great hardship and injustice.

As introduced by Senator WAGNER (S. 1712) the bill provides (sec. 205)—

"That in the employment of labor in connection with any such project, preference shall be given, where they are qualified, to ex-service men with dependents."

To such a preference there is, of course, no objection.

In the House bill (H.R. 5755), however, the Ways and Means Committee has provided (sec. 205)—

"That in the employment of labor in connection with any such project preference shall be given, where they are qualified, to ex-service men with dependents, and then in the following order: (A) To citizens of the United States who are bona fide residents of the political subdivision and/or county in which the work is to be performed; and (B) to citizens of the United States who are bona fide residents of the State, Territory, or district in which the work is to be performed: *Provided*, That these preferences shall apply only where such labor is available and qualified to perform the work to which the employment relates."

Under existing economic conditions the preferences thus granted virtually exclude noncitizens from employment on the $3,300,000,000 public works to be undertaken.

This discrimination will affect adversely some 6,000,000 persons who have not yet obtained citizenship. According to the 1930 census there were 5,784,760 aliens in the United States and 499,853 foreign born for whom data in regard to citizenship were not obtained—a total of 6,284,613. Of these some 5,654,672 were 21 years of age and over.

In support of these preferences it is urged that where there are 2 applicants and only 1 job it is proper to give preference to the citizen. Other things being equal, this may be granted. But in countless cases other things are not equal. The citizen may be a single man. The alien may have a wife and children dependent on him. In such a case humanity and sound public policy require that the alien be given the job. This would be impossible under the arbitrary provisions of the House bill.

In most cases, further, the children of the alien are native born. In discriminating against their fathers the bill would, in effect, discriminate against hundreds of thousands of American citizens, and those least able to protect themselves.

The unemployed alien, it seems to us, is as much in need as the unemployed citizen. Having admitted him to permanent residence, the country ought not, in decency and fairness, to discriminate against him. In this vital matter of employment and livelihood the alien, from every human standpoint, is on the same footing as the citizen. He is subject to the same taxes. In many cases he has already declared his intention of becoming a citizen. Often he has not yet acquired citizenship because of the high fees and other expenses involved in naturalization. In the past this very sort of work—construction and manual labor—has been regarded as the special province of the immigrant, the native born not choosing to do it.

The House bill, as it stands, gives preference not to all citizens but to those who are bona fide residents of the locality in which the work is to be performed. If such local preference is retained, it will not, we hope, be limited to citizens but extended to all bona fide residents, whether citizen or alien.

Sincerely yours,

READ LEWIS, *Director.*

Hon. EDWARD P. COSTIGAN,
United States Senate, Washington, D.C.

Mr. COSTIGAN. I understand that the committee accepts the amendment.

The VICE PRESIDENT. The Senator from Colorado offers two amendments, which will be stated.

The CHIEF CLERK. On page 27, lines 7 and 8, it is proposed to strike out the words "citizens of the United States who are", and the same amendment in line 10.

Mr. COPELAND. Mr. President, I was about to ask a question regarding the amendment, but the statement by the clerk answers my question. I desired to know if both places were proposed to be amended.

The VICE PRESIDENT. The question is on agreeing to the amendments proposed by the Senator from Colorado.

The amendments were agreed to.

Mr. LA FOLLETTE. Mr. President, on last evening I offered an amendment on page 24, line 19, to insert the words "Canal Zone" after the word "Colombia." Inadvertently, I offered the amendment in the wrong place.

I ask unanimous consent that the Senate reconsider the vote whereby that one amendment was agreed to; and if that is granted I shall withdraw the amendment, and offer it at another place.

The VICE PRESIDENT. Without objection, the vote whereby the amendment was agreed to will be reconsidered.

Mr. LA FOLLETTE. I now withdraw the amendment, Mr. President.

The VICE PRESIDENT. The amendment is withdrawn. The Senator from Wisconsin offers a further amendment, which will be stated.

Mr. LA FOLLETTE. On page 21, line 6, after the comma, I move to insert "the Canal Zone."

The PRESIDING OFFICER (Mr. CLARK in the chair). The amendment will be stated.

The CHIEF CLERK. On page 21, line 6, after the comma, it is proposed to insert "the Canal Zone."

The amendment was agreed to.

RADIOBROADCAST BY SECRETARY HOWE

Mr. VANDENBERG. Mr. President, I desire to complete the RECORD in a few brief observations as it refers to Col. Louis M. Howe, the President's secretary, and his relationship with his radio hour. I feel called upon to do this in view of the nature of my sympathetic colloquy on June 5, 1933, with the able junior Senator from New Mexico [Mr. CUTTING].

I remind the Senate that the junior Senator from New Mexico on June 5, at page 4968 of the RECORD, commented specifically upon the fact that Colonel Howe, the secretary to the President, had gone upon the air on Sunday evening previously and had broadcast an appeal to the country against the action of the Senate in respect to certain phases of veterans' allowances.

The Senator from New Mexico, among other things, made the following observations; and I might say parenthetically that certainly no one can accuse the Senator from New Mexico of being partisan in his attitudes. He has recently made conclusive demonstrations to the contrary.

I quote the Senator:

> 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.

Further:

> 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.

Mr. President, I interrupted the Senator from New Mexico with the following observation:

> 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.

I further said, at the conclusion of the colloquy:

> I think it is a rather serious contemplation when that radio hour is now delivered to the Presidential secretariat—

Referring to the hour previously occupied by Mr. David Lawrence—

> 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.

Mr. President, pursuant to that suggestion, at the next meeting of the Committee on Military Affairs the Senator from Iowa [Mr. DICKINSON] asked Colonel Howe, who was a witness upon the stand, respecting his arrangements for his radio hour. It was immediately objected that the question was beyond the scope of the committee, and therefore the witness was not required to answer.

Thereupon, inasmuch as I assumed that Colonel Howe's silence under such circumstances indicated his own disinclination to provide us with the information, I wired General Harbord, at New York, who is president of the Radio Corporation of America, and asked for the information. General Harbord courteously replied the following morning that he did not have the information himself, but that he was in position to say—I assume after contacting Colonel Howe—that Colonel Howe himself would be very happy to provide me with the information if I would address him directly upon the subject. This certainly was highly creditable to Colonel Howe; and I desire to emphasize the fact that I was very happy to find out that Colonel Howe would be willing to give me the information at first hand; and under such circumstances I only regret that I did not go to him in the first instance for the information.

At any rate, I thereupon addressed my questionnaire to Colonel Howe. I now have his complete and detailed answer. I am somewhat perplexed in connection with it, because it is labeled "personal and confidential", which scarcely is in line with the objective to which I was addressing myself; but I find within the letter frank permission to abstract from the letter—

> The information you wish in connection with the facts as to my own contract.

I respect Colonel Howe's request and use only the information referring to his own contract.

I have been somewhat perplexed again to dissect out the information which I am entitled to use; but I believe I am entitled to report that Colonel Howe spoke originally twice upon the radio with a compensation of $1,000 each time for 15 minutes; that his present contractual arrangement, covering a 10 weeks' revocable relationship, nets him $900 for each 15 minutes; and that the total cost of his 15-minute radio hour, including the compensation for all concerned, is $1,500, which is at the rate of $100 per minute.

When the Secretary to the President of the United States speaks in a radio hour in any such fashion as this radio hour is presented, regardless of all efforts to warn the country otherwise, the inevitable conclusion is that the White House has spoken by proxy to the Nation. You can undertake to draw any fine discriminations as you please, but that is the inevitable popular conclusion. Colonel Howe makes no such pretense, of course. Indeed, he undertakes to avoid it. But he cannot shed his White House role.

Here is a trade magazine called Radio. This is the announcement in the magazine called Radio respecting this situation. I read:

$1,500 FOR HOWE'S TALKS ON WHITE HOUSE AFFAIRS

> Weekly series that Col. Louis McHenry Howe, Secretary to President Roosevelt, and Walter Trumbull, newspaper correspondent, start on NBC for the RCA Victor group Sunday (June 4), will have them splitting $1,500 between them per broadcast. Contract is for 13 weeks, with the link (red) taking in 42 stations from coast to coast.
>
> With Trumbull doing the quizzing, the President's Secretary will chat on administrative matters. Commercial plans working in the mail angle by asking the listeners to write questions of governmental problems, moves, and situations they would like Howe to expatiate on.

And this is the significant part of this publication, and the inevitable deduction to be drawn from such a situation:

> Colonel Howe is nationally recognized as the President's spokesman, and as such this series makes him the "mouthpiece of the White House."

That is about as near to an official, professional announcement of Colonel Howe's relationship to this radio hour as we could get, because it is in this leading radio trade paper. I submit that it interprets the broadcasts precisely as they will be interpreted by a vast majority of the American people.

Mr. President, ethics are always for each man to decide for himself, and I have no intention of pretending any monopoly upon the virtues or undertaking to dictate ethics to others. But the White House does belong to us all. I submit to the President's Secretary and to the President for their consideration that the nationally recognized spokesman for the President, speaking in the Nation's Capital, should not be speaking for $100 compensation per minute to himself and his associate. I submit that the mouthpiece of the White House—and I am quoting the publication which I have read—should not be a mouthpiece at the rate of $100 per minute in a personal, private purse.

Nobody would think of employing the very eminent Colonel Howe—and I speak of him with the greatest respect—at $100 a minute upon the radio, if he were not the secretary to the President of the United States. This demonstrates why the broadcast is deemed to be worth so much money. It demonstrates that it is the secretaryship and not Colonel Howe which is involved in the contract. The secretaryship belongs to us all.

Mr. TYDINGS. Mr. President, if I understand what the Senator has said, he has informed us that Colonel Howe is speaking for the administration; but I think we owe it to Colonel Howe to say that, as I understand the situation, he is speaking only in his individual capacity and not in any way as representative of the President of the United States.

Mr. VANDENBERG. The Senator is absolutely correct, and, in addition, the $100 a minute is his own individual $100; but there is no way in this world that the secretary to the President can step down out of the White House on Sunday evening and successfully undertake to interpret national affairs to the American people in his private capacity as Colonel Howe. He is the President's secretary, whether he wishes to divest himself of this role or not.

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

Mr. VANDENBERG. I am glad to.

Mr. ROBINSON of Arkansas. Assuming the right of free speech and free expression, assuming also the right of Mr. Howe to accept radio employment, who has the authority to determine what his compensation shall be? Does the Senator from Michigan assume that the Senate should pass upon the question as to what his services may be worth? We have heard a great many times that moving-picture stars, that lecturers, that radio speakers, receive what appears to be very liberal, not to say very great, compensation; but is it not a matter of contract, assuming that there is the right to enter into such contracts? In other words, does the Congress, or the Senate, claim the right to fix the compensation a movie star or a radio speaker or a lecturer shall receive?

Of course, upon the question of the propriety of entering into a radio contract there may be difference of opinion. There may be also difference of opinion as to the practice of Senators in accepting contracts with chautauquas, lyceums, and bureaus, but, after all, one has the right to express himself, one has the right to enter into contracts of that nature, and the amount of the compensation must be determined by the agreement of the parties.

If some radio broadcasting company thinks that Mr. Howe is worth more than what the Senator from Michigan or the Senator from Arkansas thinks he is worth, the matter is determined at last by the opinion of the management of the broadcasting company.

I do not suppose for one moment that the Senator from Michigan assumes he has the right to tell a broadcasting company what the services of its speakers are worth, or to tell the speakers themselves what limit shall be placed on the amount of their compensation.

Granting, for the sake of argument, that the amount paid Mr. Howe is more than what the Senator thinks his services are worth, what business is it of the Senate or of the House, and how can we regulate matters of that kind?

Mr. VANDENBERG. Mr. President, if the Senator has concluded his question, I shall be glad to undertake to answer. In answering I hope I can bring my observations back to the plane upon which I undertook to submit them.

I am not interested in how much Colonel Howe gets, I am not interested in undertaking to attempt to fix Colonel Howe's compensation, I am not interested in any of those commercial phases; I am interested in the ethical contemplation, first, that the Secretary to the President of the United States goes upon the air in an attack upon the Senate of the United States in respect to allowances granted to disabled war veterans. That is the first ethical question raised originally by the Senator from New Mexico [Mr. CUTTING].

Then I am interested in the second ethical question, that when he attacks the Senate of the United States, introduced to the audience as the Secretary to the President, and when he criticizes the Senate for having undone some of the brutalities that were perpetrated by the rules and regulations of the Veterans' Administration upon disabled veterans of the United States—when he does that, he and his associates are reimbursed, at the very moment he is pleading for economy, at the rate of $100 a minute for the performance he puts on. I am raising the ethical question.

Mr. REED. Mr. President, it seems to me that we ought not to mind that so much, because that $100 a minute comes from a private purse. In less than a minute Colonel Howe costs the United States about $100,000 in the purchase of the Conservation Service toilet kits, and that comes out of the Treasury of the United States. [Laughter in the galleries.]

Mr. VANDENBERG. The Senator is entirely correct. But he is back in the realm of arithmetic, rather sad arithmetic.

The PRESIDING OFFICER. The occupants of the galleries are admonished that they are here as the guests of the Senate, and that expressions of approval or disapproval of words spoken on the floor of the Senate are forbidden by a rule of the Senate, which rule will be observed.

Mr. VANDENBERG. Mr. President, I want to remain in the ethical field in respect to this situation, because I want to repeat what I said in the beginning—and I rather suspect the Senator from Arkansas did not hear me—that I would not undertake to pass upon Colonel Howe's conscience in respect to a problem of this nature. That is his responsibility, and it is not mine. It is all any of us can do to attend to our own conscience. The one thing I am doing is addressing the ethical question to the President's Secretary, and to the President, for whom this Secretary inevitably speaks in this radio hour, no matter how much he protests to the contrary; I am submitting the ethical question, whether that sort of White House spokesmanship is a private perquisite entitled to be privately capitalized at the rate of $100 a minute. That is all I have to say on the subject.

Mr. ROBINSON of Arkansas. Mr. President, I should like to ask the Senator a question.

MBr. VANDENBERG. I shall be very happy to answer.

Mr. ROBINSON of Arkansas. As I understand the Senator's statement, he does not assert that Mr. Howe, in making radio addresses, is actually authorized to speak for the President or for the White House.

Mr. VANDENBERG. I stated quite the contrary—that he is not, and that he distinctly undertakes to say that he is not.

Mr. ROBINSON of Arkansas. But the Senator states that, for the reason that he is a Secretary to the President, there arises the implication that he is speaking for the White House.

Mr. VANDENBERG. Inevitably.

Mr. ROBINSON of Arkansas. I do not think that conclusion is convincing.

Mr. VANDENBERG. Let me ask the Senator one question as bearing on that.

Mr. ROBINSON of Arkansas. Suppose my secretary writes a newspaper article, or delivers an address, or makes a radio speech; does the inference inevitable arise that he is speaking for me merely because in other capacities he is employed by me?

Mr. VANDENBERG. No, Mr. President; but without depreciating the Senator's very great stature in the eyes of the Nation, I am bound to submit that the Senator's secretary and the President's secretary are two totally different persons. Furthermore, the country has become accustomed to the role of the President's Secretary as one who is intimate and closely informed respecting public affairs, whereas senatorial secretaries rarely get into the newspapers except when some critic is discussing nepotism. That is about all we hear about.

Mr. ROBINSON of Arkansas. Mr. President, I do not believe the Senator wishes to stand on that last statement. I think it is a reflection on Senators and on their secretaries in the manner in which the Senator has asserted it.

Mr. VANDENBERG. Let me——

Mr. ROBINSON of Arkansas. Now, I want to say this——

Mr. VANDENBERG. I have the floor, Mr. President.

Mr. ROBINSON of Arkansas. I do not think so. The Senator surrendered the floor.

The PRESIDING OFFICER. The Chair will state that the Chair understood the Senator from Michigan to yield the floor, and the Senator from Arkansas took the floor.

Mr. VANDENBERG. Very well.

Mr. ROBINSON of Arkansas. I have the floor, and I will yield to the Senator, but before doing so I wish to make just one statement, that in my opinion the group comprising senatorial secretaries is a group very deserving—a very loyal and a very capable class of employees. I do not think the Senator would wish to characterize them as distinguished principally for nepotism.

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

Mr. ROBINSON of Arkansas. Certainly.

Mr. VANDENBERG. I agree with every word the Senator has said.

Mr. ROBINSON of Arkansas. Then there is nothing further to talk about. Let us go on with the bill.

Mr. VANDENBERG. Mr. President, the observation I made regarding senatorial secretaries was drawn out by a remark of the Senator from Arkansas. I said, and I repeat, that when the public hears about our secretaries from our critics in the newspapers it usually is in respect to that sort of a discussion, whereas the President's Secretary is known to the press and to the Nation in a totally different aspect, and I think we are bound to recognize that fact. No senatorial secretary will ever get a radio contract for $100 a minute. I respectfully submit that there is no escape from the conclusion that the President's Secretary capitalizes a high position, belonging to the Nation, for private gain.

NATIONAL INDUSTRIAL RECOVERY

The Senate resumed the consideration of 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.

Mr. WALSH. Mr. President, I have two amendments I should like to offer. Both of them have been submitted to the Senator from New York [Mr. WAGNER], and he has agreed that they may be sent to conference.

The VICE PRESIDENT. The clerk will report the first amendment submitted by the Senator from Massachusetts.

The CHIEF CLERK. The Senator from Massachusetts proposes to amend section 202, page 18, line 21, after the semicolon, by inserting the following:

To make loans to finance the construction or purchase of the buildings, equipment, and apparatus to be used for, or to promote the welfare of, nonprofit federations of labor unions: *Provided*, That loans under this paragraph may be made through the purchase of securities, or otherwise, and for such purpose the Reconstruction Finance Corporation is authorized to bid for such securities.

Mr. WALSH. I understand that the Senator from New York is willing that this amendment may go to conference.

Mr. BORAH. Mr. President, I shall make no objection, but I hope it will be made broader in conference.

Mr. WALSH. Mr. President, this amendment is offered at the request of the American Federation of Labor to permit federations of labor which own and operate buildings and housing projects to secure temporary financial assistance to prevent the forced sale of properties.

These properties are self-liquidating in character and are operated without profit.

This amendment is permissive only, and loans will be made or securities purchased only if the security offered is sufficient to insure the payment of the loan.

This amendment will make it possible for these federations of labor to carry on and extend the constructive work they are doing without being penalized through the forced sale of properties.

The forced sale of these properties or the inability of these federations of labor to extend their activities will cause large financial losses to many thousands of thrifty Americans.

Many federations of labor have been seriously injured through the closing of banks in which their funds were deposited and further through the forced sale of properties, the indebtedness of which was held by closed banks.

Mr. BORAH. Are they placed in any different situation from anyone else whose home is likely to be lost? Let us make it broad enough to reach all home owners in distress.

Mr. WALSH. They are not in any different situation, but provisions have been made, of course, for home owners and farmers whose homes and farms are threatened with foreclosure.

Mr. BORAH. I have no objection to making any preparation possible to save the homes of laborers, but I was wondering whether that was confined exclusively to laborers? I have no objection to it going to conference.

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

The amendment was agreed to.

Mr. POPE. Mr. President, I offer an amendment.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 20, line 8, it is proposed to strike out the comma after the word "project" and strike out all the words beginning with the word "but", in line 8, and ending with the word "project", in line 10.

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

Mr. HARRISON. Mr. President, is that the amendment striking out "30 percent"?

Mr. POPE. Yes.

Mr. HARRISON. I am willing to let it go to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Idaho. [Putting the question.] The "noes" have it, and the amendment is rejected.

Mr. COOLIDGE. Mr. President, out of order, I offer an amendment.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 42, after line 19, it is proposed to insert the following new subsection:

(k) Section 1 of the act entitled "An act to provide revenue by the taxation of certain nonintoxicating liquor, and for other purposes", approved March 22, 1933, is amended by inserting immediately after the words "fruit juices" where they first appear therein the following: "(except cider)."

Mr. TYDINGS. Mr. President, I should like to say a word about the amendment.

Mr. HARRISON. That matter should come up later.

Mr. DILL. Mr. President——

Mr. TYDINGS. I should like to explain the amendment without being interrupted by 2 or 3 Senators.

Mr. DILL. I should like to know what the effect of it is.

Mr. TYDINGS. That is what I am going to explain.

Mr. President, inadvertently in passing the beer bill nonintoxicating fruit juices were taxed at the same rate that beer was taxed. Unless the law shall be changed the farmer will have to pay on a barrel of cider the full tax that the brewer pays on a barrel of beer. It never was the intention of the Senate to tax cider.

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

Mr. TYDINGS. Yes; I yield.

Mr. DILL. That only applies if the cider contains more than 3.2 percent of alcohol.

Mr. TYDINGS. No; it does not. It applies to all cider having less than 3.2 percent of alcohol but more than one half of 1 percent, so that practically all cider would be subject to a tax of $10 a barrel. If we want to adjourn, with this season's apple crop coming on, and have every farmer in the land pay $10 a barrel tax on his cider, that is one thing; but I do not believe the Senate wants to do that, and the Senator from Massachusetts has offered an amendment to cure that defect in the law.

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

Mr. TYDINGS. I yield.

Mr. COPELAND. Is it not a fact that if a farmer is making cider with a view to developing vinegar that after fermentation sets in and the alcoholic content exceeds one half of 1 percent, he must then give bond?

Mr. TYDINGS. That is right.

Mr. COPELAND. And if this amendment were to be adopted, it would relieve that situation.

Mr. TYDINGS. It would relieve it. In the first place, it was an oversight in the passage of the particular bill and this is the last chance, I am afraid, to have it corrected.

Mr. COPELAND. I am frank to say that in my State it is a matter of great concern wherever apples are raised.

Mr. TYDINGS. Mr. President, I think there can be no objection to the amendment.

The PRESIDING OFFICER (Mr. GEORGE in the chair). The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. CLARK. Mr. President, I offer the amendment which I send to the clerk's desk.

The PRESIDING OFFICER. The Senator from Missouri offers an amendment, which will be stated.

The CHIEF CLERK. On page 19, line 3, it is proposed to strike out "and if" and insert in lieu thereof the following:

(f) the construction and operation, by a corporation to be formed by the President, under the laws of any State or the District of Columbia, and to be controlled by the Secretary of Agriculture, which shall be a Government instrumentality to effectuate the policy declared in the Agricultural Adjustment Act, approved May 12, 1933, of plants to manufacture ethyl alcohol from agricultural commodities grown within the United States, and the distribution and sale of such alcohol and byproducts thereof, such plants to be constructed and operated only in such States as the Secretary of Agriculture finds have made, by law or otherwise, adequate provision for requiring or encouraging the purchase from the corporation of such alcohol and the use thereof for motor-vehicle fuel or other purposes; and (g) if.

Mr. CLARK. Mr. President, this amendment was prepared by the Department of Agriculture and has the specific approval of the President of the United States.

The amendment in general provides for the development of a project for the use of alcohol from farm products for motor fuel and other purposes. General information on this subject will be found in Senate Document No. 57, Seventy-third Congress, first session, entitled "Use of Alcohol from Farm Products in Motor Fuel" submitted by the Secretary of Agriculture in response to Senate Resolution No. 65.

While the method proposed is different, the subject matter is essentially the same as that covered by the bill introduced in the Senate by the Senator from Iowa [Mr. DICKINSON] and myself.

The amendment authorizes the President to form a Government corporation to establish plants for the manufacture and sale of alcohol from farm products such as corn, wheat, sorghum, rye, rice, oats, potatoes, and sweetpotatoes. The plants will, however, be established only in such States as take affirmative action, by law or otherwise, to avail themselves of the advantages of the project. There is no Federal compulsion whatsoever. Any use of alcohol in motor fuel or for other purposes would, if compulsory, be so solely by reason of State action.

Under the farm relief bill, the corn-hog situation has usually been considered the most difficult to meet. The proposed amendment, in providing a new outlet for corn, will take care of the surplus corn production and at the same time place upon the Corn Belt and other interested States the responsibility of taking the necessary steps to provide a market for the alcohol. The Government corporation would be under the control of the Department of Agriculture, thereby permitting operation on such basis as will stabilize the agricultural situation. This can be done by making purchases in those years when corn or other crops are cheap by reason of surplus production, yet marketing the alcohol on a substantially constant basis.

The effect on the unemployment situation can be gathered from the following statistics: 28 plants with 20,600,000 gallons capacity each would produce alcohol in an amount equivalent to 5 percent of the annual consumption of motor fuel. These plants would cost $111,300,000, employ 78,160 men for 1 year in building and equipping the plants, consume an annual average of 245,000,000 bushels of grain, 4,200,000 tons of coal, require $60,280,000 worth of freight service a year, and 4,160 factory employees a year.

As I have said, Mr. President, this amendment was prepared under the supervision of the Administrator of the Farm Relief Act and has the specific approval of the President of the United States.

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

Mr. CLARK. I yield.

Mr. CONNALLY. By what authority does the Senator from Missouri say that it has the approval of the President of the United States?

Mr. CLARK. I have been so informed by those who speak for the President.

Mr. CONNALLY. The Constitution provides a way for the President to advise Congress of his views, and I just want to challenge the statement of the Senator from Missouri.

Mr. CLARK. Mr. President, the Senator from Texas understands that we have not done a thing at this session except to act on measures sent up here from the departments, with the approval of the President.

Mr. CONNALLY. I want to advise Senators that if we adopt this amendment, we are going to increase the price of every gallon of gasoline which their constituents burn in their automobiles.

This matter was considered by the Finance Committee. The gentlemen who are interested in it were present; the committee decided that it was a matter that ought not to be taken up at this time, and rejected it, but agreed that at the next session of Congress, when we had time to go into the matter, it will be considered and proper attention given to it.

Mr. CLARK. Mr. President, the Senator does not mean to say that this matter was presented to the committee and rejected. The Senator from Iowa and myself introduced the bill the Senator has in mind. It was never acted on by the committee. It was originally my intention to offer it as an amendment to the gasoline tax bill, but, at the suggestion of the Chairman of the Finance Committee that this matter ought to be considered further, it was agreed that it should not be presented as an amendment to that bill. However, it was not acted on by the committee, and it was not rejected. It was agreed, so far as the Senator from Iowa and I were concerned, that we were willing to have the matter submitted to the committee to be reported back. This is a measure that comes from the Farm-Relief Administrator. It is essentially a different proposition from the other.

Mr. CONNALLY. I will say to the Senator that I do not care to get into any controversy about the facts. I still insist that so far as this bill was concerned, it was rejected with the understanding that it would be taken up later. The Senator from Missouri was present, and the chairman of the committee, while I have not consulted him, is here and can state what occurred.

Mr. HARRISON. Mr. President, the fact about it is that when the tax bill came over from the House some time ago representatives of farmer groups came before the committee to press an amendment with reference to some character of tax touching blended alcohol. We knew it was quite a complicated matter; it had various angles to it. The Senator from Missouri, who is much interested in this subject matter, was there, and we asked these gentlemen not to present the matter at that particular time, but that the Senator from Missouri would offer a joint resolution or that under the power granted him, the Chairman of the Finance Committee would appoint a subcommittee to go out to investigate this question from every angle, and submit a report next January. And so the committee did decide to that extent; but this particular matter was not before the committee.

Mr. CLARK. Mr. President, if the Senator will yield, the proposition that was tentatively before the committee but never offered as an amendment was the proposition to compel the mixture of alcohol with gasoline by the use of the taxing power of the United States. That was essentially a different proposition from the one herein contained, because this is simply a provision to be added to the public-works program.

Mr. HARRISON. The Senator is correct in that respect. I never heard of this proposition until about 3 days ago,

when a representative of the Agricultural Department, with the O.K. of the President of the United States, I may say handed me this particular suggested amendment and said they were very anxious to have it incorporated in this bill. I told him that we would bring it to the attention of the committee. I called it to the attention of the Senator from Missouri because he had been very much interested in the subject. That is why it is before the Senate. I hope the Senate will express its judgment and decide whether or not it wants to give the President the power to make these experiments.

Mr. CONNALLY. Mr. President——

Mr. REED. Mr. President, will the Senator yield for a suggestion?

Mr. CONNALLY. I yield.

Mr. REED. From the standpoint of experimentation is it not established beyond peradventure that ethyl alcohol can be distilled from corn?

Mr. CONNALLY. To be sure; as well as any other kind of alcohol.

Mr. REED. Is there any sense in further experimentation along this line? We might just as well build an experimental station to determine whether gasoline may be distilled from petroleum. We know it can be.

Mr. CONNALLY. Certainly.

Mr. REED. Or we might as well build a gasoline refinery as to adopt this proposal.

Mr. CONNALLY. Let me say to the Senator from Pennsylvania also that if this amendment is to be considered at all, it ought to be considered as a matter of farm relief rather than on a tax bill seeking to raise money for the purpose of carrying on the public-works program.

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

Mr. CONNALLY. I yield.

Mr. CLARK. Does not the Senator think it is pretty late in the session to be raising the question of what subjects shall be added to various bills. Throughout the session we have been passing bills that are hodge-podges of everything that could be conceived; and it seems to me to be pretty late to be raising the question as to whether a particular amendment is offered to an appropriate bill.

Mr. CONNALLY. Let me suggest to the Senator from Missouri that some of us think it is rather late for the Senator from Missouri, who is a member of the committee and who did not press the matter before the committee, to come in now in the closing hours of the session and in the closing hours of the consideration of the bill, and press this wholly new and novel proposition.

Mr. CLARK. The matter was never presented to me until after the bill had been reported.

Mr. CONNALLY. It was never presented to the Senator from Missouri until after the bill had been reported. When the committee had it under consideration, according to what the Senator from Mississippi has already said, the committee rejected it so far as this bill was concerned and postponed it for future consideration of the committee. I submit, whether a Senator is from a corn State or a cotton State or a shoe State or a steel State or a coal State, all of us are going to buy gasoline. I submit it is uneconomic, it is not sound economics to force the people to put alcohol in their gasoline when they can buy the gasoline less expensively without the alcohol in it.

Mr. CLARK. If the Senator will read the amendment proposed, he will find there is absolutely no element of compulsion in it whatever. The amendment simply provides that as a part of the public-works program the President, if he so desires, shall have authority to create a corporation to be controlled by the Secretary of Agriculture, which is a part of the public-works program, and shall have the right to construct these plants.

Mr. CONNALLY. In order to make clear the Senator's amendment, I will read parts of it.

Mr. LONG. Mr. President, may I ask the Senator from Texas if this amendment is to put corn juice in gasoline? [Laughter.]

Mr. CONNALLY. That is the object of it. Here is what the Senator from Missouri wants to do: The Senator from Missouri has said we have passed all kinds of fool bills and fool provisions and therefore, having done that, we should pass or adopt one more. Let us see what his amendment provides.

The amendment of the Senator from Missouri authorizes the President to provide, if he sees fit—

For the construction and operation by a corporation—

Another corporation!—

to be formed by the President, under the laws of any State or the District of Columbia, and to be controlled by the Secretary of Agriculture, which shall be a Government instrumentality to effectuate the policy declared by the Agricultural Adjustment Act approved May 12 of plants to manufacture ethyl alcohol from agricultural commodities grown within the United States, and the distribution and sale of such alcohol and byproducts thereof, such plants to be constructed and operated only in such States as the Secretary of Agriculture finds have made, by law or otherwise, adequate provision for requiring—

The Senator from Missouri said there is no compulsion in it!—

for requiring or encouraging the purchase from the corporation of such alcohol and the use thereof for motor-vehicle fuel or other purposes.

Mr. President, while the amendment itself may not have any compulsion in it, its objective away out yonder is compulsion. Its objective is to spend millions of dollars of Government money to find out something that everybody already knows, and that is that almost any kind of alcohol can be made out of corn.

Mr. CLARK. Does the Senator find anything in the amendment about experimentation? This is simply an amendment to enable the Secretary of Agriculture to build plants for the reduction of grain to alcohol in States which have themselves of their own motion provided therefor. It does not compel anybody to use gasoline and alcohol unless they want to do so. It does not say a word about experimentation. It simply authorizes, as a part of the public-works program, the Secretary of Agriculture to build the plants.

Mr. CONNALLY. Let me suggest to the Senator from Missouri that one trouble in the country is that we have been mixing alcohol and gasoline too much in the past.

Mr. REED. Mr. President, will the Senator from Texas yield?

Mr. CONNALLY. I yield.

Mr. REED. As the amendment is drawn it seems to me it would include blackstrap molasses.

Mr. CONNALLY. Oh, to be sure.

Mr. REED. At the present moment there are millions of gallons of alcohol being made out of blackstrap molasses in this country. Why should the Government go into that business?

Mr. CONNALLY. The purpose of the amendment is to relieve those States that are trying to force the people to buy alcohol and to use it in their gasoline and to have the plants financed out of the Federal Treasury, which those States ought themselves to maintain. If those States are interested in forcing their citizens to burn alcohol instead of gasoline, let them spend the money out of their own treasuries to build up the plants. This is a self-liquidating proposition, as is suggested to me sotto voce by the Senator from Oklahoma [Mr. GORE].

The States that are ambitious to operate on their own citizens, to innoculate their automobiles with a little alcohol made out of their corn, should go into their own treasuries and establish the plants for the manufacture of ethyl alcohol. Why should the Government of the United States go into the business of manufacturing ethyl alcohol, when, as suggested by the Senator from Pennsylvania, there are plants over all the country today manufacturing ethyl alcohol from blackstrap molasses and also from corn, if it can be done economically. If it cannot be done economically, it ought not to be done at all.

I hope the Senate will vote down the amendment and not add another tax on the users of our roads and the users of automobiles in the United States.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Missouri. [Putting the question.] The Chair is in doubt.

On a division, the amendment was rejected.

Mr. WALSH. Mr. President, I send to the desk an amendment and ask for its consideration.

The PRESIDING OFFICER. The Senator from Massachusetts offers an amendment, which will be read.

The CHIEF CLERK. The Senator from Massachusetts proposes, on page 28, after line 10, to insert:

SEC. —. (a) For the purpose of expediting the actual construction of public works contemplated by this title and to provide a means of financial assistance to persons under contract with the United States to perform such construction, the President is authorized and empowered, through the Administrator or through such other agencies as he may designate or create, to approve any assignment executed by any such contractor, with the written consent of the surety or sureties upon the penal bond executed in connection with his contract, to any National or State bank, of his claim against the United States, or any part of such claim, under such contract; and any assignment so approved shall be valid for all purposes, notwithstanding the provisions of sections 3737 and 3477 of the Revised Statutes, as amended.

(b) The funds received by a contractor under any advances made in consideration of any such assignment are hereby declared to be trust funds in the hands of such contractor to be first applied to the payment of claims of subcontractors, architects, engineers, surveyors, laborers, and material men in connection with the project, to the payment of premiums on the penal bond or bonds, and premiums accruing during the construction of such project on insurance policies taken in connection therewith. Any contractor and any officer, director, or agent of any such contractor, who applies, or consents to the application of, such funds for any other purpose and fails to pay any claim or premium hereinbefore mentioned, shall be deemed guilty of a misdemeanor and shall be punished by a fine of not more than $1,000, or by imprisonment for not more than 1 year, or by both such fine and imprisonment.

(c) Nothing in this section shall be considered as imposing upon the assignee any obligation to see to the proper application of the funds advanced by the assignee in consideration of such assignment.

Mr. WALSH. Mr. President, sections of the Revised Statutes forbid a contractor on a public project from making any assignment of his contract or any part of it on his contract. The result has been that the contractor who can not immediately finance his job has been removed from any opportunity of obtaining a contract.

The amendment has been submitted to the Supervising Architect's Office. It is with his consent and approval that it is offered. Let me read what he says about it:

I am not authorized to express my opinion on the amount for the Treasury Department, and the following is only my personal opinion. I consider that the provision outlined in the amendment is a meritorious one, and I see no objection to its enactment.

That is signed by Mr. Wetmore, the Supervising Architect.

Then I have a statement from the solicitor of the same department, as follows:

My personal view of this matter is the same as that above expressed by Mr. Wetmore.

Mr. LA FOLLETTE. Mr. President, will the Senator from Massachusetts explain the objective of his amendment?

Mr. WALSH. Under existing law a contractor may not assign any portion or part of his contract or funds to be realized on it. The amendment would permit him, with the permission of the administrator of the public-works program, to make an assignment to a bank of a portion or part or all, so that the fund would be available to help him finance his contract. Because the banks have closed their doors to contractors the contractors have no credit. Only a few prosperous and highly successful contractors can do any public work. The average contractor has no chance.

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

Mr. WALSH. I yield.

Mr. SHIPSTEAD. There are some people from my State who have very valuable contracts for a public building, and they have found they cannot even borrow enough money from the banks to meet their pay rolls.

Mr. WALSH. They cannot even assign the money coming from the Federal Government to get enough to meet their pay roll?

Mr. SHIPSTEAD. No. They came down to get funds from the Reconstruction Finance Corporation and found they were not eligible under the law.

Mr. WALSH. Banks have heretofore been reluctant to extend credit to contractors engaged in Government work because they have been unable to get adequate legal security. Banks consider assignments to be sound security. The inability of the contractor to obtain credit from banks has left him only one alternative, and that has been to apply for credit from a finance company. It is well known that finance companies make excessive and often illegal charges for loans. The finance-company element in the financing of Federal construction has been a source of much evil. This is freely admitted by the Government officials whose business it is to administer these contracts.

The Government will be benefited if the proposed amendment is adopted, because it will insure a better class of contractors with which to deal. The Government has had a great number of disagreeable experiences with the type of contractor who leaves a large number of accounts unpaid after finishing one project and who bids upon another and is awarded it, on the promise by him, both to the Government and to his creditors, that he will pay his old accounts with the funds to be received under the new contract. This amendment provides that the funds received from one contract shall be used to pay the bills incurred in performing that contract. There can be no diversion of funds to the prejudice of creditors.

The amendment has two major purposes. The first is to permit the contractor to secure legitimate financing at a reasonable cost; the second is to prevent the contractor from taking the money he receives from the bank in consideration for the assignment which is permitted in the amendment, and diverting such money; that is, using it to benefit others than his creditors. This amendment was taken almost verbatim from the lien law of the State of New York. The reforms contained in the amendment were adopted in New York after a legislative committee appointed for the purpose had conducted an exhaustive investigation into all of the factors of the construction industry. It is generally looked upon as a thing of great merit.

Mr. BORAH. Mr. President, this is to help the average contractor of very limited means?

Mr. WALSH. Exactly.

Mr. BORAH. Let us put it in the bill as it is presented.

Mr. WALSH. I ask for a vote on the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment submitted by the Senator from Massachusetts.

The amendment was agreed to.

Mr. ROBINSON of Arkansas. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The Senator from Arkansas offers an amendment, which will be read.

The CHIEF CLERK. The Senator from Arkansas proposes, on page 42, to add to section 219 the following:

The President is authorized to allocate so much of said sum, not in excess of $100,000,000, as he may determine to be necessary for expenditure in carrying out the Agricultural Adjustment Act and the purposes, powers, and functions heretofore and hereafter conferred upon the Farm Credit Administration.

Mr. LA FOLLETTE. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. LA FOLLETTE. I understood we had a unanimous-consent agreement to dispose of committee amendments first.

Mr. HARRISON. I think that as to this title the committee amendments have all been disposed of.

The VICE PRESIDENT. The Chair is advised that later on the Senate ordered individual amendments to be considered under this title. The question is on the amendment of the Senator from Arkansas.

The amendment was agreed to.

Mr. SHIPSTEAD. Mr. President, I send to the desk an amendment which I ask to have stated.

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

The CHIEF CLERK. On page 22, line 11, after the word "highway", it is proposed to insert the words "maintenance and."

Mr. SHIPSTEAD. Mr. President, just a word to explain the amendment.

The Senator from New York and the Senator from Mississippi have indicated to me that they will not object to this amendment. It will provide for day labor on the maintenance and repair of highways and the construction of cement roads.

Mr. HARRISON. Mr. President, I have no objection to the amendment going to conference.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Minnesota.

The amendment was agreed to.

Mr. SMITH. Mr. President, at the request of the Agricultural Department in a statement to me that it was essential to the proper reduction of acreage, I offer the amendment which I send to the desk and suggest that it be added as a new section on page 14, line 4, just after the word "agriculture."

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. It is proposed to insert, at the proper place in the bill, the following:

Notwithstanding any provision of any existing law, the Secretary of Agriculture may, in the administration of the Agricultural Adjustment Act, make public such information as he deems necessary in order to effectuate the purposes of such act.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from South Carolina.

The amendment was agreed to.

Mr. SMITH. Mr. President, I have another amendment which I have also been asked to submit. It is a modification of section 7 in order to meet the existing conditions. There is an explanation which I will not send up. I ask to have the amendment inserted at the proper place.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 42, after line 19, after the amendment of Mr. COOLIDGE already agreed to, it is proposed to insert the following:

Section 7 of the Agricultural Adjustment Act, approved May 12, 1933, is amended by striking out all of its present terms and provisions and substituting therefor the following:

"SEC. 7. The Secretary shall sell the cotton held by him at his discretion, but subject to the foregoing provisions: *Provided*, That he shall dispose of all cotton held by him by March 1, 1936: *Provided further*, That, notwithstanding the provisions of section 6, the Secretary shall have authority to enter into option contracts with producers of cotton to sell to the producers such cotton, in such amounts and at such prices and upon terms and conditions as the Secretary may deem advisable, in combination with rental or benefit payments provided for in part 2 of this title."

Mr. WHEELER. Mr. President, I desire to offer an amendment, on page 29, to strike out lines 11 to 26, inclusive, and to insert in lieu thereof "Issue of United States notes."

Mr. HARRISON. Mr. President, will the Senator withhold that amendment for just a moment? Are there any other amendments to this other title?

The VICE PRESIDENT. Has any Senator any other amendments to this section?

Mr. LA FOLLETTE. Mr. President, I am somewhat confused. I understood at first that we were to complete the committee amendments; but now I understand that individual amendments to the tax section of the bill are to be considered as they are offered. I wanted to make certain that a compliance with the suggestion of the Senator from Mississippi would not foreclose any Senator from offering an amendment after the amendment tendered by the Senator from Montana had been disposed of.

Mr. HARRISON. It was the order, may I say, that the committee amendments should be disposed of first. We have almost reached that stage. There are one or two little individual amendments here that ought to be adopted first. We have reached the stage where I do not think there are going to be more than one or two votes. I understand that a sales-tax proposal is to be offered to the Senate, a proposition on taxes. Does the Senator from Montana prefer to have a vote on his amendment first?

Mr. WHEELER. Yes; I prefer to have a vote on this amendment before we go to the sales tax or other matters, because it seems to me that if they should be adopted it would change the situation with reference to the sales tax and with reference to several other taxing proposals.

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

Mr. HARRISON. I hope the Senator will wait until we can clean up some individual amendments on this matter before getting to taxation.

The VICE PRESIDENT. Are there other individual amendments?

Mr. ASHURST. Mr. President——

Mr. WHEELER. I will withhold this amendment, with the understanding, however, that it will be offered first when we come to that part of the bill.

Mr. HARRISON. I have no objection to its being offered first.

Mr. ASHURST. Mr. President, I ask the attention of the Senator from Mississippi. I have an amendment to the text on page 29 which I desire to offer, but I will not do so until the able Senator tells me that it will not interfere with his plan of procedure. It is to the text on page 29.

Mr. HARRISON. I should like to clean up everything before we get to the text.

Mr. ASHURST. Very well. I think the Senator is correct; but I wanted to know, so that I would not be foreclosed. I withhold the amendment.

Mr. KEAN. Mr. President——

Mr. HARRISON. Mr. President, will the Senator from New Jersey permit me to offer an amendment at the instance of the committee to clean up just one matter?

Mr. KEAN. Yes.

Mr. HARRISON. On page 18, after the word "construction" on line 19, I move to insert "reconstruction, alteration, or repair."

Mr. LA FOLLETTE. Mr. President, just a moment. I do not understand where that comes in.

Mr. HARRISON. It will come in on line 19, page 18. After the word "construction" I move to insert "reconstruction, alteration, or repair."

Mr. LA FOLLETTE. Is it not necessary, to accomplish the result the Senator desires to achieve, to strike out the words "under public regulation or control"?

Mr. HARRISON. May I say to the Senator that this amendment was suggested a few moments ago by General Johnson. He said he thought it was necessary. That is why it is offered.

Mr. LA FOLLETTE. Yes; but I think the words "under public regulation or control" will have to come out in order to achieve the objectives which the Senator has in mind.

Mr. HARRISON. I move also at that point that the words immediately following, "under public regulation or control", be stricken out.

Mr. WAGNER. Mr. President——

The VICE PRESIDENT. The Senator from New Jersey [Mr. KEAN] has withheld an amendment in order to enable the Senator from Mississippi to offer an amendment. Is the Senator from Mississippi prepared to offer the amendment?

Mr. HARRISON. Yes, Mr. President. On lines 18 and 19, page 18, after the word "construction", I move to add the words "reconstruction, alteration, or repair."

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 18, line 19, after the word "construction", it is proposed to insert "reconstruction, alteration, or repair."

The amendment was agreed to.

Mr. KEAN. Mr. President, I offer the amendment, which I send to the desk.

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

The CHIEF CLERK. On page 20, line 10, after the word "project", it is proposed to insert:

which public-works project may be leased for a term of years to the political division wherein it may be located, with the privilege of purchase by said political division upon the payment of a sum equal to 6 percent per annum of the true value of such public-works project, of which 4 percent shall be the interest charge and 2 percent shall be the amortization payment; the total of which amortization payment shall not, in the aggregate, amount to more than 70 percent of the true value of the public-works project.

Mr. KEAN. Mr. President, this amendment which I have offered is to enable the cities of New Jersey to get something out of this bill.

At the present time they are taxed varying amounts up to the legal limit of the law of New Jersey. The consequence is that under the law they can issue bonds only for the time the engineer says the improvements will last. Under those circumstances they probably could not qualify under this bill at all.

This amendment is offered by me at the request of the largest city in New Jersey, to enable them to construct some public works under this bill and to obtain some of the benefits of it.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from New Jersey.

The amendment was rejected.

The VICE PRESIDENT. Are there further amendments to this section of the bill?

Mr. CAPPER. Mr. President, I ask unanimous consent to have printed in the RECORD a letter that I have received from Mr. Isely on the subject covered by the new section 207. In connection with the letter I wish to express my hearty approval of the new section relating to subsistence homesteads. Under the provisions of that section it is hoped that we will be able to put into operation many well-worked-out plans for supplying small 5- and 10-acre subsistence homesteads for thousands of farmers and laborers. I have in mind one in the State of Kansas, known as the "Ford County Housing Association", sponsored by Mr. C. C. Isely, the originator of this rural housing idea in the West.

Dodge City is a thriving industrial city in the heart of the Kansas wheat belt, a city that has made remarkable progress in the last two decades. It is one of the historic cities of Kansas. The junior Senator from Alabama [Mr. BANKHEAD], who, I believe, is the author of this amendment, tells me that the type of project planned by the Ford County Housing Association will be eligible for assistance under this section. It probably would be eligible under subsection (d) of section 202, but the adoption of the subsistence homestead amendment seems to remove all doubt. When the enterprise is in operation it will provide homes for several hundred rural families on small suburban farms.

It is not my intention at this time to take up the time of the Senate explaining the Ford County housing project, but at my request Mr. Isely has written me a letter explaining the project very clearly, and I ask unanimous consent to have it printed in the RECORD as a part of my remarks. I send the letter to the desk.

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

THE FORD COUNTY HOUSING ASSOCIATION,
Dodge City, Kans., June 2, 1933.

Senator ARTHUR CAPPER,
Washington, D.C.

DEAR SENATOR CAPPER: In regard to the housing section of the Wagner bill, those of us who have been working with this problem in Kansas feel that there should be either an amendment or an interpretation that would definitely authorize housing in suburban or rural areas, with the special objective of rehabilitating the unemployed on small tracts of land so that they can become self-sustaining. The emphasis has been on slum clearance.

None of us like the word "dole", yet every family that is even partially sustained by public or private help, or by friends or relatives, adds to the entire country's economic burden. If that family can be so placed as to become self-sustaining that burden is removed and a large percentage of such families soon become producers, and in turn, consumers. This isn't a spectacular process but it is on the sure route to recovery.

We have been concerned now for 6 months with a project we have under way here in Ford County. Communities all over Kansas are watching us, writing us, phoning us, hoping that we get under way, under the Reconstruction Finance Corporation, and that similar plans can be initiated in their communities. Letters also from other States evoke a similar interest. We set out here as an initial undertaking to find suitable housing for 100 families. We have had from 200 to 400 families receiving some form of public relief. We have received applications from these families and had a committee sort out those considered best suited to succeed in the undertaking. We found that in many cases two families were occupying quarters not sufficient for one family. We have been informed that in places like Kansas City, in spite of empty residences, that this crowding up is on a large scale. Of the 100 applicants we found that it included artisans of all sorts, carpenters, carpenters' helpers, plumbers, painters, plasterers, cement workers, electricians, and common laborers. All of these selected families had some equipment. In a community like this we found that all of them had some farm experience. We understand, in experiments tried elsewhere, that many of those purely city bred were just as successful when placed on a rural tract as the country bred. I suppose they followed instructions better and were not hampered by preconceived concepts as to what should be done in their rural surroundings. Since we were selecting a site a few miles out of town we were confronted with a transportation problem. We found 65 percent of our applicants had some sort of a car and most of them were mechanically inclined, and that would be a big help.

Now the plan is not to have these people produce the items that are now disturbing the agricultural experts of this country. It is not proposed to produce wheat or cotton or tobacco, but primarily such fruits and vegetables, eggs and milk, that they can use for themselves. Remember many of these families have not had enough to eat; or, at best, they have subsisted on unbalanced rations that have not been conducive to good health. So our first concern was to get them established to live and have elemental food. The next step was to get them to produce enough of vegetables so they could be marketed locally. In the Arkansas Valley, with irrigation, anything can be produced, and there is a large market, on the wheat table land adjoining this valley and stretching away for 100 miles north and south, to sell all the surplus that can be produced. It is planned to erect a community canning kitchen so that surplus here provided can be conserved. The home-demonstration agent, following the example successfully carried on in the South, will show the women of these families not only how to preserve these foods for their own use but how to prepare them for the nearby market. Of course, in this climate poultry production will be a valuable side line for all these families, providing them with eggs and meat and supplementing their income.

Now, to get this under way, we have organized these artisans, so that they can do 90 percent of the work in erecting these houses and other buildings. Foremen have been selected, and they will direct the work. The way this project is now planned, the houses and tracts are leased to tenants. A low initial rental charge is set up for the first 2 or 3 years. A portion of the compensation received for the work will be paid to the housing association, which is essentially a cooperative enterprise, as a first payment on the house they are to occupy. This initial payment is made in consideration of this low rental and for the further purpose of giving the tenants an option to purchase the property. The money borrowed from the Reconstruction Finance Corporation for this purpose or from the administrator of the Wagner bill will be repaid out of rentals. These rentals in turn will be set up by our housing corporation and allocated as interest and payments as principal.

I notice reports that housing corporations have planned and have actually set up in some of the cities huge tenement houses in which it is proposed to rent to families of low income single rooms for $10 and $12 and $14 per month. Our plans contemplate initial rentals of only $10 to $12 per month for a 4-room house and a few acres of land and garden house for vegetables, a cow, and poultry. Of course these rentals will have to be stepped up, but, under the plans we have under way, the average rentals over a period of 16 years should not average over $15 or $16 a month. Now, if we had the funds allocated to our use, we could place 500 families immediately in this part of Kansas. The demand is almost without limit. The security offered is greatly enhanced in the demand for the service. Tenant farmers, living on poorly improved wheat farms all over the West in 6 States, would like such a situation as this, so that they could properly produce vegetables not produced efficiently on the wheat uplands of these Western States. Here, too, they could efficiently care for their cows and poultry. At the same time, with modern machinery, they could farm the wheat farms, even if those farms were as much as a hundred miles away. A tenant in such a situation would not be out of money during a time of wheat failure and need a seed loan. Again, there are many landowners living as far east as Hutchinson and Wichita in Kansas, who are farming their lands as far west as the Kansas line and into Colorado. These farmers or their sons would be glad to have a chance to occupy a small irrigated tract and do their upland farming not so far from home. I mention these things to show you that the demand for this type of housing is not only practically unlimited but there is no danger in this type of investment to the public agencies making the loans. These projects will not cost the taxpayer a dime if properly set up. Care should be taken not to overdo the thing in any one community. Projects should be

grouped to have highway, school, and electrical accommodations. These things make vacancies at zero and improve the security of the loans.

Now, there is another thing to be considered. When the unemployed build a road, a bridge, a tunnel, a dam, and get the job finished they are again out of a job. They are just where they were. These projects must be paid for out of taxes, even though planned to be paid for out of tolls. The labor on a road with a hoe or a shovel, as we are doing now, is inefficient and an insult to the self-respecting man doing the work. Building a cottage, however, is all proper and efficient hand work. The saw, the hammer, the trowel, the paintbrush, the hoe mixing mortar, the shovel digging a trench, all are suitable types of hand work making the laborer feel like he is doing worth-while work. From the time the tree is felled in Arkansas or Washington or the cement quarried from the limestone ledges in southeast Kansas there is work all the way. I observe a report just out from Washington that freight-car loadings, factory employment, industrial production, department store sales run 53 percent, 58 percent, 67 percent, and 68 percent normal. Values of imports and exports 25 percent and 29 percent, while building construction of all kinds is only 14 percent. The best of these figures is poor enough. But until there is something of a balance, until the greatest hand labor job of all, namely, building, is resumed, unemployment will stare this country in the face. Now, there is no more advantage building slum-clearance tenements than there is building roads; but to get a few millions back to the land on small tracts, where they can get part-time employment or seasonal employment, is tremendously essential, and the Wagner bill should be so set up that lawyers will not find objections and delay us, as they have for months in this Ford County housing project, wondering whether we could, under the law, really occupy land that would sustain a family and furnish him some additional income.

I am sorry this letter is so long, but I have tried to cover only a few of the main points.

Very truly yours,

C. C. ISELY.

Mr. WHEELER obtained the floor.

Mr. LA FOLLETTE. Mr. President, I desire to offer an amendment to the original text, on page 42, line 24. Shall I offer that amendment at this time, or after the amendment offered by the Senator from Montana has been disposed of? I am perfectly willing to have the Senator from Montana proceed at this time; but I do not wish to be foreclosed from offering that amendment.

The VICE PRESIDENT. Does the Senator desire to offer the amendment at this point?

Mr. LA FOLLETTE. The Senator from Montana is anxious to proceed, and I am perfectly willing to permit him to do so; but I want it understood that I shall not be foreclosed.

The VICE PRESIDENT. That will be the understanding.

Mr. WAGNER. Mr. President, may I ask the Senator from Wisconsin whether he proposes to offer the amendment at the conclusion of the tax discussion? I take it that the Senator has in mind the so-called "water-power matter."

Mr. LA FOLLETTE. No; I was talking about an amendment to increase the size of the public-works program.

Mr. WAGNER. I beg the Senator's pardon.

Mr. JOHNSON. Mr. President——

The VICE PRESIDENT. The Senator from Montana has the floor.

Mr. WHEELER. I yield to the Senator from California.

Mr. JOHNSON. May I have the attention of the Senator from New York?

There is a very brief amendment, to which I think there is no objection, which has been submitted to the Senator from New York, on page 43, striking out the words "to bid upon or purchase bonds", which I think the Senator will accept and take to conference. Then, if there is any conflict——

Mr. WAGNER. I suggest that the amendment be sent to conference.

Mr. JOHNSON. I offer the amendment, then, to strike out the words "to bid upon or purchase bonds", in lines 17 and 18 on page 43.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from California.

The amendment was agreed to.

Mr. WHEELER. Mr. President, I offer the amendment which I send to the desk. It is an amendment on page 29, to strike out lines 11 to 26, inclusive, and to insert in lieu thereof the matter which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. The amendment is to strike out lines 11 to 26, both inclusive, on page 29, and to insert the following:

ISSUE OF UNITED STATES NOTES

SEC. 207. (a) The Secretary of the Treasury is authorized and directed to issue, from time to time, United States notes in such amounts as may be necessary to meet the expenditures authorized by this act, which shall be used for the purposes herein provided. Such notes shall be of such denominations, not less than $1, as the Secretary of the Treasury may prescribe, shall not bear interest, shall be payable to bearer, shall be in such form as the Secretary may deem best, and shall be lawful money and legal tender in payment of all debts, public and private, within the United States; and such notes, when held by any Federal Reserve bank or any member bank of the Federal Reserve System, may be counted as a part of its lawful reserve.

(b) The Secretary of the Treasury is further authorized and directed to increase annually the reserve fund held for the redemption of United States notes by an amount sufficient to retire annually the notes issued under the provisions of this act as follows: During the period of 2 years after the date of enactment of this act, at the rate of 4 percent of the total amount of such notes issued and outstanding at the end of each year, and thereafter at the rate of 4 percent of the total amount issued and outstanding at the end of such 2-year period until all such notes shall have been retired.

Mr. WHEELER. Mr. President, this was the amendment that was offered in the committee to this section by the Senator from California [Mr. McADOO]. Of course, when he offered it, it had his approval.

I want to call attention to the fact that we have had a great deal of talk about economy during this session of Congress. We have talked about saving money by cutting the allowances of veterans, and saving money by cutting the compensation of employees. We have tried to save money by cutting out services rendered to the people, and in every other way. At no time, however, have we attempted to save money by cutting down the interest on bonds, or by ceasing to issue bonds, and issuing money in the place of bonds.

I propose, through the amendment, to have the Government of the United States make a saving, as it will save, of a total of $1,900,000,000, which we would make if we issued notes instead of the bonds.

If the provisions of sections 207 and 209 of the bill as passed by the House become law, the sums necessary to pay interest and sinking fund on the $3,300,000,000 of bonds to be issued would amount, at the outset, to about 6 percent, or perhaps 6½ percent, made up as follows: Interest on the bonds, 3½ percent plus 2½-percent sinking fund, or interest, 4 percent, plus 2½-percent sinking fund. In the same case the sums to be raised by taxation would amount, in the beginning, to $198,000,000 per annum, or perhaps $214,500,000, depending upon the coupon rate on the bonds issued. Bonds bearing 3½-percent interest would be retired by a 2½-percent sinking fund in 25½ years, while 4-percent bonds would be retired in 24½ years.

Mr. FESS. Mr. President, if I understand the amendment, the Senator would do away with the unnecessary burden of collecting taxes and proposes to print the money and save the burden to the people.

Mr. WHEELER. No; that is not correct. That might be the interpretation the Senator would like to have placed upon it, but that is not accurate. I propose that we shall issue Government notes and set aside a sinking fund to take care of those notes and to take up those notes every year, instead of issuing bonds and turning them over to the bankers of the United States, paying the bankers 4-percent interest for issuing the money which the Constitution of the United States provides the Congress of the United States shall do.

Mr. President, does the Senator from Ohio think that when I am proposing this, I am trying to do anything except what was proposed by the fathers in the Constitution of the United States? I am simply asking the Congress to exercise its power to save the people of this country the interest upon these bonds, which would otherwise be paid to the bankers, and to permit the Treasury of the United States to set aside a sinking fund to take care of the notes which would be issued by the Treasury of the United States.

If the public-works program were financed by the issuance of United States notes redeemable at 4 percent per annum,

the sums necessary to be raised by taxation would amount to $132,000,000 a year throughout the retirement period of 25 years. The savings to the taxpayers at the outset would thus amount to $66,000,000 a year, or perhaps even $82,500,000.

The total cost for interest and sinking fund of a 4-percent bond issue, with a 2½-percent sinking fund, amounting to $3,300,000,000, would, in round numbers, be $5,200,000,000. Since the total cost of retiring an equivalent amount of United States notes would be only $3,300,000,000, the saving to the taxpayers for the entire operation would amount to $1,900,000,000.

Will any Senator rise in his place and contend that there is no difference between the issuing of the bonds and setting aside a sinking fund to take care of those bonds, and issuing Government notes, without interest, which can be used to pay the public debt, and setting aside a sinking fund to take care of those notes, identically as we take care of the bonds?

Mr. President, this is one way by which we can save money for the Treasury of the United States; this is one way in which we can economize without hurting anybody in the United States; this is one way in which we can economize without cutting wages; this is one way in which we can economize without throwing people out of employment, without throwing veterans out of hospitals, without cutting down veterans' allowances. We can simply say to the people, and to the great banking interests of the country, that this is a means of issuing money, which the Constitution of the United States says in the first instance is the duty of Congress.

I submit that this amendment ought to be adopted, and I hope the Senate will agree to it.

Mr. LA FOLLETTE. Mr. President, will the Senator yield for a question?

Mr. WHEELER. I will be glad to yield.

Mr. LA FOLLETTE. As I understood the Senator's statement, if his amendment were agreed to, he would contemplate providing special taxes in this very bill to set up a 4-percent fund to retire the notes?

Mr. WHEELER. Exactly.

Mr. LA FOLLETTE. A net saving, however, would come, because those taxes would not have to be so onerous and burdensome in order to pay additional interest to those who purchased the bonds.

Mr. WHEELER. That is exactly correct.

Mr. BORAH. In other words, the Senator proposes to provide for the retirement of these Treasury notes by other amendments?

Mr. WHEELER. I provide in this very amendment that 4 percent of these notes shall be retired each year over a period until they are all retired. Then we would come to the taxing provisions, and we would have to raise only enough by way of taxes to retire the 4 percent of the notes each year, instead of having to pay the 4 percent or 4½ percent interest on the bonds. In other words, according to the figures I have, the saving would be between $66,000,000 and $82,500,000 a year, depending on the rate of interest we would have to pay upon the bonds.

Mr. HASTINGS. Mr. President, is there any difference in principle between this amendment proposed by the Senator from Montana and the measure which the Congress has already adopted, the Thomas amendment to the agricultural bill, which provided that $3,000,000,000 could be printed under certain conditions? As I see it, the only difference is that the Senator would just have us inflate it to the extent of $3,300,000,000 more. But if the Senator should provide by this means a repeal of that which the Congress has already done, it occurs to me that this would be the finest way in the world to get this money out.

Mr. WHEELER. I do not think there is any doubt in the world but that this would be the finest way in which to get the money out, to get it into circulation. We hear Senators say on the floor repeatedly that there is plenty of money in the country, that there is plenty of money in the banks, and that there is plenty of credit. The difficulty is to get the money out among the people of the country, to get it into circulation. That is one of the reasons why we are proposing, through a public works bill, to get the money out into circulation, so as to start up industries, and to start buying among the people of the country.

On the one hand we are issuing Government bonds, and we are going to pay the bankers for taking those bonds and putting them into the Federal Reserve bank and issuing currency against them. We are going to pay practically 4 to 4½ percent for doing that very thing, which the Government of the United States under the Constitution has a right to do itself.

In further answer to the Senator's question, of course, under the Thomas amendment, the President would have the right to issue $3,000,000,000 worth of currency. This amendment of mine provides not fiat money, because we are setting up against it a sinking fund, and we are going to tax the people to take care of those notes. So it is quite different, as a matter of fact, from fiat money. We are going to have back of those notes just exactly the same thing we would have back of the bonds we would issue. The notes will have the backing of the taxing power of the country, just exactly as the bonds would have back of them the taxing power of the Government of the United States to make them good. If the notes are not good, then the bonds we are going to issue will not be good. The bonds will not be good unless we can raise taxes to pay them off. The notes will be good to exactly the same extent to which the bonds would be, I repeat, because we are going to raise taxes to take care of those notes and set aside a sinking fund to take them up in identically the same way we will take up the bonds, except that we are going to save the people of this country, during the period of time these bonds would be issued and be taken up, $1,900,000,000.

Mr. NORRIS. Mr. President, does the Senator's amendment provide that the bonds shall be legal tender?

Mr. WHEELER. Exactly. They will be legal tender just the same as currency would be legal tender.

Mr. LA FOLLETTE. Mr. President, in response to the interruption made by the Senator from Delaware, may I point out that under the so-called "Thomas amendment" the one and only purpose for which the notes provided in that measure could be issued was to meet maturing obligations of the United States Government. In other words, it is not a blanket provision for the issuance of notes for all purposes.

Mr. HASTINGS. I understand that, but I cannot see the difference in issuing this kind of money to retire bonds that are already out and in the hands of the public and then issuing these new bonds in the first instance to pay for public works.

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

Mr. HASTINGS. I yield if I have the floor.

Mr. FESS. This is a legitimate second step after the first step which we have taken. The first step was the inflation by $3,000,000,000 of notes without any redemption feature. This is the second step; then we will take the third step, and we will be on the road which Germany traveled before we know what we are doing.

Mr. WHEELER. Mr. President, let me say to the Senator—and I think I have the floor—that he is entirely wrong, for the simple reason that Germany does not present a parallel picture at all. When the German currency was issued there was no sinking fund set up to retire it. We are proposing to set up a sinking fund.

Mr. FESS. Mr. President——

Mr. WHEELER. I will yield in just a moment. We are setting up a sinking fund to retire these notes, just exactly the same as we have set up a sinking fund to retire our bonds. So the Senator is absolutely incorrect in attempting to draw the parallel which he seeks to draw between this country and Germany.

Mr. FESS. The Senator from Ohio is not incorrect. What is the money to be collected in the form of taxes worth if it is fiat money?

Mr. WHEELER. This is not fiat money.

Mr. FESS. What will setting up any kind of a sinking fund in depreciated money amount to? So we are on the road that Germany traveled; and this is the second step which I expected to be taken, although I did not expect it to be taken at this session of Congress.

Mr. WHEELER. I repeat, the Senator is wrong in his assumption because of the fact that the currency of Germany was issued in an entirely different manner, and there was no sinking fund set up to retire that currency at any stage of the proceeding.

Mr. President, we hear much about the issuance of $3,000,000,000——

Mr. BORAH. Mr. President——

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

Mr. WHEELER. I yield.

Mr. BORAH. I should like to ask the Senator from Ohio a question in connection with his statement. Is not the same thing behind the currency notes that is behind the bonds, namely, the taxing power of the United States?

Mr. FESS. No. Bonds are exchanged for money, and the Government has the money when the bonds are taken.

Mr. BORAH. What kind of money are they exchanged for now?

Mr. FESS. For money that was, until the other day, payable in gold.

Mr. BORAH. I say, what kind of money now is exchanged for the bonds?

Mr. FESS. Any kind of money that the Government is willing to pay.

Mr. BORAH. Exactly. Then, what is the difference?

Mr. FESS. Does the Senator think, after what we have done in the way of eliminating the feature of redemption, that the money which the Senator from Montana is proposing to provide is going to be worth anything in the way of taking care of the sinking fund? The money collected from taxes will be money that is depreciated, depreciated by the issuance of the $3,000,000,000 already to be issued, and now there is to be another $3,300,000,000 issued, and before we get through there will be another issue. The Senator certainly knows that if we proceed on this kind of a basis, all money that has any value will be driven out of circulation.

Mr. BORAH. If we proceed to issue bonds every few days, as we have been doing and are contemplating doing, there will be nothing behind the bonds except the taxing power of the United States; that is all; that is the same thing that is behind this proposed currency, namely, the taxing power of the people of the United States.

Mr. FESS. If the taxing power is to be exercised to collect money in depreciated currency, the money that goes into the sinking fund will be worth no more than the notes which it is proposed to provide.

Mr. BORAH. We are issuing the same kind of money precisely in both instances.

Mr. FESS. Yes, Mr. President, on the basis of the promise of the United States Government, but what will that amount to when we repudiate the promise and issue any amount of money without reference to our ability to redeem it?

Mr. BORAH. It seems that the people thought differently when they bought the bonds which have recently been issued; it seems that they thought the promise of the United States was worth something.

Mr. LA FOLLETTE and Mr. HASTINGS addressed the Chair.

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

Mr. WHEELER. I yield to the Senator from Wisconsin.

Mr. LA FOLLETTE. If I remember correctly, the Senator from Ohio and other Senators who were opposed to the gold resolution predicted dire consequences when the United States Government should try to sell any more securities on the market, and, with a good deal of relish, they said they were waiting to see what would happen. If I remember correctly, the $75,000,000 note issue recently put out was gobbled up on the open market at an exceedingly low rate of interest.

Mr. SHIPSTEAD. Mr. President——

The PRESIDING OFFICER (Mr. CLARK in the Chair). Does the Senator from Montana yield to the Senator from Minnesota?

Mr. WHEELER. I yield.

Mr. SHIPSTEAD. As a matter of fact, the only difference is this: The bonds will draw interest and the Government will tax the people to pay possibly about 4 percent on the total amount outstanding, costing about $132,000,000 in interest. Currency is equally an obligation of the Government of the United States; the credit and good faith of the Government are behind it; and the only difference is that the Government does not have to pay interest on it. There would be an amortization charge of 4 percent, which it would also be necessary to have on the bonds if the Government were going to retire them, and that would retire the currency; but the Government would be saved $132,000,000.

Mr. WHEELER. That is exactly correct.

Mr. HASTINGS. Mr. President, I want to make this observation: I wish to say to the Senator from Montana, who supported, as I remember, the Thomas amendment, that it seems to me he is wholly consistent, but what I am curious to find is how there can be a successful opposition to his amendment on the part of those who did support the Thomas amendment. As he may remember, I did not agree with the Thomas amendment, and I do not agree with this proposal; but the point that I am making, and the only point I am making, is how is it possible for those who supported the Thomas amendment to oppose the amendment now proposed by the Senator from Montana?

Mr. WHEELER. Mr. President, I entirely agree with the Senator from Delaware with reference to that proposition, but I go farther than that. I do not see how anybody, even though he has been supporting the Thomas amendment, can fail to support this amendment, because, as a matter of fact, the difference between this proposal and the Thomas amendment is that the Thomas amendment did not, as I recall, set up any sinking fund for the purpose of taking care of or retiring the issue of notes. The Senator from Minnesota has well set forth the difference between the issuing of bonds and the issuing of currency.

The Senator from Ohio speaks of bonds as if there were something sacred behind them, and as if there were not something just as sacred behind notes. When the Government issues notes, if it shall issue notes, and when it issues bonds the good faith of the Government of the United States is back of them. The only difference is, in the one instance, the Government pays 4-percent interest to the holders of the bonds, but when it issues notes it does not pay that 4 percent, thereby, over a period of time, saving, by following the procedure suggested in this amendment, $1,900,000,000.

Mr. President, some Senators want to issue bonds. They are perfectly willing to talk about balancing the Budget. I have heard the Senator from Ohio say on the floor of the Senate, and I have heard other Senators say upon the floor of the Senate, that the thing necessary to be done is to balance the Budget. "Balance the Budget", they say, "and business will immediately pick up." I want to say to every Senator on this floor, as to the balancing of the Budget—and I say it with all due respect to any man who has uttered the sentiment—that there is not one thing that the balancing of the Budget has to do with the return of prosperity in this country of ours. As somebody well said on the floor of the Senate the other day, we did not talk about balancing the Budget during the World War; and we are in a worse depression and the country is facing a worse situation now than during the World War.

Here is a chance, Mr. President, to help balance the Budget; here is a chance to help to do something constructive toward balancing the Budget of the United States; here is an opportunity to do something constructive to save the taxpayers of this country over a period of twenty-odd years $1,900,000,000. Here is an opportunity to save the taxpayers of this country that amount of money, and at the same time not put one single man out of a hospital, not cut

the salaries or wages of one single Government employee. Here is an opportunity to save $1,900,000,000 to the taxpayers of this country; and by issuing this money we would also stimulate business.

Thus far, Mr. President, there has not been any inflation in this country. Let me ask who are the people who want bonds issued? Who are the people who have come to the Congress and insisted that we must issue bonds? They compose the same group who are now being investigated—the House of Morgan, the investment bankers, the National City Bank, and the group that have been managing and running our financial institutions and have brought us right to the verge of ruination. Yet we are still listening to the same people.

Mr. President, I challenge the Members upon the other side to tell me wherein there is a difference between issuing notes and setting up a sinking fund to take care of them and issuing bonds with a sinking fund to take care of them. The only difference is that a note issue would save the taxpayers the interest upon the money that would go to the great banks of the Federal Reserve System, and nowhere else.

Mr. REED. Mr. President, when we talk about matters of currency it seems to be utterly impossible for some sincere men to understand the principles which the centuries have taught us and which apply to all problems of currency in every land. When the Senator from Montana proposes to issue paper money drawing no interest, and redeemable by a 4-percent annual sinking fund, he is proposing to issue promises to pay which will fall due in an average of 12½ years; some of them not for 25 years, for it will take 25 years for his so-called "sinking fund" to retire all these promises from circulation.

The value of the promise to pay a dollar a year from now is 94 cents, if the rate is 6 percent. It is something less than 88 cents if the promise is to pay in 2 years and the discount is 6 percent; and so on it goes down. The value of a promise to pay at the end of 25 years is but a very small fraction of the face value of the promise. That is a simple enough conception for anyone who has ever taken a note to a bank for discount.

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

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

Mr. REED. I yield.

Mr. FESS. The Senator obviously overlooks the fact that the proposed note issue is to be legal tender, and it can be forced on the people.

Mr. REED. I am talking about true value. Assuming that this legal tender is to be redeemed in something of true value, and worth a dollar at the end of 25 years, its discount value, which depends of course upon the rate of interest—the rate of discount one uses—is very substantially less than the face value of the promise.

I do not see how that conception can be denied. If we give it a spurious value by making it legal tender at face value, we have debased our money. Obviously, by making it legal tender we increase the number of units that we have to give for something of present value. It seems to me we make it difficult by trying to argue it, because it is so very plain.

In the Thomas amendment we gave permission to the President to resort to this kind of greenback money to the tune of $3,000,000,000. We also authorized $3,000,000,000 of Federal Reserve notes to be issued in exchange for outstanding Government bonds. We also authorized free silver, but we can leave that out of consideration. If we adopt the Wheeler amendment it will be the second installment of greenbacks authorized to be issued by this special session of Congress.

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

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from Montana?

Mr. REED. I yield.

Mr. WHEELER. Let me say to the Senator that that was permissible on the part of the President, while this is a direction.

Mr. REED. Yes; I know that.

Mr. WHEELER. So this is not the second permission. The trouble is that everybody has been saying we were going to inflate, and the minute we gave the President permission to inflate, the very fact that we gave him that permission, started business of all kinds going up.

Mr. REED. Certainly.

Mr. WHEELER. We have not done anything about it. The President has not done anything about it. The administration has not done anything about it. If something is not done about it, then we will see a complete collapse. I am proposing that we take positive action, and not only that, but in addition to that that we do what the Senator from Pennsylvania has so eloquently advocated on so many occasions, and that is to cut down expenses and try to help balance the Budget.

Mr. REED. Surely we are all in favor of reducing the burden of the taxpayer. We are all in favor of saving Government expense. When we discuss it we do it in complete good nature, because our objects are the same, only it seems to me that this does not attain that object. It is true the first greenback law we passed in the Thomas amendment was permissive. The President has not exercised the power. The Wheeler amendment is a direction. The Senator is scarcely correct when he says the President has not acted on any of the inflationary powers we have given him, because the President has embargoed the gold exports; he has forbidden specie redemption in gold, although our outstanding notes contain the Government's promise to redeem in gold on demand. He has attempted to enforce this quite unconstitutional proclamation that we authorized him to issue requiring citizens to surrender their gold. He has finally driven through the Congress a bill repudiating the Nation's promise to pay its debts in gold. As the result of it inflation has occurred and the American dollar at the close of business last night was worth eighty-one and a fraction cents in the markets of the world. It is all right to say that our dollar bills still call themselves dollars, but throughout the world, where a fair appraisal of the value of those dollars is permitted, they were quoted last night at eighty-one and a fraction cents.

Mr. WHEELER. When the Senator speaks about our dollar being worth only 81 cents, it seems to me that is not quite a fair statement, because the value of the dollar in the world market is a relative thing.

Mr. REED. Of course.

Mr. WHEELER. It only means, for instance, that all the other countries have depreciated their currency.

Mr. REED. Not all of them.

Mr. WHEELER. Practically all of them.

Mr. REED. Holland and Switzerland have not.

Mr. WHEELER. They are practically the only ones that have not.

Mr. REED. In terms of their currency we have depreciated our dollar 19 percent.

Mr. WHEELER. Oh, in terms of the currency of the rest of the world we have not. We have simply lowered our money to that extent in terms of their money. It is a relative proposition.

Mr. REED. France, Italy, Belgium, and some other countries have all resorted to inflation and have finally, in their endeavor to stabilize again, stabilized at greatly reduced values for their currency units. That stabilization on a gold basis occurred before we began to inflate. In terms of their currency also our currency has fallen in value 19 percent since the 4th of March. The process is accelerating. When our delegation sailed for the London conference the pound was worth about 3.90. In the 10 days or so that they have been on the ocean the pound has risen in value to 4.12, which is what it was when they landed last night.

The same thing happened in Germany, not all at once, but a few cents at a time. I wish Senators had read an

article in the Saturday Evening Post recently that told of the experience of a German professor who lived through the inflation, and told it graphically, a graphic story worth everybody's reading.

So it happened in Germany. The snowball started down hill and it received greater momentum as it went, until finally it grew in size and gained in speed and became irresistible. It carried absolute ruin to millions of honest Germans who were not in the least to blame for the policy or for its application; absolute ruin to those who were trusting in the good faith of the Government of the Reich, just as we have millions of people in America today trusting in the good faith of the American Government, because ever since they were born there was not any question about it.

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

Mr. REED. Certainly.

Mr. FRAZIER. Undoubtedly there were Germans ruined, and we have had millions ruined in the United States on our gold standard, too.

Mr. REED. That is true, and we are not going to make their ruin any less by ruining a lot more.

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

Mr. REED. Will not the Senator indulge me for a few minutes, and then I shall be glad to yield?

I have had several friends, elderly ladies, come to me in the past week and ask what they can do about their investments, into what they can put their money so as to be reasonably safe against the growing decline in the value of the dollar, or, what is the same thing, the wholly artificial rise in price commodities. One lady, who had a considerable sum invested in the Corporate Trust Co. of New York, saw that go down from par to below 70 in the course of a month. Why? First, because of the financing policy approved on the part of the city authorities, and secondly, because of this repudiation bill which has shaken the confidence of all investors of the conservative type in securities of that sort.

Ordinary municipal bonds cannot be sold today at all. For proof of that look at the testimony of the group of mayors who came before the Finance Committee from all over the country—New Orleans, Detroit, Chicago. I do not remember the names of the cities or the names of the men, but there was quite a group of them. They were unanimous in saying that their credit is absolutely gone. That is what we are doing to the credit of the United States Government.

Senators will point, I know, to the returns that Secretary Woodin reported on his recent offer of 2⅞-percent 5-year notes, but when we come to analyze those figures it will be found that most of the subscriptions were compulsory conscript subscriptions forced out of the Federal Reserve banks and their members. That is a process that we cannot carry very much further without danger. At the present moment the only market for American Government bonds of any consequence is that which is artificially stimulated by members of the Federal Reserve—the Federal Reserve banks themselves. The quotations have risen, it is true, but they have risen because of what are so euphemistically called "open-marketing dealings" of the Federal Reserve System. They have been ordered to go into the market and buy bonds when they are offered for sale. If it had not been for that support, no one knows where Federal bonds would be quoted at this minute. That is the only market for future issues, too.

We are not going to restore faith in the American Government until we shall make evident our determination to limit ourselves to sane financial measures. This is another step downhill. It will not ruin the country. We can stand another $3,000,000,000 of inflation; but, mind you, the needs of the country today are only about $6,000,000,000 in currency. This will be half of that, and if the President uses the power under the Thomas amendment to put out $3,000,000,000 of greenbacks, that will make a total of $6,000,000,000. If the Gresham law is still working, and I think it is, that money is going to drive better money right out of circulation. It always happens so. Bad money depreciates good money and invariably replaces in circulation the sounder money that was there before.

Mr. GORE. That law has been repealed.

Mr. REED. The Senator from Oklahoma suggests that the Gresham law has been repealed. Perhaps the repeal will not take effect if this greenback issue comes out.

That is the only reason against the amendment. In itself it does not spell ruin any more than 1 day's emission of paper marks spelled ruin to German finances. But in the aggregate it spells ruin, and it spells it in letters that anybody can read.

Mr. WHEELER. Mr. President, I have listened in the Senate of the United States for the last year to the argument of my learned and eloquent friend from Pennsylvania. He talks about Germany and what the German people suffered. I was in Germany in 1923 when the process of inflation was going on. But instead of it going down a cent at a time, as the Senator said, as a matter of fact the German mark went from 20,000 to 40,000 for a dollar in 1 month. It was the deliberate, premeditated policy of the German Government to do that very thing.

When we are talking about inflation, about the ruination of those countries by reason of the fact that they had inflation, Senators do not point to Great Britain, who deliberately went off the gold standard and then inflated her currency. They do not point out what France and Italy did, but they take Germany and Russia and Austria as spectacles of what happened.

I submit that this is not going to ruin the country, and this money is going to be just as good as the bonds that would be issued under the bill. It would have exactly the same thing back of it.

Of course, if we had not passed the joint resolution the other day dealing with the gold standard, Senators on the other side undoubtedly would be standing on the floor of the Senate and saying, "But you will drive us off the gold standard", as if putting us off the gold standard was immediately going to wreck this country. Now we are off the gold standard. When I advocated the remonetization of silver—and I much prefer that to going off the gold standard or having paper money—I said, when I was advocating the remonetization of silver upon this floor, that if we did not take it, we would get something worse; that we would get paper money; that we would have nothing back of our currency. Senators would not listen to me, however; and now we have not gold back of our money. We are off the gold standard.

It was said, when I argued that, "Why, you will drive us off the gold standard", and then it was said, "In addition to that you will be breaking these contracts that are payable in gold." Senators no longer have those two arguments.

Mr. NORRIS. Mr. President——

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

Mr. WHEELER. I yield.

Mr. NORRIS. The Senator remembers, of course, as he has just been telling us, that during the argument on the joint resolution it was prophesied that if we repudiated our obligation to pay in gold, of course, our bonds and all our obligations would immediately drop away down.

Mr. WHEELER. Yes.

Mr. NORRIS. Has the Senator noticed the market to see how they dropped?

Mr. WHEELER. I have not followed the market, but I understand that they went up.

Mr. NORRIS. Of course, I would not say that those gentlemen, who were experts, saying that that would happen, could be anything but right. I have not looked at the market quotations in the paper since; but I assume, of course, that United States bonds are away down to 15 or 20 cents on the dollar.

Mr. WHEELER. That is why the offerings were oversubscribed.

Mr. LONG. Mr. President——

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

Mr. WHEELER. I do.

Mr. LONG. I happened to read only the headlines saying that our last bond issue was subscribed five times over at par this morning.

Mr. NORRIS. There must be something wrong about that, because these experts could not be wrong. They said that all Government obligations would disappear, and would go down to nothing, down to zero. The Senator ought to look at that again.

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

Mr. WHEELER. I yield.

Mr. REED. I think the Senator from Nebraska has just entered the Chamber. We were discussing that matter; and I, too, called attention to the fact that Government-bond quotations had been rising, and that there was a great oversubscription reported on these new 5-year notes.

Mr. NORRIS. Then, we ought to go off the gold standard again if it is going to do us that much good.

Mr. REED. But perhaps the Senator did not hear me state where those subscriptions came from. Those are not public subscriptions, Mr. President. The public in the United States is not buying those bonds, either from the Treasury or in the market.

Mr. NORRIS. I am going to send out and get a daily paper. I will ask to have the New York Times brought into the Chamber.

Mr. REED. I have it here. I have been trying to tell the Senator what happened. The market is wholly artificial. It is sustained by Federal Reserve buying; and if the Senator will look at the figures of the increase in Government securities reported each week by the Federal Reserve System, he will see precious quick where the market is.

Mr. NORRIS. All of that was known the other day when we had the argument, but the experts did not seem to think of it then. It seems to be an afterthought.

Mr. WHEELER. Of course, when the Thomas amendment was up here and when the remonetization of silver was up here in each instance they said, "If you adopt this policy, if you drive us off the gold standard, there is nothing but ruin going to be in your wake."

Let me call the Senator's attention to this fact, however: He speaks about the old lady who came to see him the other day and asked him what he could invest in. I agree with the Senator that the inflation of Germany ruined the people over there. It ruined the middle classes. It ruined the bondholders, the stockholders. It did not ruin the workers, of course, and it did not ruin the farmers, because of the fact that they still had their farms and they had to have people do the work, and they had to see that they got money enough to feed them. It ruined the middle classes. Let me say to the Senator, however, that the deflation has very nearly ruined the middle classes of this country because of the fact that it has ruined the farmers of the country. The deflation has driven 13,000,000 people out on the streets, and they are walking the streets of this country now in search of employment. Nothing is said by the Senators upon the other side in sympathy for these unfortunate souls that the deflation and the high-priced American dollar has driven on to the streets.

Mr. CUTTING. Mr. President——

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from New Mexico?

Mr. WHEELER. I do.

Mr. CUTTING. Of course, the Senator is not arguing in favor of any such procedure as was adopted in Germany.

Mr. WHEELER. Of course not.

Mr. CUTTING. An inflation of this sort does not necessarily lead to the extreme measures which were adopted by the German Reich.

Mr. WHEELER. Exactly.

Mr. CUTTING. On the other hand, may I call the attention of the Senator from Montana to the fact that even at the worst stage of the German inflation, of which we hear so much, there were less than a million unemployed in Germany; and that since Germany went on the orthodox economic standard there has been suffering, hardship, unemployment, starvation, and misery beyond anything ever exemplified in that country.

Mr. WHEELER. Exactly.

Mr. CUTTING. So that the evils of extreme deflation have worked out in Germany far worse than even the extreme inflation of which we have heard so much.

Mr. WHEELER. Of course, there are in Germany, if I remember the figures now, about four or five million unemployed who are suffering much more now than they did in the period of inflation in 1923, when, as the Senator said, there were only about a million unemployed.

Mr. CUTTING. Why, of course.

Mr. SHIPSTEAD. Mr. President——

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Minnesota?

Mr. WHEELER. I yield to the Senator from Minnesota.

Mr. SHIPSTEAD. I do not want to interrupt the Senator——

Mr. WHEELER. I shall be very glad to yield to the Senator.

Mr. SHIPSTEAD. But with reference to Germany in comparison with the United States, there cannot be a comparison made with any logic.

It must be remembered that Germany had to make great payments by way of reparations. She had to make great foreign payments. She was a foreign debtor. She owed foreign countries. We are a creditor nation. Under the Treaty of Versailles she was shut off from trading. Her foreign trade was cut off. Her shipping was cut off and, in fact, destroyed and confiscated. Our trade balance is greatly in our favor, and that is the greatest source of stability to our finance—the balance of trade in our favor—also, the invisible imports in the form of rents and interest on money invested abroad.

The great danger to the currency of the United States is in the uncertainty of our monetary policy; and the greatest danger of all to the stability of the American dollar is the threat that the amendment we put in title I of this bill yesterday may be taken out in conference, because if we go on now under this bill and permit processors and the industries of the country to fix prices and gouge exorbitant and inordinate profits out of the people they will continue to destroy whatever purchasing power there is in agriculture and among the great masses of the people who work for wages. They will take that in the form of exorbitant profits and further destroy the purchasing power of the American people, making a further inflation necessary. That is the greatest danger to the American dollar that is facing us today.

If we go on with inflation, and do not control prices and profits, we are going to have the maladjustment in distribution of income that we had during the inflation of credit from 1922 to 1929, when practically everything to the amount of 50 percent increase went to industry, while agriculture lost approximately 40 percent of its aggregate income, and labor lost more than 30 percent of its aggregate income. That is what brought on the deflation, in addition to the increase in the capital structure, fixing an overhead charge upon industry, throttling every industry in the country.

The little bit of inflation that this measure would bring about would not be a threat to the American dollar. The greatest threat is the policies we have pursued, and the policies which I fear we are going to pursue if the Borah amendment is taken out of title I of this bill.

Mr. WHEELER. I thank the Senator. Of course, Mr. President, the idea that $3,300,000,000 of currency, where we set up a sinking fund against it, is going to depreciate the American dollar and ruin this Government is the height of folly. No intelligent person who has given any study to the subject would for one moment say so.

I was glad to hear the Senator from Pennsylvania say that of course that would not ruin this Government. Any-

body who has given any thought to it knows that that is true; but it would save the Government of the United States, the taxpayers of this country, $1,900,000,000. I was glad that the Senator from Pennsylvania called attention to the fact that the only people who would take these $3,300,000,000 worth of Government bonds would be the Federal Reserve banking group. They are the people to whom, if we issue these bonds, we are going to pay $1,900,000,000. That is what we are going to do. We are just going to take out of the average taxpayer of this country $1,900,000,000 to pay these Federal Reserve bankers that the Senator has spoken about.

When we are talking about balancing the Budget, and talking about cutting down the veterans, and cutting wages and everything else, we are willing to turn over to this group $1,900,000,000 of the taxpayers' money.

Do we want to go back to our people and tell them that though we drove the men out of the hospitals when we voted for the Economy Act, though we voted to put them out on the street and to cut their compensation 70 percent, and though we voted to cut the wages of the employees of the Government in order to balance the Budget, we turned around in almost the very same breath and voted to give these great banking institutions interest on bonds to the amount of $1,900,000,000 for the privilege of issuing our own currency?

I submit, Mr. President, that this amendment ought to be voted into the bill.

Mr. FRAZIER. Mr. President, I desire to say to the Senator from Montana that I think the opposition to his amendment comes from the coupon clippers who would get $1,900,000,000 in coupons as interest on these bonds under the regular form and would not get it under the Senator's amendment.

Mr. WHEELER. Exactly. The opposition will come from the House of Morgan, from Kuhn, Loeb & Co., from the National City Bank, from the Chase National Bank; yes, it will come from the Harriman Banking Co. and the rest of the racketeers who have run this Government and nearly destroyed it.

Mr. DILL obtained the floor.

Mr. REED. Mr. President, I think a word is justified in reply——

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Pennsylvania?

Mr. DILL. No; I do not yield. The Senator from Pennsylvania has spoken 3 or 4 times on this amendment, and I should like to say just a few words about this subject before the vote is taken.

Mr. REED. Will the Senator from Washington indulge me for a few sentences?

Mr. DILL. I want to say something about the remarks of the Senator from Pennsylvania a while ago in reference to this bond issue.

The Senator explained that the reason why the $900,000,000 was oversubscribed to the Treasury loan was that the Federal Reserve banks were compelled to do it, and that that process, he says, has about run out. When we take the $900,000,000, there is still over $4,000,000,000 in the offering that we have not yet appealed to the public at all for. I have become convinced that the Senator from Pennsylvania is simply obsessed with his own ideas of the gold standard and of the policies of the past administration that got the people of this country into the terrible predicament we are now in; so, for my part, I have no faith in any prediction he makes, because all of them have failed so far as the money problem is concerned.

On the other hand, I am opposed to the amendment of the Senator from Montana, and I am going to vote against it because I believe that it is the wrong policy to pursue in this matter of inflation.

I voted to give the President the power to issue the $3,000,000,000 of paper money because I believed he could be trusted to control such inflation; but this is not a proposition to trust anybody. This is not a proposition to control inflation. This is to compel inflation. This is inflation outright by order of the Congress of the United States. I do not believe that we should now, at this period of the return toward better conditions in this country, to inject into the money system of this country $3,300,000,000 when we have had only $6,000,000,000 of currency in circulation for the past few years.

If I had believed, when the measure was before us to give the President the power to issue three billions of paper money, that he would do that all at once, as this proposal provides, I would never have voted for it. We can stand a certain amount of inflation in this country, but when we get to a certain point it will break down and the money will depreciate. When we attempt by law to provide for inflation immediately, by compulsion, in an amount more than one half of the circulating medium of the United States today, we are traveling down a mighty dangerous ground.

The President has used the power of inflation most cautiously; he has done very little to inflate the currency. He has, I understand, ordered $25,000,000 of bond purchases, and I understand he has made available $100,000,000 in the Postal Savings banks for that purpose; but that is an entirely different proposition from compelling the issuance of $3,300,000,000 by law, without any power to regulate it, as was given in the law that gave the power to inflate.

Mr. WHEELER. Mr. President, the Senator is mistaken with reference to the amendment. This $3,300,000,000 will not be issued immediately. It will be at least a couple of years before the public-works program can possibly be put into operation.

Mr. DILL. The vice of the Senator's amendment is that it is not to be within the discretion of the President, or of any other power, to say how fast or when this money shall be issued. It must be issued when there is a desire to spend it, and I am opposed to that.

Mr. WHEELER. What difference does it make whether the Government issues notes, or whether the Government issues bonds and then the money is issued upon those bonds? It is the same kind of inflation whether we issue bonds to the extent of $3,000,000,000 and turn those bonds over to the Federal Reserve banks which get the money on those bonds, or whether we have the Government issue the money directly. The only difference is that in one instance we are paying the Federal Reserve Board 4 percent for the purpose of issuing the money, and in the other instance we are not. That is the only difference.

Mr. DILL. Mr. President, if the Senator believe that, there is no use arguing with him.

Mr. WHEELER. I know it is true; and if the Senator believes differently, he is mistaken with reference to his position.

Mr. DILL. The Senator has made that speech four or five times, and I do not want to argue with him about it. Anybody who does not know the difference between issuing paper and passing it out as money, and issuing bonds on which interest is paid, and which are to be redeemed at a certain time, simply does not have the philosophy or the understanding of the money question that I have. I confess I do not have much knowledge on that subject, but I know that difference; and if I did not know that difference, I would not think there was ever any use in issuing bonds in this country at all.

I intend to vote against this amendment, and I did not want to sit here and vote against it with the statement uncontradicted that we are voting to put $1,900,000,000 of interest on the backs of the American people, when there would not be any difference in the financial status if we did not do it. There is all the difference in the world.

My real reason for not voting for the amendment is that I think that whatever inflation there is to be in this country in the way of the issuance of paper money should be a controlled inflation. I am willing to trust the President of the United States, and up to this time his use of the power we gave him has shown that he has justified the faith we placed in him when we passed the legislation. I do not think anything at this hour justifies Congress in saying we do not trust the President to issue the paper money, as he believes it

should be issued in the interest of the money system of the country and in the interest of the people of the country. For these reasons I shall vote against the amendment.

Mr. TRAMMELL. Mr. President, the hour is getting rather late, and many Senators have grown restless on account of the long hours we have spent in the Senate in the last 2 or 3 days, but I think this is a very important question to the American people and to the taxpayers of the United States.

The Senator who has just addressed the Senate expresses himself as having a desire to control inflation, and the policy he would seek for this control is a policy which would bring about the imposition of an additional tax burden upon the people of the United States.

So far as I am concerned, I desire to pursue a policy, in providing the money necessary for carrying on the enterprises contemplated in this bill, that will make the tax burden upon the citizens of the United States as light as possible.

I cannot quite discriminate between the idea of Government currency being issued in the way suggested by the Senator from Montana and the old plan of selling bonds, turning them over to the financial institutions of the country, and they in turn coming to the Government and putting up those bonds as security and obtaining money for circulation. I think there is only a margin of 30 percent. They get the bonds, they carry them back to the Government, they get bank notes issued to the amount of 90 percent of the value of their bonds. The proportion has been raised recently to a hundred percent. They can secure the issuance of additional money, of circulating medium.

I cannot see why, if we are going to issue currency for the purpose of increasing circulating medium by law, we should provide a system whereby it must go through the financiers of the country, and make the American taxpayer foot the bill, in addition to providing the funds necessary for a sinking fund, to pay the interest upon the obligations. The interest is upon the Government's own money, because it has sold the bonds; and, in turn, the bankers, if they desire, have obtained currency upon that same security.

Mr. President, this is a great undertaking; it imposes a great financial responsibility on the country. We should use a system whereby the finances of the country will not be impaired, whereby there will not be any destructive inflation. I take the position that there will not be. There is no necessity for any unusual or undue inflation, and the President can control it. He has the power to control the question of inflation. This does not deprive him of that privilege, because the Congress, forsooth, sees proper to issue this currency for the purpose of carrying on the public enterprises provided in this measure.

I am not a financial expert, I am not an expert in the money system, or anything of the kind; but I have resolved the questions involved from the standpoint of common sense, knowing a few facts and knowing a little of the principles of law which control our governmental system. I can see no reason for criticism of the plan proposed by the Senator from Montana, except that it would deprive the money barons of this country of the privilege of handling this money. That is the only reason urged against it. I do not mean that those who oppose it are actuated by that reason, but when we begin to search for excuses, or any logical reason why this step should not be taken, that is the only reason, as I see it.

Of course, the money barons would not like that. For years and years, for decades and decades, our banking institutions have dominated and controlled almost absolutely the financial system of this country. That was true 100 percent at the inauguration of the Federal Reserve System and during these times of stress and of poverty, going to the extent of hunger and the unemployment of 15,000,000 American citizens, good, stalwart, fine citizens, desiring to work, not idle of their own choosing. When we attempted to reform the Federal Reserve System to meet the conditions of the present day we never found a favorable attitude existing toward proposals which seem necessary for reformation of the financial system on the part of those who have dominated and controlled the banking situation of the country. We never saw them yield to any suggestion until by their own short-sightedness and by their own conduct the financial system of this country lay wrecked and prostrate upon the ground. Then, of course, they come in and say, "We realize that something has to be done." But even then, when we try to reform the financial system, we find the same crowd of money dictators and captains of industry want any reform in the banking laws all to their advantage.

When we come to dealing with the question of inflation, as I have witnessed their position and their attitude, they have always sought to make their interests preeminent, and if we allow their interests to predominate, then the good accomplished would not reach down to these other people who were in suffering and in distress, they not being willing to reform our banking laws for the general good of the people of this country.

We have here, as I see it, a direct issue as to whether or not we shall declare ourselves for the interests of the taxpayers of the United States, or whether we shall bow the knee to the money interests of this country, and adopt a plan which will cost the taxpayers of the country millions and even into the billions of dollars before the plans contemplated under this proposed act are carried out, and the money we have used in carrying it out shall have been raised.

Mr. President, I feel very thankful to the Senator from Montana for proposing this amendment. I favored a similar amendment proposed by the Senator from California [Mr. McADOO]. I observed the Senator from California when he was Secretary of the Treasury, during the great World War, and I have observed him since in relation to money questions and the money policy of the Government, and I have always found that his judgment was very sound upon those questions.

I know the Senator from California has often been called into the councils of those who were planning for reformation of our system of banking, and discussing the question of the circulating medium, some changes in that behalf, and I think that both he and the Senator from Montana have done a great service to the country in bringing forth this magnificent plan whereby no one will suffer and the American taxpayers will gain almost $2,000,000,000.

I hope Senators will consider the matter seriously, and not vote upon this amendment in a spirit of frivolity or indifference, and that we can adopt the amendment proposed by the Senator from Montana.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the senior Senator from Montana [Mr. WHEELER].

Mr. WHEELER. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. GORE. Mr. President, I wish to make one observation before the roll call begins. The Senator from Montana and the Senator from Florida have stated the issue as they view it in very clear-cut terms. I do not exactly understand the issue as they see it. I therefore do not wish the RECORD to be made or the yeas and nays to be called upon that issue until I state a different view, as I see it.

The statement is made here that we are undertaking to borrow money, issue bonds, pay the interest on those bonds, which I believe the Senator from Montana says during the life of the bonds would aggregate $1,900,000,000—an interest charge upon the taxpayers of the country; but that, under his amendment, the taxpayers would be saved $1,900,000,000.

Mr. WHEELER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Montana?

Mr. GORE. I yield.

Mr. WHEELER. The Senator from Oklahoma is not quite correct about that statement. I know he wants to be accurate about it.

Mr. GORE. Certainly.

Mr. WHEELER. I stated what the saving to the taxpayers would amount to at the outset. Let me say to the Senator from Oklahoma that these are not my figures but are fig-

ures which were furnished to me by the Senator from California [Mr. McAdoo], and I assume that the figures are correct.

The statement handed to me as coming from that Senator is as follows:

If the provisions of sections 207 and 209 of the bill passed by the House should become law, the sums necessary to pay interest and sinking fund on the $3,300,000,000 of bonds to be issued would amount at the outset to about 6 percent, or perhaps even 6½ percent per annum, made up as follows:

Interest on bonds, 3½ percent plus 2½ percent sinking fund; or
Interest, 4 percent plug 2½ percent sinking fund.

In this case the sums to be raised by taxation would amount at the beginning to $198,000,000 or perhaps to $214,500,000 per year, depending upon the coupon rate of the bonds issued.

Bonds bearing 3½-percent interest would be retired by a 2½-percent sinking fund in 25½ years, while 4-percent bonds would be retired in 24½ years.

If the public-works program were financed by the issue of United States notes redeemable at 4 percent per annum, the sums necessary to be raised by taxation would amount to $132,000,000 a year throughout the retirement period of 25 years.

The saving to taxpayers at the outset would thus amount to $66,000,000, or perhaps even $82,500,000 per year.

The total cost for interest and sinking fund of a 4-percent bond issue with a 2½-percent sinking fund, amounting to $3,300,000,000, would be in round numbers $5,200,000,000.

Since the total cost of retiring an equivalent amount of United States notes would be only $3,300,000,000, the saving to taxpayers for the entire operation would amount to $1,900,000,000.

As I have said, these are not my figures, but are the figures furnished by the Senator from California.

Mr. GORE. Mr. President, as I understood the Senator's figures, they are to the effect that there would be a saving of $1,900,000,000. I think that is the statement I made.

Mr. WHEELER. Yes.

Mr. GORE. But the Senator makes this point: That if we issue bonds and pay interest on those bonds, it will lay an additional burden upon the backs of the taxpayers; but that upon the other hand, we have the power to issue Treasury notes which would obviate that interest charge. I think there is one episode of our financial history that may shed some light upon that point and clarify that issue, and I desire to get it in the Record. It will take only a moment.

When we resumed specie payment on January 1, 1879, we had outstanding about $346,000,000 of greenbacks, the promise of the Government to pay on demand—to pay gold on demand.

A bond is the Government's promise to pay at a fixed time in the future, bearing interest it is true. A Treasury note is a promise to pay, not at a fixed time but is generally a promise to pay on demand. Here is the instance I have in mind:

On the 14th of July 1890 Congress passed what is known as the Sherman Act, providing for the purchase of silver bullion, 4½ million ounces per month, paying for that silver in Treasury notes. There were those who predicted at the time that it would cause a run on the Treasury and the flight of gold. At that time the greenbacks were payable on demand in gold. Here are the figures to which I call attention:

During the fiscal year closing June 30, 1890, just 2 weeks before the Sherman Act went into effect, only $1,000,000 worth of greenbacks were presented for payment on demand and were paid in gold—$1,000,000 worth. During the fiscal year 1891, $6,000,000 worth of greenbacks were presented and payment in gold demanded. During the fiscal year 1892, $9,000,000 worth of greenbacks were presented and payment in gold was demanded. During the fiscal year 1893, $102,000,000 worth of greenbacks were presented to the Treasury for payment and payment in gold was demanded. During the fiscal year 1896, $189,000,000 worth of greenbacks, of non-interest-bearing Treasury notes, were presented for payment and were paid in gold.

In order to obtain the gold with which to pay these non-interest-bearing Treasury notes, the Government of the United States issued $250,000,000 worth of interest-bearing bonds. It bought gold with those bonds and used that gold to redeem greenbacks—United States notes, promises to pay on demand. But when that operation was over, in the fall of 1896, we still had outstanding the same $346,000,000 worth of greenbacks—$346,000,000 worth of United States notes—$346,000,000 worth of the Government's promises to pay on demand, which did not bear interest. We had as many United States notes, greenbacks, and promises to pay outstanding at the end of that operation as we had in the beginning.

Sir, in addition to that, we had outstanding $250,000,000 worth of interest-bearing bonds, a burden on the bended backs of the American taxpayers, and we still owed $346,000,000 of non-interest-bearing United States notes or greenbacks; we still had that many promises to pay on demand outstanding. But, in addition to that, we had $250,000,000 of interest-bearing bonds outstanding. How stood the account with the American taxpayer? He still owed the $346,000,000 of promises to pay on demand plus the principal of $250,000,000 of interest-bearing bonds, plus the interest itself during the life of the bonds.

That is the trouble; at least, when you pay off a bond, you are done with it; but when you issue a promise to pay on demand, and reissue it after redemption, you still owe as much as you did before; and if you are obliged to buy gold in the meantime with which to redeem it, your debt has increased, and you still have as large an outstanding debt, non-interest-bearing United States notes, as you had before, and to that you have added another indebtedness, a bonded indebtedness, which does bear interest. Neither a nation nor an individual can afford to have too many promises to pay on demand outstanding at one and the same time. It is fraught with too much danger. It makes the debtor the slave of his creditor; it makes possible instant foreclosure. And a government is deeper in debt after it pays such a debt than before.

Mr. President, I do not undertake to distinguish between the facts existing at the time to which I refer and the similar facts with reference to redemption which will be raised by the pending amendment. I have not had a chance to analyze them with a view to reaching a conclusion upon that point.

Mr. WHEELER. Mr. President, I desire to answer the statement of the Senator from Oklahoma by making this distinction: The greenbacks were issued, but there was no fund set aside to redeem them. In this instance we are proposing to provide that a sinking fund be set aside to redeem these Government notes just exactly as we would redeem Government bonds; just exactly in the same way. That is the distinction between the greenbacks the Senator from Oklahoma is speaking about and the Government notes which would be issued under this amendment.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Montana. The yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. McNARY (when his name was called). On this vote I have a pair with the senior Senator from Florida [Mr. Fletcher]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "nay."

Mr. STEPHENS (when his name was called). On this vote I am paired with the senior Senator from Indiana [Mr. Robinson], and withhold my vote because of his absence. If permitted to vote, I should vote "nay."

The roll call was concluded.

Mr. DAVIS (after having voted in the negative). On this question I have a pair with the junior Senator from Kentucky [Mr. Logan]. I transfer that pair to the senior Senator from Connecticut [Mr. Walcott], and allow my vote to stand.

Mr. HEBERT. I wish to announce that on this question the Senator from Vermont [Mr. Dale] is paired with the Senator from California [Mr. McAdoo].

Mr. WAGNER. Mr. President, I wish the Record to show that the senior Senator from Illinois [Mr. Lewis] has been called out of the Chamber on official business.

Mr. BARKLEY. I wish to announce that my colleague [Mr. Logan] is unavoidably detained on official business. He

is paired with the Senator from Pennsylvania [Mr. DAVIS], as has already been announced. I am not authorized to state how my colleague would vote if present.

Mr. KENDRICK. I wish to announce that the Senator from Colorado [Mr. COSTIGAN], the Senator from Florida [Mr. FLETCHER], the Senator from New Jersey [Mr. KEAN], the Senator from Connecticut [Mr. WALCOTT] are detained in attendance upon a meeting of the Committee on Banking and Currency.

I also wish to announce that the Senator from Georgia [Mr. GEORGE], the Senator from Nevada [Mr. PITTMAN], and the Senator from Indiana [Mr. VAN NUYS] are detained on official business.

The result was announced—yeas 29, nays 51, as follows:

YEAS—29

Ashurst	Erickson	Norris	Thomas, Okla.
Black	Frazier	Nye	Thomas, Utah
Bone	La Follette	Overton	Thompson
Borah	Long	Pope	Trammell
Bulow	McCarran	Reynolds	Wheeler
Caraway	McGill	Russell	
Clark	Murphy	Shipstead	
Cutting	Neely	Smith	

NAYS—51

Adams	Carey	Hale	Patterson
Austin	Connally	Harrison	Reed
Bachman	Coolidge	Hastings	Robinson, Ark.
Bailey	Copeland	Hatfield	Schall
Bankhead	Davis	Hayden	Sheppard
Barbour	Dickinson	Hebert	Steiwer
Barkley	Dieterich	Johnson	Townsend
Bratton	Dill	Kendrick	Tydings
Brown	Duffy	Keyes	Vandenberg
Bulkley	Fess	King	Wagner
Byrd	Glass	Lonergan	Walsh
Byrnes	Goldsborough	McKellar	White
Capper	Gore	Metcalf	

NOT VOTING—16

Costigan	George	McAdoo	Robinson, Ind.
Couzens	Kean	McNary	Stephens
Dale	Lewis	Norbeck	Van Nuys
Fletcher	Logan	Pittman	Walcott

So Mr. WHEELER's amendment was rejected.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, 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 amendments of the Senate to the bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes; that the House had receded from its disagreement to the amendment of the Senate no. 3 to the said bill and concurred therein with an amendment, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

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

S. 1094. An act to authorize the Reconstruction Finance Corporation to subscribe for preferred stock and purchase the capital notes of insurance companies, and for other purposes;

H.R. 4812. An act to promote the foreign trade of the United States in apples and/or pears, to protect the reputation of American-grown apples and pears in foreign markets, to prevent deception or misrepresentation as to the quality of such products moving in foreign commerce, to provide for the commercial inspection of such products entering such commerce, and for other purposes; and

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.

EXTENSION OF GASOLINE TAX—CONFERENCE REPORT

Mr. HARRISON submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1 and 2, and agree to the same.

The committee of conference have come to no agreement on amendment numbered 3.

PAT HARRISON,
WILLIAM H. KING,
DAVID A. REED,
Managers on the part of the Senate.

R. L. DOUGHTON,
HEARTSILL RAGON,
SAM B. HILL,
ALLEN T. TREADWAY,
ISAAC BACHARACH,
Managers on the part of the House.

The report was agreed to.

The PRESIDING OFFICER laid before the Senate the action of the House of Representatives on Senate amendment no. 3 to House bill 5040, which was read, as follows:

IN THE HOUSE OF REPRESENTATIVES,
June 9, 1933.

Resolved, That the House recede from its disagreement to the amendment of the Senate no. 3 to the bill (H.R. 5040) to extend the gasoline tax for 1 year, to modify postage rates on mail matter, and for other purposes, and concur therein with the following amendment:

In lieu of the matter inserted by said amendment insert:

SEC. 6. (a) Effective September 1, 1933, section 616 of the Revenue Act of 1932 is amended to read as follows:

"SEC. 616. Tax on electrical energy for domestic or commercial consumption.

"(a) There is hereby imposed upon electrical energy sold for domestic or commercial consumption and not for resale a tax equivalent to 3 percent of the price for which so sold, to be paid by the vendor under such rules and regulations as the Commissioner, with the approval of the Secretary, shall prescribe. The sale of electrical energy to an owner or lessee of a building, who purchases such electrical energy for resale to the tenants therein, shall for the purposes of this section be considered as a sale for consumption and not for resale, but the resale to the tenant shall not be considered a sale for consumption.

"(b) The provisions of sections 619, 622, and 625 shall not be applicable with respect to the tax imposed by this section.

"(c) No tax shall be imposed under this section upon electrical energy sold to the United States or to any State or Territory or political subdivision thereof or the District of Columbia. None of the provisions of this section shall apply to publicly owned electric and power plants. The right to exemption under this subsection shall be evidenced in such manner as the Commissioner, with the approval of the Secretary, may, by regulation, prescribe."

(b) Despite the provisions of this section the tax imposed under section 616 of the Revenue Act of 1932 before its amendment by this section on electrical energy furnished before September 1, 1933, shall be imposed, collected, and paid in the same manner and shall be subject to the same provisions of law (including penalties) as if this section had not been enacted.

Mr. HARRISON. Mr. President, in view of the fact that the House has accepted the action of the Senate with reference to the so-called "Johnson amendment", it seems to me there is nothing left for the Senate to do except to concur in the House amendment. I move that the Senate concur in the House amendment.

The motion was agreed to.

MESSAGES FROM THE PRESIDENT

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

PAYMENT TO SURPLUS GRADUATES OF NAVAL ACADEMY—CONFERENCE REPORT

The PRESIDING OFFICER laid before the Senate a conference report, submitted by Mr. TRAMMELL on the 1st instant, which was read, as follows:

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.

PARK TRAMMELL,
GEO. MCGILL,
Managers on the part of the Senate.
CARL VINSON,
FRED A. BRITTEN,
Managers on the part of the House.

Mr. TRAMMELL. I move the adoption of the conference report.

The PRESIDING OFFICER. Without objection, the conference report is agreed to.

Mr. TRAMMELL subsequently said: Mr. President, did the Chair announce a decision on my motion to agree to the conference report on the Naval Academy bill?

The PRESIDING OFFICER. The Chair announced that it was agreed to by unanimous consent.

Mr. TRAMMELL. I do not care to have it agreed to by unanimous consent in that way. I was on my feet endeavoring to get recognition. There was one amendment with reference to which I was very much disappointed. I had hoped that it might be reported favorably or else in some modified form. I ask for a vote on my motion.

The PRESIDING OFFICER. The question is on the motion of the Senator from Florida to adopt the conference report.

The report was agreed to.

EMERGENCY RELIEF OF RAILROADS—CONFERENCE REPORT

Mr. DILL submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House 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, 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 disagreement to the amendment of the House, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"That this act may be cited as the 'Emergency Railroad Transportation Act, 1933.'

"TITLE I—EMERGENCY POWERS

"SECTION 1. As used in this title—

"(a) The term 'Commission' means the Interstate Commerce Commission.

"(b) The term 'Coordinator' means the Federal Coordinator of Transportation hereinafter provided for.

"(c) The term 'committee' means any one of the regional coordinating committees hereinafter provided for.

"(d) The term 'carrier' means any common carrier by railroad subject to the provisions of the Interstate Commerce Act, as amended, including any receiver or trustee thereof.

"(e) The term 'subsidiary' means any company which is directly or indirectly controlled by, or affiliated with, any carrier or carriers. For the purpose of the foregoing definition a company shall be deemed to be affiliated with a carrier if so affiliated within the meaning of paragraph (8) of section 5 of the Interstate Commerce Act, as amended by this act.

"(f) The term 'employee' includes every person in the service of a carrier (subject to its continuing authority to supervise and direct the manner of rendition of his service) who performs any work defined as that of an employee or subordinate official in accordance with the provisions of the Railway Labor Act.

"(g) The term 'State commission' means the commission, board, or official, by whatever name designated, exercising power to regulate the rates or service of common carriers by railroad under the laws of any State.

"SEC. 2. In order to foster and protect interstate commerce in relation to railroad transportation by preventing and relieving obstructions and burdens thereon resulting from the present acute economic emergency, and in order to safeguard and maintain an adequate national system of transportation, there is hereby created the office of Federal Coordinator of Transportation, who shall be appointed by the President, by and with the advice and consent of the Senate, or be designated by the President from the membership of the Commission. If so designated, the Coordinator shall be relieved from other duties as Commissioner during his term of service to such extent as the President may direct; except that the Coordinator shall not sit as a member of the Commission in any proceedings for the review or suspension of any order issued by him as Coordinator. The coordinator shall have such powers and duties as are hereinafter set forth and prescribed, and may, with the approval of the President, and without regard to the Civil Service laws and the Classification Act of 1923, as amended, appoint and fix the compensation of such assistants and agents, in addition to the assistance provided by the Commission, as may be necessary to the performance of his duties under this act. The office of the Coordinator shall be in Washington, D.C., and the Commission shall provide such office space, facilities, and assistance as he may request and it is able to furnish. The Coordinator shall receive such compensation as the President shall fix, except that if designated from the Commission, he shall receive no compensation in addition to that which he receives as a member of the Commission.

"SEC. 3. The Coordinator shall divide the lines of the carriers into three groups, to wit, an eastern group, a southern group, and a western group, and may from time to time make such changes or subdivisions in such groups as he may deem to be necessary or desirable. At the earliest practicable date after the Coordinator shall have initially designated such groups, three regional coordinating committees shall be created, one for each group, and each committee shall consist of 5 regular members and 2 special members. The carriers in each group, acting each through its board of directors or its receiver or receivers or trustee or trustees or through an officer or officers designated for the purpose by such board, shall select the regular members of the committee representing that group, and shall prescribe the rules under which such committee shall operate; but no railroad system shall have more than one representative on any such committee. In such selection each carrier shall have a vote in proportion to its mileage lying within the group. The two special members of each committee shall be selected in such manner as the Coordinator may approve, one to represent the steam railroads within the group which had in 1932 railway operating revenues of less than $1,000,000 and the other to represent electric railways within the group not owned by a steam railroad or operated as a part of a general steam railroad system of transportation. Each such special member shall have reasonable notice of all meetings of his committee at which any matter affecting any carrier which he represents is to be considered and may participate in the consideration and disposition of such matter. Members of the committees may be removed from office and vacancies may be filled in like manner.

"SEC. 4. The purposes of this title are (1) to encourage and promote or require action on the part of the carriers and of subsidiaries subject to the Interstate Commerce Act, as amended, which will (a) avoid unnecessary duplication of services and facilities of whatsoever nature and permit the joint use of terminals and trackage incident thereto or requisite to such joint use: *Provided,* That no routes now existing shall be eliminated except with the consent of all participating lines or upon order of the Coordinator, (b) control allowances, accessorial services and the charges therefor, and other practices affecting service or operation, to the end that undue impairment of net earnings may be prevented, and (c) avoid other wastes and preventable expense; (2) to promote financial reorganization of the carriers, with due regard to legal rights, so as to reduce fixed charges to the extent required by the public interest and improve carrier

credit; and (3) to provide for the immediate study of other means of improving conditions surrounding transportation in all its forms and the preparation of plans therefor.

"SEC. 5. It shall be the duty of the committees on their own initiative, severally within each group and jointly where more than one group is affected, to carry out the purposes set forth in subdivision (1) of section 4, so far as such action can be voluntarily accomplished by the carriers. In such instances as the committees are unable, for any reason, legal or otherwise, to carry out such purposes by such voluntary action, they shall recommend to the Coordinator that he give appropriate directions to the carriers or subsidiaries subject to the Interstate Commerce Act, as amended, by order; and the Coordinator is hereby authorized and directed to issue and enforce such orders if he finds them to be consistent with the public interest and in furtherance of the purposes of this title.

"SEC. 6. (a) The Coordinator shall confer freely with the committees and give them the benefit of his advice and assistance. At his request, the committees, the carriers, the subsidiaries, and the Commission shall furnish him, or his assistants and agents, such information and reports as he may desire in investigating any matter within the scope of his duties under this title; and the Coordinator, his assistants, and agents, and the Commission, shall at all times have access to all accounts, records, and memoranda of the carriers and subsidiaries. If, in any instance, a committee has not acted with respect to any matter which the Coordinator has brought to its attention and upon which he is of the opinion that it should have acted, under the provisions of section 5, he is hereby authorized and directed to issue and enforce such order, giving appropriate directions to the carriers and subsidiaries subject to the Interstate Commerce Act, as amended, with respect to such matter, as he shall find to be consistent with the public interest.

"(b) Insofar as may be necessary for the purposes of this title, the Commission and the members and examiners thereof shall have the same power to administer oaths and require by subpena the attendance and testimony of witnesses and the production of books, papers, tariffs, contracts, agreements, and documents and to take testimony by deposition, relating to any matter under investigation, as though such matter arose under the Interstate Commerce Act, as amended and supplemented; and any person subpenaed or testifying in connection with any matter under investigation under this title shall have the same rights, privileges, and immunities and be subject to the same duties, liabilities, and penalties as are provided in the case of persons subpenaed or testifying in connection with any matter under investigation under the Interstate Commerce Act, as amended.

"SEC. 7. (a) A labor committee for each regional group of carriers may be selected by those railroad labor organizations which, as representatives duly designated and authorized to act in accordance with the requirements of the Railway Labor Act, entered into the agreements of January 31, 1932, and December 21, 1932, with duly authorized representatives of the carriers, determining the wage payments of the employees of the carriers. A similar labor committee for each regional group of carriers may be selected by such other railroad labor organizations as may be duly designated and authorized to represent employees in accordance with the requirements of the Railway Labor Act. It shall be the duty of the regional coordinating committees and the Coordinator to give reasonable notice to, and to confer with, the appropriate regional labor committee or committees upon the subject matter prior to taking any action or issuing any order which will affect the interest of the employees, and to afford the said labor committee or committees reasonable opportunity to present views upon said contemplated action or order.

"(b) The number of employees in the service of a carrier shall not be reduced by reason of any action taken pursuant to the authority of this title below the number as shown by the pay rolls of employees in service during the month of May 1933 after deducting the number who have been removed from the pay rolls after the effective date of this act by reason of death, normal retirements, or resignation, but not more in any one year than 5 percent of said number in service during May 1933; nor shall any employee in such service be deprived of employment such as he had during said month of May or be in a worse position with respect to his compensation for such employment, by reason of any action taken pursuant to the authority conferred by this title.

"(c) The Coordinator is authorized and directed to establish regional boards of adjustment whenever and wherever action taken pursuant to the authority conferred by this title creates conditions that make necessary such boards of adjustment to settle controversies between carriers and employees. Carriers and their employees shall have equal representation on such boards of adjustment for settlement of such controversies, and said boards shall exercise the functions of boards of adjustment provided for by the Railway Labor Act.

"(d) The Coordinator is authorized and directed to provide means for determining the amount of, and to require the carriers to make just compensation for, property losses and expenses imposed upon employees by reason of transfers of work from one locality to another in carrying out the purposes of this title.

"(e) Carriers, whether under control of a judge, trustee, receiver, or private management, shall be required to comply with the provisions of the Railway Labor Act and with the provisions of section 77, paragraphs (o), (p), and (q), of the act approved March 3, 1933, entitled '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.'

"SEC. 8. Any order issued by the Coordinator pursuant to this title shall be made public in such reasonable manner as he may determine and shall become effective as of such date, not less than 20 days from the date of such publication, as the Coordinator shall prescribe in the order; and such order shall remain in effect until it is vacated by him or suspended or set aside by the Commission or other lawful authority, as hereinafter provided, and such order may include provision for the creation and administration of such just pooling arrangements or for such just compensation for the use of property or for carrier services as he may deem necessary or desirable and in furtherance of the purposes of this title.

"SEC. 9. Any interested party, including, among others, any carrier, subsidiary, shipper, or employee, or any group of carriers, shippers, or employees, or any State commission, or the Governor of any State, or the official representative or representatives of any political subdivision thereof, dissatisfied with any order of the Coordinator may, at any time prior to the effective date of the order, file a petition with the Commission asking that such order be reviewed and suspended pending such review, and stating fully the reasons therefor. Such petitions shall be governed by such general rules as the Commission may establish. If the Commission, upon considering such petition and any answer or answers thereto, finds reason to believe that the order may be unjust to the petitioner or inconsistent with the public interest, the Commission is hereby authorized to grant such review and, in its discretion, the Commission may suspend the order if it finds immediate enforcement thereof would result in irreparable damage to the petitioner or work grave injury to the public interest, but if the Commission suspends an order, it shall expedite the hearing and decision on that order as much as possible. Thereupon the Commission shall, after due notice and a public hearing, review the order and take such action in accord with the purposes of this title as it finds to be just and consistent with the public interest, either confirming the order or setting it aside or reissuing it in modified form, and any order so confirmed or reissued shall thereafter remain in effect until vacated or modified by the Commission.

"SEC. 10. (a) The carriers or subsidiaries subject to the Interstate Commerce Act, as amended, affected by any order of the Coordinator or Commission made pursuant to this

title shall, so long as such order is in effect, be, and they are hereby, relieved from the operation of the antitrust laws, as designated in section 1 of the act entitled 'An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes', approved October 15, 1914, and of all other restraints or prohibitions by law, State or Federal, other than such as are for the protection of the public health or safety, insofar as may be necessary to enable them to do anything authorized or required by such order made pursuant to this title: *Provided, however*, That nothing herein shall be construed to repeal, amend, suspend, or modify any of the requirements of the Railway Labor Act or the duties and obligations imposed thereunder or through contracts entered into in accordance with the provisions of said act.

"(b) The Coordinator shall issue no order which shall have the effect of relieving any carrier or subsidiary from the operation of the law of any State or of any order of any State commission until he has advised the State commission of said State, or the Governor of said State if there be no such commission, that such order is in contemplation, and shall afford the State commission or Governor so notified reasonable opportunity to present views and information bearing upon such contemplated order, nor unless such order is necessary, in his opinion, to prevent or remove an obstruction to or a burden upon interstate commerce.

"SEC. 11. Nothing in this title shall be construed to relieve any carrier from any contractual obligation which it may have assumed, prior to the enactment of this act, with regard to the location or maintenance of offices, shops, or roundhouses at any point.

"SEC. 12. The willful failure or refusal of any carrier or subsidiary or of any officer or employee of any carrier or subsidiary to comply with the terms of any order of the Coordinator or of the Commission made pursuant to this title shall be a misdemeanor, and upon conviction thereof the carrier, subsidiary, or person offending shall be subject to a fine of not less than $1,000 or more than $20,000 for each offense, and each day during which such carrier, subsidiary, or person shall willfully fail or refuse to comply with the terms of such order shall constitute a separate offense. It shall be the duty of any district attorney of the United States to whom the Coordinator or the Commission may apply to institute in the proper court and to prosecute under the direction of the Attorney General of the United States all necessary proceedings for the enforcement of the provisions of this title and for the punishment of all violations thereof, and the costs and expenses of such prosecution shall be paid out of the appropriation for the expense of the courts of the United States: *Provided*, That nothing in this title shall be construed to require any employee or officer of any carrier to render labor or service without his consent, or to authorize the issuance of any orders requiring such service, or to make illegal the failure or refusal of any employee individually, or any number of employees collectively, to render labor or services.

"SEC. 13. It shall further be the duty of the Coordinator, and he is hereby authorized and directed, forthwith to investigate and consider means, not provided for in this title, of improving transportation conditions throughout the country, including cost finding in rail transportation and the ability, financial or otherwise, of the carriers to improve their properties and furnish service and charge rates which will promote the commerce and industry of the country and including, also, the stability of railroad labor employment and other improvement of railroad labor conditions; and from time to time he shall submit to the Commission such recommendations calling for further legislation to these ends as he may deem necessary or desirable in the public interest. The Commission shall promptly transmit such recommendations, together with its comments thereon, to the President and to the Congress.

"SEC. 14. The expenses of the Coordinator except so far as they are borne by the Commission in accordance with the provisions of section 2, but not including the expenses of the coordinating committees, shall be allowed and paid, on the presentation of itemized vouchers therefor approved by the Coordinator, out of a fund obtained from assessments on the carriers and said fund is hereby appropriated for the payment of such expenses. It shall be the duty of each carrier, within 30 days after the date of enactment of this act, to pay into this fund, for the first year of the operation of this title, $1.50 for every mile of road operated by it on December 31, 1932, as reported to the Commission, and to pay into said fund within 30 days after the expiration of such year a proportional amount covering any period of extension of this title by proclamation of the President under section 17, and it shall be the duty of the Secretary of the Treasury to collect such assessments. Any amount remaining in the fund when this title ceases to have effect shall be returned by the Secretary of the Treasury to the carriers in proportion to their contributions. The carriers and the Pullman Co. shall be permitted, anything in the Interstate Commerce Act, as amended, to the contrary notwithstanding, to provide free transportation and other carrier service to the Coordinator and his assistants and agents and to the employees of the Commission when engaged in the service of the Coordinator.

"SEC. 15. The Commission shall not approve a loan to a carrier under the Reconstruction Finance Corporation Act, as amended, if it is of the opinion that such carrier is in need of financial reorganization in the public interest: *Provided, however*, That the term 'carrier' as used in this section shall not include a receiver or trustee.

"SEC. 16. Any final order made under this title shall be subject to the same right of relief in court by any party in interest as is now provided in respect to orders of the Commission made under the Interstate Commerce Act, as amended. The provisions of the Urgent Deficiencies Appropriation Act of October 22, 1913 (38 Stat.L. 219), shall be applicable to any proceeding in court brought to suspend or set aside any order of the Coordinator or of the Commission entered pursuant to the provisions of this title.

"SEC. 17. This title shall cease to have effect at the end of 1 year after the effective date, unless extended by a proclamation of the President for 1 year or any part thereof, but orders of the Coordinator or of the Commission made thereunder shall continue in effect until vacated by the Commission or set aside by other lawful authority, but notwithstanding the provisions of section 10 no such order shall operate to relieve any carrier from the effect of any State law or of any order of a State commission enacted or made after this title ceases to have effect.

"TITLE II. AMENDMENTS TO INTERSTATE COMMERCE ACT

"SECTION 201. Section 5 of the Interstate Commerce Act, as amended (U.S.C., title 49, sec. 5), is amended by striking out paragraphs (2) and (3) and by renumbering paragraphs (4) and (5) as paragraphs (2) and (3), respectively, and by striking out the last sentence of the paragraph so renumbered as paragraph (3).

"SEC. 202. Such section 5 is further amended by striking out paragraphs (6), (7), and (8), and by inserting in lieu thereof the following paragraphs:

"'(4). (a) It shall be lawful, with the approval and authorization of the Commission, as provided in subdivision (b), for two or more carriers to consolidate or merge their properties, or any part thereof, into one corporation for the ownership, management, and operation of the properties theretofore in separate ownership; or for any carrier, or two or more carriers jointly, to purchase, lease, or contract to operate the properties, or any part thereof, of another; or for any carrier, or two or more carriers jointly, to acquire control of another through purchase of its stock; or for a corporation which is not a carrier to acquire control of two or more carriers through ownership of their stock; or for a corporation which is not a carrier and which has control of one or more carriers to acquire control of another carrier through ownership of its stock.

"'(b) Whenever a consolidation, merger, purchase, lease, operating contract, or acquisition of control is proposed under subdivision (a), the carrier or carriers or corporation seeking authority therefor shall present an application to

the Commission, and thereupon the Commission shall notify the Governor of each State in which any part of the properties of the carriers involved in the proposed transaction is situated, and also such carriers and the applicant or applicants, of the time and place for a public hearing. If after such hearing the Commission finds that, subject to such terms and conditions and such modifications as it shall find to be just and reasonable, the proposed consolidation, merger, purchase, lease, operating contract, or acquisition of control will be in harmony with and in furtherance of the plan for the consolidation of railway properties established pursuant to paragraph (3), and will promote the public interest, it may enter an order approving and authorizing such consolidation, merger, purchase, lease, operating contract, or acquisition of control, upon the terms and conditions and with the modifications so found to be just and reasonable.

"'(5) Whenever a corporation which is not a carrier is authorized, by an order entered under paragraph (4), to acquire control of any carrier or of two or more carriers, such corporation thereafter shall, to the extent provided by the Commission, for the purposes of paragraphs (1) to (10), inclusive, of section 20 (relating to reports, accounts, etc., of carriers), including the penalties applicable in the case of violations of such paragraphs, be considered as a common carrier subject to the provisions of this act, and for the purposes of paragraphs (2) to (11), inclusive, of section 20a (relating to issues of securities and assumptions of liability of carriers), including the penalties applicable in the case of violations of such paragraphs, be considered as a "carrier" as such term is defined in paragraph (1) of such section, and be treated as such by the Commission in the administration of the paragraphs specified. In the application of such provisions of section 20a in the case of any such corporation the Commission shall authorize the issue or assumption applied for only if it finds that such issue or assumption is consistent with the proper performance by each carrier which is under the control of such corporation of its service to the public as a common carrier, will not impair the ability of any such carrier to perform such service, and is otherwise compatible with the public interest.

"'(6) It shall be unlawful for any person, except as provided in paragraph 4, to accomplish or effectuate, or to participate in accomplishing or effectuating, the control or management in a common interest of any two or more carriers, however such result is attained, whether directly or indirectly, by use of common directors, officers, or stockholders, a holding or investment company or companies, a voting trust or trusts, or in any other manner whatsoever. It shall be unlawful to continue to maintain control or management accomplished or effectuated after the enactment of this amendatory paragraph and in violation of its provisions. As used in this paragraph and paragraph (7), the words "control or management" shall be construed to include the power to exercise control or management.

"'(7) For the purposes of paragraphs (6) and (11), but not in anywise limiting the application thereof, any transaction shall be deemed to accomplish or effectuate the control or management in a common interest of two carriers—

"'(a) If such transaction is by a carrier, and if the effect of such transaction is to place such carrier and persons affiliated with it, taken together, in control of another carrier.

"'(b) If such transaction is by a person affiliated with a carrier, and if the effect of such transaction is to place such carrier and persons affiliated with it, taken together, in control of another carrier.

"'(c) If such transaction is by two or more persons acting together, one of whom is a carrier or is affiliated with a carrier, and if the effect of such transaction is to place such persons and carriers and persons affiliated with any one of them and persons affiliated with any such affiliated carrier, taken together, in control of another carrier.

"'(8) For the purposes of paragraph (7) a person shall be held to be affiliated with a carrier if, by reason of the relationship of such person to such carrier (whether by reason of the method of, or circumstances surrounding organization or operation, or whether established through common directors, officers, or stockholders, a voting trust or trusts, a holding or investment company or companies, or any other direct or indirect means), it is reasonable to believe that the affairs of any carrier of which control may be acquired by such person will be managed in the interest of such other carrier.

"'(9) For the purposes of paragraphs (6), (7), (8), and (11), wherever reference is made to control it is immaterial whether such control is direct or indirect. As used in this paragraph and paragraphs (7), (8), and (11) the term "control" shall be construed to include the power to exercise control.

"'(10) The Commission is hereby authorized, upon complaint or upon its own initiative without complaint, but after notice and hearing, to investigate and determine whether any person is violating the provisions of paragraph (6). If the Commission finds after such investigation that such person is violating the provisions of such paragraph, it shall by order require such person to take such action as may be necessary, in the opinion of the Commission, to prevent continuance of such violation.

"'(11) For the proper protection and in furtherance of the plan for the consolidation of railway properties established pursuant to paragraph (3) and the regulation of interstate commerce in accordance therewith, the Commission is hereby authorized, upon complaint or upon its own initiative without complaint, but after notice and hearing, to investigate and determine whether the holding by any person of stock or other share capital of any carrier (unless acquired with the approval of the Commission) has the effect (a) of subjecting such carrier to the control of another carrier or to common control with another carrier, and (b) of preventing or hindering the carrying out of any part of such plan or of impairing the independence, one of another, of the systems provided for in such plan. If the Commission finds after such investigation that such holding has the effects described, it shall by order provide for restricting the exercise of the voting power of such person with respect to such stock or other share capital (by requiring the deposit thereof with a trustee, or by other appropriate means) to the extent necessary to prevent such holding from continuing to have such effects.

"'(12) If in the course of any proceeding under this section before the Commission, or of any proceeding before a court in enforcement of an order entered by the Commission under this section, it appears that since the beginning of such proceeding the plan for consolidation has been reopened under paragraph (3) for changes or modifications with respect to the allocation of the properties of any carrier involved in such proceeding, then such proceeding may be suspended.

"'(13) The district courts of the United States shall have jurisdiction upon the application of the Commission, alleging a violation of any of the provisions of this section or disobedience of any order issued by the Commission thereunder by any person, to issue such writs of injunction or other proper process, mandatory or otherwise, as may be necessary to restrain such person from violation of such provision or to compel obedience to such order.

"'(14) The Commission may from time to time, for good cause shown, make such orders, supplemental to any order made under paragraph (1), (4), (10), or (11), as it may deem necessary or appropriate.

"'(15) The carriers and any corporation affected by any order made under the foregoing provisions of this section shall be, and they are hereby, relieved from the operation of the antitrust laws as designated in section 1 of the act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes", approved October 15, 1914, and of all other restraints or prohibitions by or imposed under authority of law, State or Federal, insofar as may be necessary to enable them to do anything authorized or required by such order.

"'(16) If any provision of the foregoing paragraphs of this section, or the application thereof to any person or circumstances, is held invalid, the other provisions of such paragraphs, and the application of such provision to any other person or circumstances, shall not be affected thereby.

"'(17) As used in paragraphs (4) to (16), inclusive, the term "person" includes an individual, partnership, association, joint-stock company, or corporation, and the term "carrier" means a carrier by railroad subject to this act.'

"SEC. 203. Such section 5 is further amended by renumbering as paragraph (18) the paragraph added by the act entitled 'An act to amend section 407 of the Transportation Act of 1920', approved June 10, 1921, and by renumbering the remaining three paragraphs as paragraphs (19), (20), and (21), respectively.

"SEC. 204. The provisions of the Interstate Commerce Act, as amended, and of all other applicable Federal statutes, as in force prior to the enactment of this title, shall remain in force, as though this title had not been enacted, with respect to the acquisition by any carrier, prior to the enactment of this title, of the control of any other carrier or carriers.

"SEC. 205. Section 15a of the Interstate Commerce Act, as amended (U.S.C., title 49, sec. 15a), is amended to read as follows:

"'SEC. 15a. (1) When used in this section, the term "rates" means rates, fares, and charges, and all classifications, regulations, and practices relating thereto.

"'(2) In the exercise of its power to prescribe just and reasonable rates, the Commission shall give due consideration, among other factors, to the effect of rates on the movement of traffic; to the need, in the public interest, of adequate and efficient railway-transportation service at the lowest cost consistent with the furnishing of such service; and to the need of revenues sufficient to enable the carriers, under honest, economical, and efficient management, to provide such service.'

"SEC. 206. (a) All moneys which were recoverable by and payable to the Interstate Commerce Commission, under paragraph (6) of section 15a of the Interstate Commerce Act, as in force prior to the enactment of this title, shall cease to be so recoverable and payable; and all proceedings pending for the recovery of any such money shall be terminated. The general railroad contingent fund established under such section shall be liquidated and the Secretary of the Treasury shall distribute the moneys in such fund among the carriers which have made payments under such section, so that each such carrier shall receive an amount bearing the same ratio to the total amount in such fund that the total of amounts paid under such section by such carrier bears to the total of amounts paid under such section by all carriers; except that if the total amount in such fund exceeds the total of amounts paid under such section by all carriers such excess shall be distributed among such carriers upon the basis of the average rate of earnings (as determined by the Secretary of the Treasury) on the investment of the moneys in such fund and differences in dates of payments by such carriers.

"(b) The income, war-profits, and excess-profits tax liabilities for any taxable period ending after February 28, 1920, of the carriers and corporations whose income, war-profits, or excess-profits tax liabilities were affected by section 15a of the Interstate Commerce Act, as in force prior to the enactment of this act, shall be computed as if such section had never been enacted, except that, in the case of carriers or corporations which have made payments under paragraph (6) of such section, an amount equal to such payments shall be excluded from gross income for the taxable periods with respect to which they were made. All distributions made to carriers in accordance with subdivision (a) of this section shall be included in the gross income of the carriers for the taxable period in which this act is enacted. The provisions of this subdivision shall not be held to affect (1) the statutes of limitations with respect to the assessment, collection, refund, or credit of income, war-profits, or excess-profits taxes or (2) the liabilities for such taxes of any carriers or corporations if such liabilities were determined prior to the enactment of this act in accordance with section 1106 (b) of the Revenue Act of 1926 or section 606 of the Revenue Act of 1928, or in accordance with a final judgment of a court, an order of the Board of Tax Appeals which had become final, or an offer in compromise duly accepted in accordance with law.

"SEC. 207. Paragraph (a) of section 19a of the Interstate Commerce, as amended (U.S.C., title 49, sec. 19a (a)), is amended to read as follows:

"'(a) That the Commission shall, as hereinafter provided, investigate, ascertain, and report the value of all the property owned or used by every common carrier subject to the provisions of this act, except any street, suburban, or interurban electric railway which is not operated as a part of a general steam railroad system of transportation; but the Commission may in its discretion investigate, ascertain, and report the value of the property owned or used by any such electric railway subject to the provisions of this act whenever in its judgment such action is desirable in the public interest. To enable the Commission to make such investigation and report, it is authorized to employ such experts and other assistants as may be necessary. The Commission may appoint examiners who shall have power to administer oaths, examine witnesses, and take testimony. The Commission shall, subject to the exception hereinbefore provided for in the case of electric railways, make an inventory which shall list the property of every common carrier subject to the provisions of this act in detail, and show the value thereof as hereinafter provided, and shall classify the physical property, as nearly as practicable, in conformity with the classification of expenditures for road and equipment, as prescribed by the Interstate Commerce Commission.'

"SEC. 208. Paragraphs (f) and (g) of such section 19a, as amended (U.S.C., title 49, sec. 19a (f), (g)), are amended to read as follows:

"'(f) Upon completion of the original valuations herein provided for, the Commission shall thereafter keep itself informed of all new construction, extensions, improvements, retirements, or other changes in the condition, quantity, use, and classification of the property of all common carriers as to which original valuations have been made, and of the cost of all additions and betterments thereto and of all changes in the investment therein, and may keep itself informed of current changes in costs and values of railroad properties, in order that it may have available at all times the information deemed by it to be necessary to enable it to revise and correct its previous inventories, classifications, and values of the properties; and, when deemed necessary, may revise, correct, and supplement any of its inventories and valuations.

"'(g) To enable the Commission to carry out the provisions of the preceding paragraph, every common carrier subject to the provisions of this act shall make such reports and furnish such information as the Commission may require.'

"SEC. 209. If any provision of this act, or the application thereof to any person or circumstances, is held invalid, the other provisions of this act or the application of such provision to any other person or circumstances shall not be affected thereby."

And the House agree to the same.

C. C. DILL,
E. D. SMITH,
B. K. WHEELER,
SIMEON D. FESS,
JESSE H. METCALF,
Managers on the part of the Senate.

SAM RAYBURN,
GEORGE HUDDLESTON,
CLARENCE LEA,
JAMES S. PARKER,
JOHN G. COOPER,
Managers on the part of the House.

Mr. DILL. Mr. President, there were no serious controversies between the House and the Senate, and I think there is no objection to the report. I move its adoption.

The report was agreed to.

NATIONAL INDUSTRIAL RECOVERY

The Senate resumed the consideration of 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.

Mr. LA FOLLETTE. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 44, after line 12, insert the following:

USE OF WATERS OF ST. LAWRENCE RIVER

SEC. —. (a) It is hereby declared that the prior use of all the waters of the St. Lawrence River within the boundaries of the United States is necessary for the proper regulation of commerce and the improvement of navigation.

(b) In the event of the ratification of the Great Lakes-St. Lawrence Deep Waterway Treaty and the construction of the works provided therein, the Power Authority of the State of New York, as the accredited agency of the State and in accordance with the policy set forth in the act creating said power authority, shall be entitled to use for the generation of hydroelectric power all of the United States' share of the flow of the water in the International Rapids section of the St. Lawrence River, subject to the prior use of such water under the treaty for the purposes of navigation and the operation of reservoirs, canals, and locks, and shall have title to the power houses and works appurtenant thereto upon the United States side, together with the lands upon which they are situated, in consideration of the payment of its share of the cost as determined in the joint memorandum dated February 7, 1933, and embodying the recommendations of the United States engineers and said power authority; *Provided*, That no part of the United States' share of the water in the International Rapids section of the St. Lawrence River shall be diverted for the benefit of any person or private corporation, nor shall the use of any part of said water or the rights pertaining to said water be sold, leased, or otherwise alienated to any person or private corporation for the generation of hydroelectric power.

Mr. LA FOLLETTE. Mr. President——

Mr. LONG. Mr. President, a point of order.

Mr. LA FOLLETTE. I do not yield for the Senator's making a point of order.

Mr. LONG. May I not make a point of order?

Mr. LA FOLLETTE. I do not yield for that purpose.

Mr. LONG. Mr. President, a parliamentary inquiry. Can I make that?

Mr. LA FOLLETTE. The Senator may state his parliamentary inquiry.

Mr. LONG. I have no disposition to shut off the Senator from Wisconsin at all, but is this amendment what we might call germane to what we have under consideration?

The PRESIDING OFFICER. The question of germaneness is not for the Chair to decide.

Mr. LA FOLLETTE. There is no question of germaneness in the Senate except with regard to appropriation bills; and if there had been, we would not have been passing the bills which the Senator from Missouri [Mr. CLARK] described on the floor this afternoon as "conglomerate."

The PRESIDING OFFICER. The Senator from Wisconsin is correct. The Senator from Wisconsin has the floor.

Mr. LA FOLLETTE. Mr. President, I wish to state for the information of the Senate that I offered the amendment to the industrial recovery bill only after having consulted with the President of the United States. Upon being advised that I had offered an amendment, the President addressed to me a letter, which I ask unanimous consent to have read at the desk.

The PRESIDING OFFICER. Without objection the clerk will read the letter as requested.

The Chief Clerk read the letter, as follows:

THE WHITE HOUSE,
Washington, June 8, 1933.

MY DEAR SENATOR: I do not hesitate to tell you—and I do so with complete consistency—that I favor the resolution relating to the St. Lawrence power development passed by the House. I also favor the ratification of the Great Lakes-St. Lawrence Deep Waterway Treaty.

The joint resolution protects the people of the State of New York who own the land under water in the St. Lawrence River as far out as the international boundary. The resolution means, in effect, that the Congress will see to it that the State of New York, in paying for the power part of the development, will pay only for that part and will thus be able to insure cheap electricity for the consuming public.

The treaty itself has been endorsed by both major political parties. The beginning of the work of construction at an early date can be made an essential part of the national public works program and will furnish employment to thousands of people.

The above are simple facts and I have no objection to your use of this letter if you so desire.

Yours sincerely,

FRANKLIN D. ROOSEVELT.

Hon. ROBERT M. LA FOLLETTE, Jr.,
Senate Office Building, Washington, D.C.

Mr. LA FOLLETTE. Mr. President, the amendment which I have now formally tendered embodies the exact language contained in the joint resolution introduced in the House of Representatives by Representative MCREYNOLDS and in the Senate of the United States by the senior Senator from Nevada [Mr. PITTMAN]. The leaders of the majority in the House stated at the time they asked for a rule to permit action upon the joint resolution that they were acting at the request and with the approval of the President.

Mr. President, the amendment gives effect to a formal recommendation unanimously agreed upon February 7, 1933, by and between the engineers of the War Department and representatives of the Power Authority of the State of New York for allocation of water power and the cost of the work to be constructed exclusively within the State of New York under the Great Lakes-St. Lawrence deep waterway.

This recommendation was made during the last administration after nearly 2 years of correspondence, conferences, and negotiations between the Federal and State authorities.

All the elements which entered into it were carefully considered at the hearings on the treaty before the subcommittee of the Senate Committee on Foreign Relations. The late Senator Thomas J. Walsh took the initiative in arranging the final conferences that led to this accord. He wrote the report adopted by the subcommittee, recommending the allocation of the water power to be developed under the treaty within the boundaries of New York to the State, upon the State's assumption of a fair share of the costs of construction.

The international section forms the boundary line between the State of New York and the Province of Ontario for a distance of 115 miles east from the point where the St. Lawrence River leaves Lake Ontario. The rapids begin near Ogdensburg, N.Y., 67 miles east of Lake Ontario, providing a fall of about 85 feet in the 48 miles east to the St. Regis River. This stretch of the St. Lawrence, known as "the International Rapids section", separates the State of New York from the Province of Ontario. All dams, locks, and other works necessary to make the river navigable and to harness the stream for the generation of hydroelectricity must be constructed either in New York or in Ontario.

This stretch of the St. Lawrence River affords the greatest potential water-power development on the North American Continent. It is a prize which has been sought by private utility interests ever since the art of the generation of electricity from the power of water has been known.

The amendment pertains exclusively to the works to be constructed under the treaty on the American side of the International Rapids section in the State of New York.

REDUCES UNITED STATES' HALF OF COSTS IN INTERNATIONAL RAPIDS SECTION 65 PERCENT

The cost of all the works for both navigation and power in the International Rapids section of the river is estimated at $274,742,000 on unit cost figures for 1926. All the works of this section, including two dams, the locks, canals, and powerhouse substructures and superstructures will be built in the State of New York and the Province of Ontario.

The United States' half of construction in the International Rapids section will cost $137,371,000. By the amendment the Power Authority of the State of New York will assume $89,726,000 of this cost. This will reduce the charge upon the Federal Treasury to $47,645,000 for the United

States' half of the works in the International Rapids section, a reduction of 65 percent.

On the entire St. Lawrence project as a whole the United States expenditure of new funds for providing a 27-foot channel from Duluth to the sea and for the power development will be reduced one third by the assumption of costs by the power authority under the terms of the joint resolution.

This will reduce the total amount to be expended by the United States Government for the entire Great Lakes-St. Lawrence deep waterway to not more than $168,266,000. Spread over the 7-year period of construction, the average annual appropriation will be approximately $24,000,000.

These figures are based on unit-cost estimates as of 1926. If the project is undertaken promptly and contracts are let under existing reduced costs for labor, material, and supplies, it is estimated the project can be completed at from 25 to 40 percent below the 1926 unit costs.

Thus the adoption of the amendment will not only allocate the water power to the public agency provided by the State in which it must be developed, placing it beyond the reach of exploitation by private interests; it will also for the first time since the treaty was proposed definitely limit the costs to be assumed by the Federal Government.

At this point I ask unanimous consent to include in the RECORD, without reading, as a part of my remarks, an analysis of the engineers' allocation of costs.

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

The matter referred to is as follows:

ANALYSIS OF ENGINEERS' ALLOCATION OF COSTS

The agreement of February 7, 1933, which is given effect by the amendment, allocates the costs of the St. Lawrence project, as between the United States and the State of New York, as follows:

(1) The United States assumes responsibility for the cost of all works for navigation.

(2) The State assumes $23,500,000 as its share of the cost of all works common to navigation and power, the State to receive its proportionate share of any saving if the actual cost of construction is less than the estimated cost.

(3) The State assumes responsibility for $29,295,500 for power-house substructures, head and tail races, excavations, etc.; this amount to be reduced by the amount of the saving.

(4) The State assumes responsibility for the actual cost of its power-house superstructures and equipment, estimated at $36,930,500, and may construct these works through its own agencies or, by agreement, have them installed at actual cost by the United States.

(5) "In the event that the State of New York elects, the United States assumes responsibility for the construction of the works in their entirety at a cost to New York representing the sum of the costs above set forth, or a total of $89,726,000, provided that if the actual cost be less than this amount the State of New York will receive the benefits of the said savings."

The memorandum concludes:

"On the basis above set forth the estimated cost to the United States for works in the International Rapids section, to be paid from the Federal Treasury under the terms of the treaty, become $125,765,250.

"The above recommendations are based upon the assumption that the State of New York shall have the right to utilize for power all the flow of the St. Lawrence River in the International Rapids section allocated to the United States by the treaty, other than that required for navigation, together with title to the power works and the lands upon which they are situated and which may be necessary and convenient for their operation."

Engineering plans embodied in the treaty itself provide for the construction of two dams in the International Rapids section. The plans are subject to modification by agreement between the United States and the Dominion of Canada. An international committee, provided for in the treaty, will have full control over the design and contruction of the works. It is, therefore, equitable that the State of New York, which cannot control the making of the plans, the letting of contracts, or the actual construction provided for by international agreement, should have its expenditure limited and receive proportionate benefit from any saving that may accrue below the estimated cost.

PROVIDES COMPETITION WITH ONTARIO POWER

Comparison of the Ontario agreement and the recommendation given effect by the amendment shows that the Hydro Commission of Ontario and the Power Authority of the State of New York will be able to compete in the production of cheap power on substantially equal terms.

The two plans are not comparable, item by item, for the reason that under the treaty and her agreement with Canada, Ontario will be permitted to divert 4,000 cubic feet per second of Canadian water from the Ogoki River into Lake Nipigon and utilize this water at four power sites in addition to the two sites at which New York will also have power houses. With this extra water Ontario will be able to develop 915,300 firm horsepower as compared with 710,000 firm horsepower for New York.

By the terms of the Ontario agreement, Ontario's investment will be $119 per firm horsepower. By the terms of the joint resolution, New York's investment will be $122.40 per firm horsepower.

The Province of Ontario also has an interest in the development of the St. Lawrence for navigation which does not obtain in the case of New York. The chief cities of the Province, located on Lake Ontario and the St. Lawrence, will benefit directly from the navigation works. In addition, the 2-stage plan incorporated in the treaty was insisted upon by Ontario as being of direct advantage to her, although the 1-stage plan presented by New York could have been constructed at a saving estimated at between $35,000,000 and $70,000,000. Nevertheless, New York will pay within $14,400,000 of the amount Ontario will pay for works for power and navigation in the International Rapids section.

ALLOCATION ESSENTIAL TO CONSIDERATION OF TREATY

Mr. LA FOLLETTE. The adoption of the amendment will not only definitely fix and greatly reduce the cost assumed by the Federal Treasury in undertaking the St. Lawrence project, but it will also erect safeguards against private exploitation of the water power to be developed by the use of public funds; and that is one of the important reasons I have offered the amendment to this bill, for the amendment definitely provides that in any development of this greatest block of hydroelectric energy on the North American Continent that may take place shall be in perpetuity by and for the interests of the consumers of electricity, namely, a public development and control of the generation of that electricity.

The State Department and the Senate Committee on Foreign Relations recognized the practical necessity of covering these points in legislation to be submitted to both Houses of Congress simultaneously with the submission of the treaty for ratification. The treaty itself leaves these matters unsettled, reserving them for domestic action which must precede the consideration of the treaty, if the Senate is to have before it a definite plan for the power development and an allocation of the costs of the project as a whole. If the treaty is ratified, the adoption of my amendment will greatly expedite actual construction, so that the St. Lawrence project may be included in the program of public works to relieve existing unemployment.

FEDERAL CONTROL OF NAVIGATION CONCEDED

The State of New York has conceded the superior right and authority of the Federal Government with respect to navigation on the St. Lawrence. The amendment specifically provides that the waters to be used by the State for the generation of hydroelectric power shall be "subject to the prior use of such waters under the treaty for the purposes of navigation and the operation of reservoirs, canals, and locks."

The water power has thus far been preserved for public use by State rather than Federal action. For 25 years under Governors Hughes, Smith, Roosevelt, and other chief executives, and by acts of her legislature, the State of New York has zealously safeguarded the power resources on the St. Lawrence against private exploitation; and it is that great resource, belonging to the people of the State of New York and the people of the United States, that I seek to have preserved by the adoption of this amendment.

In chapter 772 of the Laws of New York, approved by Governor Roosevelt April 27, 1931, and unanimously adopted by both branches of the legislature, the State set up the power authority as a "corporate, municipal instrumentality of the State", charging it with the development and control of St. Lawrence power for the benefit of domestic and rural consumers through distribution of hydroelectric energy at the lowest possible rates. The power authority is "a body corporate and politic, a political subdivision of the State, exercising governmental and public powers, perpetual in duration, capable of suing and being sued", and with the power of eminent domain.

The statute provides that the natural resources of the St. Lawrence River available for the creation and development of hydroelectric power "shall always remain inalienable to, and ownership, possession, and control thereof shall always be vested in, the people of the State."

LEGAL CONFLICT AVOIDED BY JOINT RESOLUTION

The agreement entered into on February 7, 1933, between engineers of the War Department and representatives of the power authority avoids any possible legal conflict between the State and the Federal Government as to the ownership of the undeveloped resources of the St. Lawrence. The accord is based upon practical considerations and principles of equity rather than upon legal technicalities. The State thus having shown its good faith and its desire to cooperate with the Federal Government, it is extremely important that the Federal Government, acting through the instrumentality of Congress, should accept that offer of cooperation, and should "make assurance doubly sure" that this great block of power on the North American continent shall be preserved in perpetuity to the people of the State of New York and consumers everywhere in the great northwestern industrial section of the United States.

At this point I ask unanimous consent to insert in the RECORD, as part of my remarks, certain quotations from the hearings before the committee.

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

The matter referred to is as follows:

The major points involved in the agreement were outlined before the Senate subcommittee in its hearings on the St. Lawrence Deep Waterway Treaty on December 14, 1932, by Assistant Secretary of State James Grafton Rogers. Mr. Rogers was in charge of the negotiation of the treaty with Canada and conducted the State Department's conferences with the State authorities during the last administration. He said (p. 969, hearings):

"* * * I feel that the power developed can be most wisely turned over to whatever agency the State of New York provides for the purpose of developing it as a public holding and distribution agency * * *.

"In the first place, this is a very large block of power. There is here 1,100,000 incidental horsepower on the American side, which looms as a very substantial contribution to the power available in the northern industrial area in the United States * * *.

"In the second place, New York has asserted for a long time definite legal claims to this power. I am not going to attempt to pass upon those claims. My own judgment is that the power of the United States over the development of the St. Lawrence River is predominant. But we need not settle the issue or get into difficulties about it, if there is a sound business solution of it, and I think there is in the direction I have suggested.

"In the third place, New York has a clearly developed policy and a technical organization which has been developed as a result of numerous political pronouncements and several legislative acts in the State of New York, which show a pretty well settled opinion and public attitude there, and it seems to me that that is entitled to consideration at the hands of the Government.

"In the next place, New York is a State of very considerable financial strength and stability. If, as I think, a very large social asset of this kind can be entrusted to a State government at all, surely New York State is one of the States which ought to be capable of carrying on that form of trust with safety and conservancy and sound judgment.

"Therefore, it seems to me the logical thing to look forward to an arrangement between the Federal Government and New York State whereby, upon payment of a proper proportion of the cost of the development of the project, or on some other business basis which would take into consideration the various factors, the United States should look forward to that line of action."

Mr. LA FOLLETTE. I desire to quote briefly from the majority report submitted to the Committee on Foreign Relations by the subcommittee which conducted an inquiry into every phase of the treaty.

Senator Walsh wrote:

The State of New York claims to be entitled to the one half of the power developed in that section of the river (the International Rapids section), and your committee is of the opinion that it should be accorded the same upon the payment of so much of the total cost of the improvement therein as is justly allocatable to power development * * *. New funds required of this country will amount to $257,992,000, including the sum to be provided by the State of New York on account of power, which the engineers of that State and those of the War Department have agreed should be $89,000,000.

FEDERAL POLICY GIVES PREFERENCE TO STATES AND CITIES IN POWER DEVELOPMENT

The amendment is directly in line with the declared policy of the Federal Government that States and municipalities shall be granted preference in connection with the development and operation of water-power sites over which the Federal Government asserts control under the commerce clause of the Constitution.

This policy was embodied in the Federal Water Power Act of 1920 and has repeatedly received congressional approval in legislation applying to particular water-power projects.

The provisions of the Federal Water Power Act embodying this preference are as follows:

SEC. 7. That in issuing preliminary permits hereunder or licenses where no preliminary permit has been issued and in issuing licenses to new licensees under section 15 hereof, the Commission shall give preference to applications therefor by States and municipalities, provided the plans for the same are deemed by the Commission equally well adapted, or shall within a reasonable time, to be fixed by the Commission, be made equally well adapted to conserve and utilize in the public interest the navigation and water resources of the region. * * *

SEC. 4. (e) To issue preliminary permits for the purpose of enabling applicants for a license hereunder to secure the data and to perform the acts required by section 9 hereof: *Provided, however*, That upon the filing of any application for a preliminary permit by any person, association, or corporation the Commission, before granting such application, shall at once give notice of such application in writing to any State or municipality likely to be interested in or affected by such application; and shall also publish notice of such application for 8 weeks in a daily or weekly newspaper published in the county or counties in which the project or any part thereof or the lands affected thereby are situated.

The form in which this preference was embodied in the earlier legislation is set forth in the following provision of the Ferris bill of 1918:

That in issuing preliminary permits or licenses hereunder, the Commission shall give preference to applications therefor by States and municipalities, provided the plans for the same are deemed by the Commission adapted to conserve and utilize in the public interest the navigation and water resources of the region (CONGRESSIONAL RECORD, 65th Cong., 2d sess., p. 9805).

Examination of the congressional debates indicates that no serious opposition has ever been offered on the floor of either House to the granting of such preference to States and municipalities.

It is likewise the declared policy of the Federal Government that no charge shall be imposed upon States and municipalities in connection with the development, transmission, or distribution of power where such power is sold to the public without profit or is used for State or municipal purposes.

This policy is set forth in the following proviso in section 10 (e) of the Federal Water Power Act of 1920 as follows:

Provided, That licenses for the development, transmission, or distribution of power by States or municipalities shall be issued and enjoyed without charge to the extent such power is sold to the public without profit or is used by such State or municipality for State or municipal purposes, except that as to projects constructed or to be constructed by States or municipalities primarily designed to provide or improve navigation, license therefor shall be issued without charge.

In dealing with private corporations which obtain licenses under the Federal Water Power Act, the Federal Government has limited its charges against such licensees to the amount necessary to reimburse the United States for the cost of administration of the act, except as rentals may be charged for the use and occupancy of lands and other property of the United States. To impose upon the power authority, as the public agency of a sovereign State, any charges in excess of the cost of the works properly allocatable to the development of power, would be equivalent to requiring the State-owned project to bear a heavier burden than would be imposed upon a private licensee under the terms of the Federal Water Power Act.

PUBLIC DEVELOPMENT AT LOW RATES ASSURED

Under the treaty two dams will be erected, the upper dam at Crysler Island and the lower dam at Barnhart Island. At each dam there will be two power houses, one on each side of the international boundary. The installed capacity of the power houses to be erected at these dams in the State of New York will be 1,100,000 horsepower. From one half the normal unregulated flow of the river the New York power houses will generate about 710,000 primary horsepower, available substantially all the time, and 390,000

secondary horsepower, available a large part of the time. This means that the St. Lawrence power project is comparable in magnitude to Muscle Shoals and Boulder Dam.

It is the only large undeveloped natural resource available for power generation in the northeastern section of the United States, the most highly industrialized and densely populated section of the country.

It has already been demonstrated, in the case of Muscle Shoals and Boulder Dam, that private capital cannot undertake the development of a project of such magnitude or submit bids for the operation of such projects when developed on terms acceptable to the Congress. It is inconceivable that the Federal Government would assume the entire cost of development of the St. Lawrence for both power and navigation and then attempt to lease the power plant to any of the great private power combinations which in times past have sought to wrest the control of this great natural resource from the State of New York for private exploitation.

The adoption of the amendment utilizes the public agency provided by a sovereign State for the development and operation of the power to be developed in that State. It will perpetually safeguard the use of the flow of the St. Lawrence River for the generation of hydroelectric energy at the lowest possible cost for the benefit of rural and domestic consumers.

The adoption of the amendment will enable the New York Power Authority to proceed with its plans for the power houses. It can complete its arrangements for financing. The Federal Government will know definitely what its share of the cost will be. It will strengthen the arm of the power authority in dealing with the private power companies.

More important than all else, Mr. President, this amendment declares the policy that the power shall be developed in the public interest. There is now one application pending before the Federal Power Commission by the American Superpower Corporation for a license to develop this vast resource of electric power on the St. Lawrence River. If this amendment be adopted, all opportunity for private power interests to seize this great hydroelectric development will have been foreclosed forever.

Mr. President, I hope that, in view of all the circumstances which I have cited, in view of the fact that this amendment is, so far as I know, the only amendment to this bill which has specifically received the endorsement of the President of the United States, it will be agreed to.

PURCHASE OF FORESTRY KITS

Mr. ROBINSON of Indiana. Mr. President, I have in my hand an editorial from the Washington Daily News of June 8 entitled "Mr. Howe's Blunder." The editorial is as follows:

MR. HOWE'S BLUNDER

Mr. Howe, President Roosevelt's secretary, has not made a very happy explanation of his part in the forestry kit scandal.

The uncontested facts are these:

Basil O'Connor, friend of Mr. Howe and former law partner of the President, sent Mr. BeVier, head of a New York firm, to Mr. Howe with a letter of introduction.

After talking with Mr. BeVier, Mr. Howe sent a letter to Director Fechner, of emergency conservation work, stating:

"It has come to my attention that toilet articles for the men of the conservation corps * * * can be purchased in the form of a kit containing more items and of a much higher quality, at a considerably less price than they would cost if purchased singly or if procured through the War Department. * * * I have seen the inferior articles referred to, and I have seen the kits of superior articles. * * * If you feel that you are in need of specific authority for taking this matter into your own hands, this letter will serve the purpose."

As a result of this Howe letter, Director Fechner contracted for 200,000 BeVier kits at $1.40 each, which the Quartermaster General of the Army says could have been purchased elsewhere for 85 cents or less.

Neither Mr. Howe, who signed the letter, nor Mr. Lowery, of the Budget Bureau, whom he requested to dictate the letter for him, made any investigation to ascertain that the BeVier kit was of higher quality or cheaper. All they had, apparently, was the sales talk of Mr. BeVier.

Mr. Howe's defense is that his letter was not intended to influence the letting of the contract, but merely to give Director Fechner such authority and discretion. The Howe letter, however, obviously did influence the contract, and on the face of it could hardly have done otherwise.

No one suggests that Mr. Howe personally profited by this deal. Nor is the issue merely whether the Government lost $100,000 or $150,000 through a technical error of a Government official.

Why should the President's secretary welcome Government-contract seekers, with or without political pull? Why should he interfere with the regular Government purchasing machinery set up to prevent political favoritism and graft? Why should he have or express any opinion on the relative merits of merchandise supposed to be passed upon by nonpolitical Government experts? Why should he—if so unwise as to participate in such a transaction himself—draw in the President by permitting the President to sign a hasty approval?

The most charitable answer to these questions is that Secretary Howe has been guilty of an inexcusable blunder. We hope that the administration in its effective work will not be embarrassed by such blundering in the future.

Mr. President, I ask that there be published in the RECORD an article appearing in the Baltimore Sun on June 9, 1933, on the same matter entitled "Down the Spillway."

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

[From the Baltimore Sun, June 9, 1933]

DOWN THE SPILLWAY

It is almost time for the correspondence school of which Mr. BeVier must be an alumnus to begin capitalizing his ability as the champion go-getter who carried the message of toilet cases for foresters to the highest places of statesmanship. Perhaps it is premature now, since it is not yet certain that "he got the order," but it is not too soon to begin working up the copy:

They laughed when I told them I contacted Louis McHenry Howe, but you should have seen them when I walked away with the order for 200,000 toilet kits, with sewing outfits included!

After all, Mr. BeVier's was a real feat of sound American salesmanship. I imagine that not even the Fuller brush man has been able to get into the White House—and they must need a lot of brushes there in the course of a year. But Mr. BeVier made it, and, instead of being kicked out on his ear, he got a reference to the Director of the Budget, who must have been pleased, indeed. And then he got a letter to the Director of the C.C.C. camps, which Mr. Howe signed and which showed the latter as something of a connoisseur of toilet cases.

If Mr. Howe's experience is like that of most of us, I suspect the whole thing began like this:

Mr. HOWE. Good morning.

Mr. BEVIER. Colonel Howe, I believe? Colonel Howe, the University of Southern California, in conjunction with the Spruce-Up Toilet Kit Corporation, is sending a lot of us boys out on a personality contest. Now, just a minute, Colonel; this'll take only a couple of minutes. All you have to do is to vote for my personality and, as a token of having cast a vote, you enter your order for one of these cases, complete with razor, brush, tooth paste, and splinter extractor. In fact, Colonel Howe, I came to you because you can cast 200,000 votes for my personality at no expense to yourself and make me the undisputed winner of this contest.

Mr. HOWE. May I see the toilet case?

Mr. BEVIER. Certainly; but the case, after all, is only an evidence of good faith for the interest which you have so kindly taken in my efforts to gain votes for this personality contest, which, as a student and a young man, means a great deal to me.

Mr. HOWE. Just a minute. This fellow Lewis Douglas is a better judge of personality than I am, and I'd rather you saw him——

Mr. BEVIER. Very good, Colonel; but if you could write a little note saying I was here first. You see, there are some boys out doing the same thing for the University of South Dakota.

Mr. HOWE. Now, I don't have to tell all my friends to sell one of these toilet kits to all their friends, after which the money will begin to roll in?

Mr. BEVIER. Certainly not. That is all taken care of in one motion. I win the personality contest and the country wins 200,000 contented woodsmen. Good morning, sir; I'll be on my way to Mr. Douglas.

Mr. LEWIS. Mr. President, I rise for the purpose of informing the eminent Senator from Indiana [Mr. ROBINSON], who is always careful and exceedingly prudent as to any matters that would touch the private character of a citizen or the honor of an official, that this subject matter to which he has alluded, the investigation of the purchase of these kits, is now before a subcommittee of the Committee on Military Affairs of the Senate and is receiving an investigation which I trust—indeed, I may feel quite sure—may be complete.

In my judgment, editorials such as that read here by the able Senator, expressing, as I fancy the writer meant to express, the necessity of great caution on the part of any

official occupying a trust place, is likely to invest some mind with the thought that there are those who believe that there is corruption, financial or personal, in the dealings between the President's secretary and his selected friend.

I beg to say that while the subject is under investigation no Member of the Senate, indeed, no one of just and fair mind, will allow himself to be wholly prejudiced and so adverse as to reflect upon the character of the official referred to, certainly not unless there is something developing in the examination and in the investigation that would justify.

I am pleased to say to my able friend from Indiana that there are many of us on the floor who know Colonel Howe and have known him for years, in his service here at Washington upon previous times and at other places, and all those who know him certify him to be a scrupulously honorable gentleman, a diligent official, a devoted friend, and a worthy public servant. I can assure the eminent Senator from Indiana that when these examinations have been concluded he will see that this observation I now make is wholly justified by the results.

BRIDGES ACROSS NAVIGABLE WATERS IN MONROE COUNTY, FLA.

Mr. TRAMMELL. Mr. President, I have a bridge bill on the calendar which has been reported favorably by the Committee on Military Affairs and also by the War Department. It is a local matter in my State, and we are very anxious to have it passed by the Senate this afternoon, in the hope that it may be passed by the House.

Mr. HARRISON. If it does not lead to any discussion, I have no objection to its immediate consideration.

The VICE PRESIDENT. The Senator from Florida asks unanimous consent for the immediate consideration of a bill, which will be read.

There being no objection, the Senate proceeded to consider the bill (S. 1783) granting the consent of Congress to the Overseas Road and Toll Bridge District, a political subdivision of the State of Florida, to construct, maintain, and operate bridges across the navigable waters in Monroe County, Fla., from Lower Matecumbe Key to No Name Key, which was read, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the Overseas Road and Toll Bridge District, a political subdivision of the State of Florida, to construct, maintain, and operate bridges and approaches thereto across the navigable waters in Monroe County, in the State of Florida, at points suitable to the interests of navigation between Lower Matecumbe Key and No Name Key (including such toll highways, bridges, viaducts, causeways, fills, embankments, roads, trestles, and other appurtenant structures as may be necessary to connect certain of the present termini of State road no. 4-A in such manner as to complete a system of highways and bridges extending from Miami to Key West, via Key Largo), 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 bridges, 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 bridges and their approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of the bridges and their approaches, including reasonable interest and financing cost, as soon as possible under reasonable charges, but within a period of not to exceed 40 years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridges 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 bridges and their approaches under economical management. An accurate record of the costs of the bridges and their 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 for a third reading, read the third time, and passed.

NATIONAL INDUSTRIAL RECOVERY

The Senate resumed the consideration of 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.

Mr. COPELAND obtained the floor.

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

The PRESIDING OFFICER (Mr. BRATTON in the chair.) Does the Senator from New York yield for that purpose?

Mr. COPELAND. I yield.

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

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

Mr. COPELAND. Mr. President, I find myself in almost full agreement with the Senator from Wisconsin [Mr. LA FOLLETTE] regarding the virtues of power development in my State.

But this is neither the time nor the place, as I view it, to give consideration to a matter which has not yet been referred to one of our committees for consideration and recommendation. I can hardly understand why we should attach to a bill which has to do with national industry recovery and the relief of unemployment, the particular proposal submitted, which cannot operate possibly until the treaty has been ratified.

Mr. President, I should feel guilty indeed to take any of the time of the Senate tonight with this particular matter.

Mr. LONG. Mr. President, will the Senator from New York permit me to ask the Senator from Mississippi a question?

Mr. COPELAND. I yield for that purpose.

Mr. LONG. Perhaps we can save a little debate. Is not the Senator from Mississippi in favor of incorporating this amendment in the bill?

Mr. HARRISON. Mr. President, this is a matter which, so far as I remember, was not presented at all and was not studied by the committee having the bill in charge. So far as I am concerned, I am sorry that it is here. I hope the amendment will be rejected, and I hope, likewise, that the Senator from New York will not make a long speech and delay progress of the bill.

Mr. LA FOLLETTE. Mr. President, the amendment is here with the knowledge and approval of the President of the United States.

Mr. HARRISON. I understand the President has recommended the St. Lawrence waterway proposal; but the Finance Committee gave no consideration to it.

Mr. LA FOLLETTE. No; but I offered the amendment to the bill after conference with the President and with his approval.

Mr. CONNALLY. Mr. President, will the Senator from New York yield?

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

Mr. COPELAND. I yield.

Mr. CONNALLY. I want to make a comment upon Senators quoting here on the floor the President of the United States.

Mr. LA FOLLETTE. I had a letter from the President read while the Senator from Texas was temporarily absent from the Chamber.

Mr. CONNALLY. I do not challenge the authenticity of the Senator's information. I did not hear the letter read,

because I was called out of the Chamber; but at the same time that does not change the situation. The Finance Committee did not consider the matter, and they had no information as to the attitude of the administration or the President.

Mr. COPELAND. Mr. President, there is no doubt that Mr. Roosevelt is very much interested in the development of the canal. He is in favor of ratification of the treaty, and at some time the Senate must give consideration to the treaty. I am anxious that it should have that fair consideration which the importance of the subject demands. But I have not the heart to keep the Senate here for hours to discuss the merits of the main proposal. The amendment offered by the Senator from Wisconsin is not going to give any employment. There cannot be a shovelful of earth taken out of the bank of the river until we have the treaty ratified.

Mr. President, it seems to me the thing to do is to reject the amendment. If the Senate is in a mood to spend hours debating it, I can go forward, but I do not think it is fair or right. I think the amendment is not germane at all to the question in hand.

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

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

Mr. COPELAND. I yield.

Mr. DIETERICH. My understanding of the matter was that at some later time we should give this important treaty consideration. Many Members of the Senate represent States that are interested in this particular project. Until the treaty is presented here for consideration, matters incident to the treaty should not be presented. The amendment submitted by the Senator from Wisconsin involves a matter entirely incident to the treaty.

The question of someone coming before the Senate and, with due apologies to the Senator from Wisconsin, seemingly for propaganda purposes presenting some little phase of something that might happen in the event the treaty shall be ratified, is unfair and is not in keeping with the dignity of this body when we consider as important an international treaty as this one is. The entire matter should be left untouched until the Senate has such time that it can give the treaty fair consideration. All matters incident to it should be postponed until that time. Then we can take up the treaty and consider it, not with prejudice or passion, but for the purpose of determining whether or not it is in the best interests of the country to ratify the treaty or suggest such reservations as will properly protect the rights and interests of our people. I submit that this is almost an unfair attempt to bring up the matter at this time.

Another thing is the matter of disclosing private correspondence between a Senator and the President of the United States, which should not be and cannot be binding upon the Senate.

Mr. LA FOLLETTE. O Mr. President.

Mr. DIETERICH. I have not yet finished.

Mr. COPELAND. I yield further to the Senator from Illinois.

Mr. DIETERICH. A further matter is that if the President wants to submit a message to the Congress disclosing his attitude, he has a perfect right to do so. I do not care to take any further time, but at this late hour in the closing days of the session this matter should not be brought here, because it will require considerable time for consideration.

Mr. LA FOLLETTE. Mr. President, will the Senator from New York yield to me?

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

Mr. COPELAND. I yield.

Mr. LA FOLLETTE. The Senator from Illinois obviously did not listen to the letter from the President of the United States when it was read at the desk or he would not have made any accusation that I was disclosing private correspondence. The last paragraph of the letter reads:

> The above are simple facts and I have no objection to your use of this letter if you so desire.

So far as this being unfair procedure is concerned, the Senator from Illinois knows, if he has followed the legislative practice at this session, that it has become a very common practice to offer to bills amendments which were not germane to the subject. In the second place the St. Lawrence Treaty and the question of allocation of power have had more debate than any other single piece of legislation or any other matter which has been before the Senate at this session of the Congress.

Mr. COPELAND. Mr. President, let me say to my colleagues that the proposal which the Senator from Wisconsin has presented involves the payment by my State of $90,000,000. We have not any $90,000,000. We have not any funds to use for this purpose. We might come and borrow it from the Reconstruction Finance Corporation, as most of the States are doing.

I appeal to Senators, let us not take the time of the Senate to consider the matter now. So far as I am concerned, I shall not resist its being brought before the Senate in orderly fashion to be discussed on its merits, and then the matter can be settled. I think we ought to vote immediately.

The PRESIDING OFFICER. The question is on agreeing to the amendment submitted by the Senator from Wisconsin.

Mr. LA FOLLETTE. I demand the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. DAVIS (after having voted in the negative). Has the junior Senator from Kentucky [Mr. LOGAN] voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. DAVIS. I transfer my pair with that Senator to the senior Senator from Connecticut [Mr. WALCOTT] and let my vote stand.

Mr. McNARY. Again announcing my pair with the senior Senator from Florida [Mr. FLETCHER], and not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "nay".

Mr. HEBERT. I have been requested to announce a general pair between the Senator from Vermont [Mr. DALE] and the Senator from California [Mr. McADOO].

Mr. TYDINGS. I have a general pair with the senior Senator from Rhode Island [Mr. METCALF]. I understand that if he were present he would vote the same as I shall vote, and I am therefore at liberty to vote. I vote "nay."

Mr. GEORGE. I desire to announce that the senior Senator from Arkansas [Mr. ROBINSON], if present, would vote "nay." He is necessarily detained on official business.

Mr. REED (after having voted in the negative). I have a general pair with the senior Senator from Arkansas [Mr. ROBINSON]. I understand if he were present he would vote as I have voted, and therefore I allow my vote to stand.

Mr. PATTERSON (after having voted in the negative). I have a general pair with the junior Senator from New York [Mr. WAGNER]. However, I am informed that if present he would vote as I have voted, and therefore I let my vote stand.

Mr. LEWIS. May I be pardoned for intruding upon the time of the Senate to announce that the Senator from Tennessee [Mr. BACHMAN] and the Senator from South Dakota [Mr. BULOW] are absent on official business. I am unable to say how they would vote if present.

The senior Senator from Utah [Mr. KING] is necessarily detained. I am advised that if present he would vote "nay."

I also wish to announce that the Senator from Virginia [Mr. GLASS], the Senator from California [Mr. McADOO], the Senator from Nevada [Mr. PITTMAN], the Senator from South Carolina [Mr. SMITH], and the Senator from New York [Mr. WAGNER] are detained on official business.

Mr. HEBERT. I was requested to announce that if the Senator from Connecticut [Mr. WALCOTT] were present, he would vote "nay."

Mr. McKELLAR. My colleague, the junior Senator from Tennessee [Mr. BACHMAN], is absent on official business. If present, he would vote "nay."

The result was announced—yeas 20, nays 59, as follows:

YEAS—20

Bone	Costigan	Duffy	Frazier
Borah	Cutting	Erickson	Johnson

Kendrick	Nye	Schall	Thomas, Utah
La Follette	Pope	Shipstead	Vandenberg
Norris	Robinson, Ind.	Steiwer	Wheeler

NAYS—59

Adams	Carey	Hastings	Patterson
Ashurst	Clark	Hatfield	Reed
Austin	Connally	Hayden	Reynolds
Bailey	Coolidge	Hebert	Russell
Bankhead	Copeland	Kean	Sheppard
Barbour	Davis	Keyes	Stephens
Barkley	Dickinson	Lewis	Thomas, Okla.
Black	Dieterich	Lonergan	Thompson
Bratton	Dill	Long	Townsend
Brown	Fess	McCarran	Trammell
Bulkley	George	McGill	Tydings
Byrd	Goldsborough	McKellar	Van Nuys
Byrnes	Gore	Murphy	Walsh
Capper	Hale	Neely	White
Caraway	Harrison	Overton	

NOT VOTING—17

Bachman	Glass	Metcalf	Wagner
Bulow	King	Norbeck	Walcott
Couzens	Logan	Pittman	
Dale	McAdoo	Robinson, Ark.	
Fletcher	McNary	Smith	

So Mr. LA FOLLETTE's amendment was rejected.

Mr. GORE obtained the floor.

Mr. HARRISON. Mr. President——

Mr. GORE. I yield to the Senator from Mississippi.

Mr. HARRISON. I desire to offer an amendment that will clarify and perfect the Senate committee amendment.

The Senate committee amendment is in the form of one amendment, as I understand, and, with reference to the tax on dividends, some question has been raised because some of the corporations perhaps have declared a dividend, but payment has not been made. It goes into effect after the passage of the act. We have clarified it to the extent that the tax shall not apply until after the bill is enacted and until after the dividend has been declared. It seems to me that is fair. The experts have passed on it.

The VICE PRESIDENT. The amendment proposed by the Senator from Mississippi will be stated.

Mr. HARRISON. I ask that this amendment to the Senate committee amendment be adopted.

The CHIEF CLERK. On page 35, line 12, it is proposed to strike out "after the enactment of this act", and the commas before and after such words, and after line 17 to insert a new sentence, as follows:

The tax imposed by this section shall not apply to dividends declared before the date of the enactment of this act.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Mississippi to the amendment of the committee.

The amendment to the amendment was agreed to.

The CHIEF CLERK. On page 40, line 7, it is proposed to strike out all after the word "proclaimed" through the word "and" in line 9, and after line 11 to insert a new subsection, as follows:

(c) The tax on dividends imposed by section 212 shall not apply to any dividends declared on or after the first day of the calendar year following the date so proclaimed.

Mr. CONNALLY. Mr. President, before the amendment is agreed to, I desire to ask the Senator from Mississippi a question. I have had it called to my attention that there is a good deal of complaint from the building-and-loan associations with reference to this particular tax.

Mr. HARRISON. Mr. President, it is my idea that the building-and-loan associations ought to be excluded from the capital-stock tax.

Mr. CONNALLY. From the capital-stock tax; but they contend that their dividends are paid without being able to take credit for interest, and things of that kind, which a bank or other corporation could deduct.

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

Mr. CONNALLY. I yield.

Mr. REED. In a moment, after these amendments are adopted, the Senator from Massachusetts [Mr. WALSH] is going to offer an amendment on behalf of himself and myself to relieve building-and-loan associations from this tax.

Mr. CONNALLY. I do not know that I should be willing to relieve them entirely, but the amendment ought to be so drawn that they will be on the same level with other corporations, so that it will be fair and just to all alike. I will wait, however, until that amendment is offered.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Mississippi to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. HARRISON submitted the following amendments to the committee amendment:

On page 36, strike out lines 16 to 25, both inclusive, all of pages 37 and 38, and lines 1 to 18, both inclusive, on page 39, and in lieu thereof insert the following:

"SEC. 214. (a) For each year ending June 30 there is hereby imposed upon every domestic corporation with respect to carrying on or doing business for any part of such year an excise tax of $1 for each $1,000 of the adjusted declared value of its capital stock.

"(b) For each year ending June 30 there is hereby imposed upon every foreign corporation with respect to carrying on or doing business in the United States for any part of such year an excise tax equivalent to $1 for each $1,000 of the adjusted declared value of capital employed in the transaction of its business in the United States.

"(c) The taxes imposed by this section shall not apply—

"(1) to any corporation enumerated in section 103 of the Revenue Act of 1932;

"(2) to any insurance company subject to the tax imposed by section 201 or 204 of such act;

"(3) to any domestic corporation in respect of the year ending June 30, 1933, if it did not carry on or do business during a part of the period from the date of the enactment of this act to June 30, 1933, both dates inclusive; or

"(4) to any foreign corporation in respect of the year ending June 30, 1933, if it did not carry on or do business in the United States during a part of the period from the date of the enactment of this act to June 30, 1933, both dates inclusive.

"(d) Every corporation liable for tax under this section shall make a return under oath within 1 month after the close of the year with respect to which such tax is imposed to the collector for the district in which is located its principal place of business or, if it has no principal place of business in the United States, then to the collector at Baltimore, Md. Such return shall contain such information and be made in such manner as the Commissioner, with the approval of the Secretary, may by regulations prescribe. The tax shall, without assessment by the Commissioner or notice from the collector, be due and payable to the collector before the expiration of the period for filing the return. If the tax is not paid when due, there shall be added as part of the tax interest at the rate of 1 percent a month from the time when the tax became due until paid. All provisions of law (including penalties) applicable in respect of the taxes imposed by section 600 of the Revenue Act of 1926 shall, insofar as not inconsistent with this section, be applicable in respect of the taxes imposed by this section. The Commissioner may extend the time for making the returns and paying the taxes imposed by this section, under such rules and regulations as he may prescribe, with the approval of the Secretary, but no such extension shall be for more than 60 days.

"(e) Returns required to be filed for the purpose of the tax imposed by this section shall be open to inspection in the same manner, to the same extent, and subject to the same provisions of law, including penalties, as returns made under title II of the Revenue Act of 1926.

"(f) For the first year ending June 30 in respect of which a tax is imposed by this section upon any corporation, the adjusted declared value shall be the value as declared by the corporation in its first return under this section (which declaration of value cannot be amended), as of the close of its last income-tax taxable year ending at or prior to the close of the year for which the tax is imposed by this section (or as of the date of organization in the case of a corporation having no income-tax taxable year ending at or prior to the close of the year for which the tax is imposed by this section). For any subsequent year ending June 30 the adjusted declared value in the case of a domestic corporation shall be the original declared value plus (1) the cash and fair market value of property paid in for stock or shares, (2) paid-in surplus and contributions to capital, and (3) earnings and profits, and minus (A) the value of property distributed in liquidation to shareholders, (B) distributions of earnings and profits, and (C) deficits, whether operating or nonoperating; each adjustment being made for the period from the date as of which the original declared value was declared to the close of its last income-tax taxable year ending at or prior to the close of the year for which the tax is imposed by this section. For any subsequent year ending June 30 the adjusted declared value in the case of a foreign corporation shall be the original declared value adjusted, in acordance with regulations prescribed by the Commissioner with the approval of the Secretary, to reflect increases or decreases (for the period specified in the preceding sentence) in the capital employed in the transaction of its business in the United States.

"(g) The terms used in this section shall have the same meaning as when used in the Revenue Act of 1932.

"SEC. 215. (a) There is hereby imposed upon the net income of every corporation, for each income-tax taxable year ending after the close of the first year in respect of which it is taxable under

section 214, an excess-profits tax equivalent to 5 percent of such portion of its net income for such income-tax taxable year as is in excess of 12½ percent of the adjusted declared value of its capital stock (or in the case of a foreign corporation the adjusted declared value of capital employed in the transaction of its business in the United States) as of the close of the preceding income-tax taxable year (or as of the date of organization if it had no preceding income-tax taxable year), determined as provided in section 214. The terms used in this section shall have the same meaning as when used in the Revenue Act of 1932.

"(b) The tax imposed by this section shall be assessed, collected, and paid in the same manner, and shall be subject to the same provisions of law (including penalties), as the taxes imposed by title I of the Revenue Act of 1932."

On page 40, strike out lines 12, 13, and 14, and insert in lieu thereof the following:

"(d) The capital-stock tax imposed by section 214 shall not apply to any taxpayer in respect of any year beginning on or after the 1st day of July following the date so proclaimed."

On page 40, line 15, strike out "(d)" and insert "(e)."

On page 42, line 8, after the word "fiscal", insert the word "year."

The amendments to the amendment were agreed to.

Mr. GORE obtained the floor.

Mr. WHEELER. Mr. President——

Mr. GORE. I yield to the Senator from Montana if his proposal does not lead to controversy.

Mr. WHEELER. I do not think my proposal will lead to controversy.

I am sending to the desk an amendment to be inserted at the proper place. The Senator from New York [Mr. WAGNER], I understand, is satisfied with it, and I am told that the Director of the Budget favors it. Likewise, the Civil Service Commission has sent up a letter in favor of it; and the employees, after conferring, have all agreed upon this amendment. It is a proposition to create the position of liaison officer and to establish in the Civil Service Commission a board of appeal.

I send the amendment to the desk and ask the Senator from Mississippi if he will not accept it and let it go to conference.

Mr. HARRISON. If the matter will precipitate a discussion, I would rather accept it and let it go to conference.

The VICE PRESIDENT. Does the Senator from Mississippi accept the amendment?

Mr. HARRISON. I do.

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

Mr. WHEELER's amendment is, on page 44, after line 12, to insert the following:

That there is hereby created the position of liaison officer, and there is hereby established in the Civil Service Commission a board of appeal consisting of the three Commissioners; that the position of liaison officer shall be independent of the executive departments and independent offices and said officer shall be empowered to hear, investigate, and adjust all differences between employees and their superiors. There shall be a right of appeal to the board of appeal by the head of the department or the employee concerned. The liaison officer shall cooperate at all times with the Commissioners on important matters and the board of appeal shall take action on appeals from the finding of the liaison officer after the head of the department or the incumbent of the position affected has objected in writing and all persons in interest have been afforded an opportunity to be heard and their decision shall be final. Appeals of employees shall be without prejudice to them. The liaison officer shall receive a salary of $6,000 per annum, and shall be a Civil Service employee with at least 20 years' service in the classified Civil Service selected by the Civil Service Commission. To carry out the provisions of this amendment, the Civil Service Commissioners shall, upon request of the liaison officer, furnish the necessary equipment and assistance by transfer from the Civil Service rolls.

Mr. GORE obtained the floor.

Mr. WALSH. Mr. President——

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Massachusetts?

Mr. GORE. I believe I will ask the Senator to excuse me. I have been waiting here all day to offer the amendment which I am now about to propose. I do not believe any other amendment will exceed it in importance. If the Senator will be kind enough to wait, I believe I will propose the amendment at this point.

Mr. WALSH. I wanted to offer an amendment to the subdivision just under consideration.

Mr. GORE. Does the Senator think it will lead to controversy?

Mr. WALSH. I yield the floor to the Senator.

Mr. GORE. Mr. President, I ask Senators to turn to page 34, line 18. I have offered an amendment to strike out subsection (a) of section 210. It relates to the proposed increase in the Federal gasoline tax.

Of course, this title is designed to provide for servicing the indebtedness created by this legislation. With that purpose, I am in perfect sympathy; but I do not think too large a share of that burden should be cast upon any one article.

I think that too large a share of that burden is cast upon gasoline. I resisted the gasoline tax 1 year ago. Senators will remember that 1 year ago in the revenue act Congress invaded the field of taxation heretofore reserved to the States and levied a tax of 1 cent a gallon on gasoline. This bill, as it passed the House, proposes to increase that tax to 1¾ cents a gallon.

The Senate Finance Committee reduced that proposed tax by one quarter of 1 cent per gallon. The pending proposition is, therefore, that hereafter the Federal tax on gasoline shall be 1½ cents per gallon. My amendment proposes to strike out the additional one half of 1 cent.

When I discussed this measure a year ago, I presented all the arguments that occurred to me to justify my opposition. Those arguments did not avail. I shall not repeat them now. I made one observation then, however, that I should like to reiterate at this point.

I stated that the Federal Government was invading a field of taxation which prior to that time had been reserved to the States, and that the Federal tax on gasoline then proposed was the beginning and not the end; that the tax would grow and grow, and the burden imposed by the Federal Government upon this article would be increased from time to time. That prediction has come true.

Mr. President, in support of my contention that too large a share of this burden is being cast upon gasoline, I may say that under the House proposal in this measure one third of all the revenues to be raised under the measure would have devolved on gasoline alone. One year ago, when we passed the special revenue act to balance the budget, one fourth of all the estimated tax was cast upon gasoline alone.

Senators may be surprised to hear me say that of all the revenues collected by all of our several governments, Federal, State, local, county, city, town, and township, one twentieth of the whole is derived from gasoline. Of all the taxes imposed by the Federal Government, customs, incomes, and excises, of all the taxes that are imposed by our 48 States, taxes on real estate, taxes on personal property, taxes on city lots, on buildings of all sorts, of all the taxes imposed by our various counties, 3,072 in number; of all the taxes imposed by the towns and the townships in the United States—of all that vast aggregate, amounting to fourteen billions, one twentieth of the entire burden is devolved upon gasoline alone.

I believe that our tariff laws deal with more than 3,000 articles, and they now yield approximately $300,000,000 in revenue. Gasoline alone turns into the local State and National Treasuries one twentieth of all the revenues to maintain our various governmental establishments. I insist that that is an undue proportion of this vast burden.

I submit to Senators that one of the most essential features of a sound fiscal system is that it should not dry up the sources of revenue, that it should not seal up the fountain from which future revenues are to be derived. There comes a point when the law of diminishing returns begins to operate; there comes a point where an increase in the rate brings about a decrease in the revenue. That point has been approximated if it has not been passed.

Senators will mark this: During the calendar year 1932 the 48 States of this Union received $23,000,000 less from gasoline taxes than they received from that source in 1931. There was a decrease in the aggregate of $23,000,000 plus; and that decrease occurred notwithstanding several States had increased their rate on gasoline.

Senators may say this decrease was due to the depression. Undoubtedly it was, in part, due to the depression. I think, however, I can convince Senators that it was not entirely due to the depression. It is pretty hard to find mathematical demonstration for a proposition of this sort; but take my own State of Oklahoma.

Mr. TYDINGS. Mr. President, will the Senator permit an interruption?

The PRESIDING OFFICER (Mr. GEORGE in the chair). Does the Senator from Oklahoma yield to the Senator from Maryland?

Mr. GORE. Yes.

Mr. TYDINGS. May I point out to the Senator that while this decrease occurred gasoline was dropping in price to the consumer, and it occurred when gasoline was perhaps the cheapest it had been in several years.

Mr. GORE. The observation of the Senator from Maryland is correct.

Take my own State. In 1930 we had a gasoline tax of 4 cents a gallon; in 1931 it was raised to 5 cents a gallon, and the revenue diminished nearly a half million dollars.

Consider this further fact: The Federal gasoline tax went into effect on June 23, 1932. It split the year in halves. In Oklahoma our receipts from the gasoline tax during the 6 months prior to the enactment of that law were only $81,000 a month less than during the corresponding month of the previous year, but during the last half of 1932, during the half in which the Federal gasoline tax had to be paid, there was a loss of $133,000 per month; in other words, we lost during the first 6 months, when there was no Federal gasoline tax, $480,000, but during the last half of the year when there was a Federal gasoline tax we lost $700,000.

Take the State of Ohio. In 1932 there was sold in Ohio 128,000,000 gallons of gasoline less than were sold in 1931. That was due to depression, we hear; but, Mr. President, of that 128,000,000 gallons, some 113,000,000 gallons were lost after the imposition of the Federal tax upon gasoline. During the 6 months prior to the enactment of that measure there was a diminution of only 15,000,000 gallons. I think what I have stated demonstrates that the Federal gasoline tax has depressed the revenues received by the several States from the gasoline tax.

Mr. President, that warns and admonishes us that we ought not to go farther in that direction; that we ought not to invade this field of State taxation. The State and Federal taxes on gasoline combined average for the country as a whole 5.1 cents per gallon, or more than 5 cents per gallon. That is a sales tax of 46 percent on the retail price of gasoline; that is a sales tax of 126 percent on the wholesale price of gasoline, the price at the refinery.

We have discussed here from time to time the imposition of a general manufacturer's sales tax. Statesmen at either end of the Capitol have shied at such a tax; they have shied at a tax of 2 percent; they have shied at a tax of 1 percent. For reasons satisfactory to themselves they have been unwilling to vote a manufacturers' sales tax of 1 percent, yet we have here on gasoline a sales tax of 126 percent. A 1-percent tax on a $5 pair of shoes would be a nickle, but a tax of 126 percent on a $5 pair of shoes—I leave for other Senators to compute the tax for themselves—it would be a tax of about $6.25. I submit to Senators that this tax is unduly high and is unduly burdensome.

During the year 1932 the consumption of gasoline in the United States declined 7 percent. That is the first time in the history of motor fuel that the curve of consumption has declined. Is not that also a warning that we have gone far enough; that we have gone too far, indeed, in that direction?

Mr. President, the pending bill proposes to appropriate $400,000,000 for the construction of highways in the several States. It is to be apportioned among the States for highway purposes. The appropriation is a gift. It is unmatched. It has come to that. A year ago we lent the several States $300,000,000 for relief purposes. At the present session we have appropriated $500,000,000; we have appropriated a half billion dollars as a gift to the several States for relief purposes. Now, in addition to that, we intend to give the States for highway purposes $400,000,000 more.

How do we propose to raise the money? By levying a tax on gasoline. If Oklahoma desires to impose an additional half cent or three fourths of a cent on gasoline for highway purposes, she has every legislative facility to impose the tax. I know there are those who think that a dollar out of the Federal Treasury has a magic potency that local taxation cannot emulate or aspire to.

Let us consider this $400,000,000 set aside for highway purposes in the several States as a basis for this gasoline tax. Nearly all the States apply the gasoline tax for highway purposes; and, barring the exigencies of depression, I think they should do so. Then this gasoline tax is imposed in this measure to amortize and to service the $400,000,000 appropriated to the States. It is to run during a period of 15 years.

Mr. President, only 10 States of the 48 States will receive more under this measure during the 15 years than they will pay into the Federal Treasury under this one half cent gasoline tax. Ten States will receive more out of the Treasury under this road fund than they will pay in under the additional tax of one half a cent on gasoline. But, sir, 38 different States will pay more money into the Treasury under this gasoline tax than they will take out of the Treasury. Thirty-eight States will under the gasoline tax pay in more than they will receive.

It might be interesting to the Senators from Florida to know that their State will pay $10,000,000 in gasoline taxes more than she will receive out of the Treasury under this $400,000,000 appropriation. It might be interesting to the Senators from Missouri to know that their State will cash in $21,000,000 in gasoline tax more than it will receive out of the Treasury. It might be interesting to the Senators from Texas to know that Texas will cash in $25,000,000 more under the gasoline tax than she will take out of the Treasury. The Senators from Connecticut might be interested to know that Connecticut's contribution will be $15,000,000. My own State—Oklahoma—will turn in $18,000,000 more than she will take out, notwithstanding she has a substantial deficit in her own treasury. Ohio pays in $49,000,000 more than she takes out. Illinois will put in $54,000,000 more than she gets back.

Pennsylvania, out of her generosity, will contribute $57,000,000 more than she takes out of the Treasury. California will contribute $75,000,000 more.

New York—and I apologize to the Senators from New York—New York will cash in $91,000,000 more than she will take out of the Treasury. Why not let New York reserve that $91,000,000 to herself, appropriate it, and apply it to highway purposes, if that be the best purpose to which that revenue could be devoted? Is Congress wiser than is the Legislature of New York in matters affecting that State? Are we better qualified to govern her citizenship and to administer their affairs than are the citizens of that imperial State? There are some who think so. I think otherwise.

Mr. VANDENBERG. Mr. President, will the Senator from Oklahoma yield to me?

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

Mr. GORE. Yes, sir.

Mr. VANDENBERG. The Senator from Oklahoma has been submitting some amazingly interesting figures. I have here the original table in my hand showing the complete tabulation on that subject. I think it would be very useful to have the entire table inserted in the RECORD at this point, and if the Senator has no objection, I shall ask permission to do so.

Mr. GORE. I should be very glad to yield for that purpose, and I would have suggested that myself, I will say to the Senator, but for the fact that we shall vote before Senators will have a chance to see the tabulation.

Mr. VANDENBERG. I think it might be useful for the country to have specific information of this kind regarding the fallacy of so-called "Federal aid", which is a misnomer in so many States.

Mr. GORE. I agree entirely with what the Senator says.

Mr. VANDENBERG. I offer the table and ask that it may be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD.

(The table appears in the RECORD at the conclusion of Mr. GORE's speech as Exhibit A.)

Mr. GORE. Mr. President, whether the State or Federal Government raises money by taxation, it comes out of the citizenship of this country. The only choice lies as to whether the taxing power shall be exerted by States or by the National Government. Out of the taxpayers' pockets come all of our revenues, both State and National. One pipe may lead from one pocket to the State treasury; another pipe may lead from the other pocket into the National Treasury; but in both cases it is the same taxpayers' pockets.

Mr. President, there is one other circumstance which tends to confirm my conclusion that too high a rate diminishes the returns. I have here a tabulation showing that those States which have gasoline taxes exceeding 3 cents a gallon have suffered a loss in the registration of their motor cars; and that all the 15 States which have, or which had when these statistics were compiled, a gasoline tax of 2 cents or not exceeding 3 cents a gallon—in each and every one of those States, saving 3 alone, there was an increase in the registration of motor cars, an increase in the registration of motor cars in those States having a low gasoline tax at the very time when there was a decrease in the registration of motor cars in those States which have an excessive tax on gasoline. I will ask to have the table I send to the desk read into the RECORD because it is brief.

The PRESIDING OFFICER. The clerk will read as requested.

The Chief Clerk read as follows:

It is an almost unbroken rule throughout the country that where the tax rate is too high the tendency is to use less gasoline per car and to use fewer cars. There are only two States—Florida and Tennessee—in which a 7-cent tax is exacted, and Florida registered fewer cars in 1930 than in 1929. There are four States with a 6-cent tax, and in all of these—Arkansas, Georgia, North Carolina, South Carolina—fewer cars were registered in 1930 than in 1929. There are 10 States with a 5-cent tax, and in 7 of these fewer cars were registered in 1930 than in 1929. These 5-cent tax States which decreased their registration while maintaining so high a tax were Alabama, Kentucky, Louisiana, Montana, Oklahoma, and Virginia. There are 15 States which impose a 4-cent tax, and 6 of these had fewer registrations of cars in 1930 than in 1929. They are Nevada, Oregon, Ohio, Vermont, West Virginia, and Wisconsin.

On the other hand, there are 15 States with tax rates of only 3 or 2 cents. In 11 of these the number of registered cars increased. The three exceptions were North Dakota and Iowa, where the agricultural depression furnished explanation; and Michigan, where the reduced operations of the great automobile-manufacturing industries is the obvious reason.

Mr. GORE. Mr. President, it seems to me self-evident that we ought not to continue raising this Federal tax on gasoline, when we see that the reaction on the revenues of the several States is to diminish those revenues. I do not think it is wise, I do not think it is a sound fiscal system or fiscal policy. That this effect has come about, I do not believe Senators would seriously doubt.

Mr. President, it seems to me that these considerations condemn the proposed increase, and for that reason I have made this motion. If it prevails, the existing tax on gasoline of 1 cent a gallon will be continued as the policy of the Government.

I have in my hand an editorial appearing a day or two since in the News, published here in Washington. It is a succinct statement and review of the several points supporting my contention. It is brief, and I ask that it be read.

The PRESIDING OFFICER. The clerk will read.

The Chief Clerk read as follows:

The additional tax on gasoline is inexcusable. It is a sales tax already preempted by the States and already worked to death, as shown by the House report on double taxation. Automobile taxes of various kinds already amount to more than $1,000,000,000 a year. State gasoline taxes alone are more than half a billion dollars. In addition there are the duplicating city and county gasoline taxes and the triplicating Federal gasoline tax of $138,000,000. The consumer is paying. These combined taxes account for 48 percent of the retail price of gasoline. On the wholesale price these levies amount to a sales tax running in different parts of the country from 135 to 240 percent. Under these circumstances, to propose additional Federal gasoline taxes is absurd.

Mr. GORE. Mr. President, I now ask to have printed in the RECORD a letter from one of the leading citizens of my State which sheds light upon this entire measure. He owns and edits one of the leading papers in the Southwest and has devoted much time and talent to questions of public interest.

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

OKLAHOMA CITY, OKLA., *May 3, 1933.*

Hon. THOMAS P. GORE,
United States Senate, Washington, D.C.

MY DEAR SENATOR GORE: I was sorry I could not stop in Washington on my return from New York.

I particularly wanted to discuss with you the proposed 30-hour labor law, for I do not believe the administration has begun to discover all of the trouble they would create by the passage of such a bill.

For instance, they may not realize that all dairies have been declared factories by the Treasury Department and their use of electricity has been exempt from Federal taxes on the ground that the refrigeration of milk, the operation of cream separators in separating cream from the milk, and the bottling and capping of the milk constitute a factory process, so that milk and cream and butter and buttermilk and other dairy products would come under the regulations of the 30-hour week.

Now, it happens that the State of Wisconsin is largely interested in dairies which supply the city of Chicago, and under this bill dairies could not employ any individual for more than 30 hours in a 7-day week. It happens that cows have to be milked twice a day and 7 days a week, and in many dairies cows are milked three times a day. As the milking for city markets is usually done about 3 o'clock in the morning and 3 in the afternoon, the employees of a dairy have to live on the farm and the owner of the dairy has to provide houses for his employees.

Even two shifts of employees would not cover the 7 days' work in a dairy, and how is a dairyman to bring in extra help at 3 o'clock in the morning from a distance of probably several miles, especially in winter weather?

Even if the dairies in Wisconsin could arrange to work two shifts, their expenses would be so enormous as compared with dairies that are in the State of Illinois that they could not compete in the Chicago market. What is true of Wisconsin is also true of New Jersey and the New England States, which largely contribute the supply of milk in New York and Philadelphia markets.

I am wondering how many people would have to be employed to censor and inspect the United States mails, for no store or mail-order house could ship anything across the State border through the mail if anyone had been employed more than 30 hours a week in the making of an article. In fact, shoppers who live in Jersey City and shop in New York would have to be stopped at the State line and their purchases taken away from them if they happened to be manufactured in a factory where the janitor or anyone else had worked more than 30 hours in a week.

The newspapers in New York and Philadelphia could not send a paper across the State line, and of course that would apply to every other State. My own papers are fortunately situated, for we have only a few thousand circulation in the Panhandle of Texas and the borders of Texas and Arkansas, and rather than have all of our reporters and editors and advertising men and myself work only 30 hours a week I would cancel all of our out-of-State circulation, but a newspaper in St. Louis which covers Southern Illinois would not be so fortunately situated, and the Kansas City Star would be paralyzed if it cut off its out-of-State circulation.

If I were to send an advertising man to New York City to solicit advertising, it would take him more than 30 hours to get there and he would be in the pay of the company all that time. After he arrived I suppose he would have to remain idle for a week before he could start to work. A traveling man who is being sent from New York to the Pacific coast would have to stop off half way across the continent and wait a week before he finished his journey.

If we want to know what labor legislation can do to a country, all we have to do is to look at Australia. In that country business was paralyzed long before the depression and the government itself is practically bankrupt, due to their labor laws.

As I understand our Constitution, it provides that States have the sole power to regulate their home industries and the Federal Government is forbidden to interfere with the internal affairs of a State. The Government is trying now to do indirectly what it is specifically forbidden to do and is using its power of control of interstate commerce to break down a section of our Constitution which has heretofore been honored.

Whenever the principle is once established that the Federal Government can issue embargoes against transportation of products from one State to another by regulating the kind or quantity

of labor employed in the production of the articles, then this country's business will be at the mercy of labor lobbies and subservient politicians.

I am certainly pleased that you are not going to sacrifice the interests of the country as a whole to support the pipe dream of a well-meaning woman labor official.

With very best regards,

Sincerely yours,

E. K. GAYLORD, *Editor.*

EXHIBIT A

How States will fare with road-fund receipts and gasoline-tax costs under industrial recovery bill's $400,000,000 road fund and one-half cent gasoline tax

	Gallons of gas taxed by States in 1932	Total tax payments in 15 years at one-half cent per gallon	State share of the $400,000,000 road fund	Gain or loss to each State	Cost of one-half cent tax per year per State
Alabama	136,421,614	$10,230,000	$8,527,432	$1,702,568	$682,000
Arizona	58,004,441	4,350,000	[1] 5,869,236	[1] 1,519,236	290,000
Arkansas	86,082,940	6,450,000	7,003,940	[1] 553,940	430,000
California	1,204,295,149	90,315,000	15,557,296	74,757,704	6,021,000
Colorado	136,730,489	10,245,000	7,528,712	2,716,288	683,000
Connecticut	234,229,379	17,565,000	2,596,020	14,968,980	1,171,000
Delaware	36,338,331	2,715,000	2,000,000	715,000	181,000
Florida	207,268,239	15,540,000	5,415,840	10,124,160	1,036,000
Georgia	198,980,154	14,910,000	10,410,992	4,499,008	944,000
Idaho	45,554,550	3,405,000	5,019,708	[1] 1,614,708	227,000
Illinois	958,468,356	71,880,000	16,942,820	54,937,180	4,792,000
Indiana	418,489,040	31,380,000	10,196,600	21,183,000	2,092,000
Iowa	299,004,568	22,425,000	10,571,680	11,878,320	1,495,000
Kansas	247,349,852	18,555,000	10,883,492	7,671,508	1,237,000
Kentucky	164,057,785	12,300,000	7,548,788	4,751,212	820,000
Louisiana	166,014,436	12,450,000	5,818,532	6,631,468	830,000
Maine	105,167,540	7,875,000	3,556,932	4,318,068	525,000
Maryland	187,505,794	14,070,000	3,398,568	10,671,432	938,000
Massachusetts	550,642,607	41,295,000	5,722,040	35,572,960	2,753,000
Michigan	681,044,263	51,075,000	12,599,020	38,475,980	3,405,000
Minnesota	333,351,913	25,005,000	11,228,528	13,776,472	1,667,000
Mississippi	96,732,445	7,260,000	7,200,548	59,452	484,000
Missouri	447,484,670	33,570,000	12,511,512	21,227,400	2,238,000
Montana	53,803,120	4,035,000	8,416,904	[1] 4,381,904	269,000
Nebraska	195,236,623	14,640,000	8,482,576	6,157,424	976,000
Nevada	18,177,920	1,365,000	5,252,520	[1] 3,887,520	91,000
New Hampshire	65,971,040	4,950,000	2,000,000	2,950,000	330,000
New Jersey	553,914,175	41,550,000	5,525,776	36,024,224	2,770,000
New Mexico	43,845,055	3,285,000	6,551,576	[1] 3,266,576	219,000
New York	1,485,127,929	111,390,000	20,197,460	91,192,540	7,426,000
North Carolina	231,727,434	17,385,000	9,627,504	7,757,496	1,159,000
North Dakota	61,190,398	4,590,000	6,446,336	[1] 1,856,336	306,000
Ohio	856,729,484	64,260,000	14,967,248	49,292,752	4,284,000
Oklahoma	241,527,434	18,120,000	9,629,080	8,490,920	1,208,000
Oregon	140,066,134	10,500,000	6,672,468	3,827,532	700,000
Pennsylvania	1,009,663,827	75,735,000	17,556,868	58,178,056	5,049,000
Rhode Island	92,701,236	6,960,000	2,000,000	4,960,000	464,000
South Carolina	103,748,781	7,785,000	5,555,848	2,229,152	519,000
South Dakota	74,083,694	5,550,000	6,681,912	[1] 1,131,912	370,000
Tennessee	174,076,575	13,050,000	8,683,864	4,366,136	870,000
Texas	676,593,941	50,745,000	25,548,736	25,196,264	3,383,000
Utah	54,297,788	4,080,000	4,651,104	[1] 571,104	272,000
Vermont	46,866,212	3,510,000	2,000,000	1,510,000	234,000
Virginia	216,191,996	16,215,000	7,520,592	8,694,408	1,081,000
Washington	220,930,195	16,575,000	6,401,564	10,173,436	1,105,000
West Virginia	123,544,775	9,270,000	4,413,040	4,856,960	618,000
Wisconsin	373,710,495	28,035,000	9,970,252	18,064,748	1,869,000
Wyoming	35,453,612	2,655,000	5,138,536	[1] 2,483,536	177,000
Dist. of Columbia	101,774,858	7,635,000	----------	7,635,000	509,000
Total	14,250,173,269	1,068,765,000	400,000,000	668,765,000	71,251,000

[1] Gain.

Mr. CAPPER. Mr. President, I am glad to support the motion of the Senator from Oklahoma to strike out the increased gasoline tax.

It is not necessary to elaborate on this amendment. Its effect will be to leave the Federal gasoline tax at 1 cent a gallon instead of increasing that tax to 1½ cents a gallon.

I believe it generally is recognized that the oil industry and the motorist are paying the heaviest taxes of any groups in the United States today. We are not justified in assessing any heavier taxes on an already overburdened industry.

My home State of Kansas is not a large State. We have some half million motor cars licensed. The net gasoline tax collected in Kansas last year, according to the bureau of public roads, was nearly 7½ million dollars.

If this additional half cent-per-gallon tax is placed on gasoline it will increase gasoline-tax collections approximately 1¼ million dollars a year. If the tax is collected for 15 years on an amortization basis that extra half cent a gallon will cost the people of my State some 19 million dollars. In return we may get $9,700,000 of highway aid under this act.

It is proposed to make the motorists of the country as a whole pay 27 percent of the entire cost of this public-works program, as I read the measure. The extra one-half cent gasoline tax will amount to about $61,000,000 a year, more than one fourth of the amount it is proposed to collect annually to pay for the public-works program, presuming that the entire $3,300,000,000 is expended. If all the money authorized is not expended, then the percentage of the cost borne by motorists will be even larger.

I am perfectly aware that whatever is expended must be paid for. But it seems to me there is no justice in assessing one industry, the oil industry, such a disproportionate tax, especially in view of the fact that Congress so far has almost completely failed to make any provision even to give the oil industry the protection it is entitled to receive against imports of cheaply produced foreign oil.

There are many phases of the oil situation. There are many crimes for which the oil industry itself should have to answer. But that does not justify the Government in charging up to the motorists of this country the additional gasoline tax proposed. I earnestly hope the Senate will adopt this amendment and refuse to increase the tax on an already overtaxed industry.

Mr. GORE. Mr. President, I merely wish to say, in connection with what the Senator from Kansas has said, that we have been trying to relieve the farmer, to rehabilitate agriculture. The farmers buy and pay for one fourth of all the motor fuel used. In addition to the automobiles owned by farmers, there are a million tractors in this country and also a million stationary gasoline engines on the farms, and this tax would be an added burden upon the backs of those we are trying to relieve.

Mr. TRAMMELL. Mr. President, I feel that it is my duty to say a few words in behalf of the people whom I represent in this Chamber upon this subject. I will be brief, however.

Within my own State the legislature a number of years ago selected gasoline as one of the sources on which levies should be made for the support of the Government, beginning at first with a tax for the purpose of road construction. At that time the building of highways and the expansion of our public-road system were exceedingly popular, and the people, generally speaking, made no objection to the tax of 3 cents a gallon on gasoline, that being the first such tax that was levied in Florida.

The people responded to their duty and the demands of the legislative authorities of the State with such cheerfulness, because they were anxious about extending throughout the States a splendid road system, that the legislature next raised the tax to 4 cents a gallon, then to 5, then to 6, then to 7 cents a gallon, and a few towns and cities also placed a tax upon gasoline.

My position is that the people of my own State already, long prior to the Government's invading this field as a source of revenue, has been burdened almost to the breaking point with taxation upon motor fuel and this added tax should not be placed upon them. Of course there are other taxes, the taxes upon accessories, and so forth, levied both by the State and by the Federal Government. We recall that the Federal Government has invaded the field of taxation on accessories.

Mr. GORE. Mr. President, I wish to inject into the RECORD at this point the statement that there is one city in the country where the aggregate taxes on gasoline amount to 11 cents a gallon.

Mr. TRAMMELL. I did not know of that. I felt and my people feel that 8 cents a gallon, which we will have to pay if this additional half cent is imposed, is entirely too much. I believe the high taxes have had the effect of causing a smaller consumption of gasoline than when the tax was lower. I believe it has caused a smaller registration of automobiles in my own State than when the tax was more reasonable than it is at the present time.

We are fighting in Florida the situation as it exists with respect to State taxation. It has reached a point where the taxpayers quite generally are rebelling against conditions

which exist there in regard to local impositions of taxes on motor fuel and every character of accessory for the automobile. I have had not merely hundreds but I have had thousands of telegrams and letters from my State in opposition to a further increase of half a cent. I want to join with those who feel as I do in voting to eliminate this additional half cent a gallon that is sought to be placed upon gasoline.

Mr. HARRISON. Mr. President, just one word. Let it not be forgotten that the House put a tax of 1¾ cents a gallon on gasoline. The Senate committee worked very hard in order to take off a quarter of a cent, and the committee is recommending the additional tax of only one-half cent a gallon. We will raise thereby $62,000,000. When we reduce this from three quarters of a cent to half a cent, that represents a loss of $31,000,000. Where we will get the $62,000,000, if the pending amendment shall prevail, I do not know. I imagine we will have to go to a sales tax or something else, which I hope we will not have to do.

If the program which the Committee on Finance has recommended can go through, we can keep from imposing a sales tax, and we hope at some early date to be able to reduce the tax on gasoline, which is necessary at the present time.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Oklahoma [Mr. GORE].

Mr. REED. I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. BORAH. Mr. President, it seems to me, as stated by the Senator from Oklahoma, that an unfair and extraordinary burden is sought to be placed upon gasoline in the way of a tax. I am perfectly aware of the fact, as the Senator from Mississippi has said, that it is very difficult to find sources of taxation on which we can draw without great injury to someone. However, the figures which have been presented here this evening by the Senator from Oklahoma disclose that this particular item has been singled out for an extraordinary burden of taxation, and I think we ought to eliminate the one-half-cent addition to the tax.

I ask that we may have a yea-and-nay vote upon this amendment.

The yeas and nays were not ordered.

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

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

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

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

The question is on the amendment proposed by the Senator from Oklahoma [Mr. GORE].

Mr. BORAH. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. HARRISON. Mr. President, I desire to make only a brief statement. The Committee on Finance worked very hard to try to raise the $220,000,000 needed. We finally worked out a program. We adopted the capital stock tax of one tenth of 1 percent in order to raise some $80,000,000. By doing that we reduced the gasoline tax which had been adopted by the House. By that action we lost $31,000,000. If the amendment now proposed is adopted, it will take from the bill $62,000,000. It will then be impossible to pass the bill tonight because we must go into the question of raising that additional amount of revenue. We could not pass the bill without having it in form to produce the needed revenue.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Oklahoma. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. McADOO (when his name was called). I have a general pair with the senior Senator from Vermont [Mr. DALE]. Not knowing how he would vote on this question, I withhold my vote.

The roll call was concluded.

Mr. DAVIS (after having voted in the affirmative). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. Has that Senator voted?

The PRESIDING OFFICER. That Senator has not voted.

Mr. DAVIS. I transfer my pair with that Senator to the senior Senator from Rhode Island [Mr. HEBERT] and let my vote stand.

Mr. AUSTIN. I desire to announce the following general pairs:

The Senator from Oregon [Mr. McNARY] with the Senator from Florida [Mr. FLETCHER]; and

The Senator from Ohio [Mr. FESS] with the Senator from Arkansas [Mrs. CARAWAY].

Mr. KENDRICK. I desire to announce that the Senator from Illinois [Mr. LEWIS], the Senator from Arkansas [Mrs. CARAWAY], the Senator from Virginia [Mr. GLASS], and the Senator from Kentucky [Mr. LOGAN] are necessarily detained.

The result was announced—yeas 35, nays 46, as follows:

YEAS—35

Barbour	Davis	McGill	Steiwer
Black	Goldsborough	Metcalf	Thomas, Okla.
Borah	Gore	Nye	Townsend
Bulow	Hale	Patterson	Trammell
Byrd	Hastings	Pope	Tydings
Capper	Hatfield	Reed	Vandenberg
Carey	Kean	Robinson, Ind.	Walcott
Connally	Keyes	Russell	White
Cutting	King	Shipstead	

NAYS—46

Adams	Coolidge	Johnson	Robinson, Ark.
Ashurst	Copeland	Kendrick	Schall
Austin	Costigan	La Follette	Sheppard
Bachman	Dickinson	Lonergan	Stephens
Bankhead	Dieterich	Long	Thomas, Utah
Barkley	Dill	McCarran	Thompson
Bone	Duffy	McKellar	Van Nuys
Bratton	Erickson	Murphy	Wagner
Brown	Frazier	Neely	Walsh
Bulkley	George	Norris	Wheeler
Byrnes	Harrison	Overton	
Clark	Hayden	Reynolds	

NOT VOTING—15

Bailey	Fess	Lewis	Norbeck
Caraway	Fletcher	Logan	Pittman
Couzens	Glass	McAdoo	Smith
Dale	Hebert	McNary	

So Mr. GORE's amendment was rejected.

Mr. WALSH. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER (Mr. GEORGE in the chair). The amendment will be stated.

The CHIEF CLERK. On page 36, at the end of section 212, it is proposed to insert:

(e) The taxes imposed by this section shall not apply to the dividends of any corporations enumerated in section 103 of the Revenue Act of 1932 nor to any insurance company subject to the tax imposed by sections 201 and 204 of such act.

Mr. WALSH. Mr. President, the Senator from Pennsylvania [Mr. REED] has on the table an amendment similar to that offered by myself, and therefore I offer this amendment in his name as well as my own.

Under the laws taxing earnings of corporations certain classes of corporations are exempted. Among them are labor, agricultural and horticultural organizations, mutual savings banks, fraternal orders, domestic building and loan associations, cemetery companies, charitable, religious, and educational organizations, business leagues, civic leagues,

clubs organized for pleasure, benevolent life-insurance associations, ditch and irrigation companies not organized for profit, farmers' insurance companies, farmers' cooperatives, crop cooperatives, Federal land banks, employees' benefit associations, and teachers' retirement-fund associations.

Unless the amendment proposed by the Senator from Pennsylvania and myself is adopted, the earnings of these corporations, when remitted to individuals as dividends, will be taxed 5 percent, the tax to be deducted at the source.

The purpose of this amendment, to which I assume there is no objection, is to keep the earnings of these particular classes of corporations from being taxed, even though they are distributed in dividends to people over the country.

Mr. METCALF. Mr. President, do I understand that this amendment will take in mutual savings banks?

Mr. WALSH. It will.

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

Mr. TRAMMELL. Mr. President, I desire to ask the Senator a question.

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Florida?

Mr. WALSH. I yield.

Mr. TRAMMELL. Why should we exempt from tax dividends distributed by this kind of corporation perhaps to a widow, perhaps to some poor family who have lost all that they had, any more than we exempt dividends distributed to people who have stocks in other corporations and are in equally distressed condition but whose dividends are not exempt?

Mr. WALSH. Because of the policy of this country that the earnings of all business and industrial corporations shall be taxed. They are taxed 12½ percent. However, this particular class of corporations have always been exempt from the corporation tax on their earnings.

Unless the amendment I have proposed is adopted, that portion of their earnings which will be distributed as dividends will be taxed and deducted from those who are shareholders in these corporations.

Mr. TRAMMELL. Of course there might be some companies that are purely mutual; but the set-up of most companies of this character, so far as I know, is just the same as that of any other corporation, as far as profit-making is concerned.

Mr. WALSH. I do not know that that is exactly true. There are 11,442 corporations in this country that are engaged solely and alone in helping working people to build homes; and if this amendment is not adopted, for the first time in our taxing laws the people who have shares in these 11,442 home-making and home-building corporations will be subject to the dividend tax.

Mr. TRAMMELL. Of course I should not care to tax those who had taken stock in an association for the purpose of acquiring a fund with which to build; but that does not include all the stockholders engaged in the business. Very frequently a large amount of the capital stock is held by the company, or invested.

Mr. WALSH. These corporations are a special class of corporations that have always been exempted from the corporation income tax because of the philanthropic and educational and religious and charitable purposes in which they are engaged. I think it was an accident not to include this amendment in the committee amendments and exclude them from this tax.

Mr. TRAMMELL. If the Senator has restricted his amendment to that class, of course I think it is proper that they should be exempt.

Mr. WALSH. I assure the Senator that it is restricted, as the amendment itself shows, to those corporations that are already excluded from the corporation tax, and none other.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Massachusetts. [Putting the question.] By the sound, the noes seem to have it.

Mr. REED and Mr. WALSH called for the yeas and nays, and they were ordered.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll.

Mr. LEWIS. Mr. President, may I at this moment impose on the Senate to announce that the Senator from Arkansas [Mrs. CARAWAY], the Senator from Florida [Mr. FLETCHER], and the Senator from Virginia [Mr. BYRD] are detained on official business, and thus are absent. I do not know how they would vote if present.

Mr. McNARY. Again referring to my pair, and not knowing how my pair would vote, I withhold my vote. If at liberty to vote, I should vote "yea."

Mr. DAVIS (after having voted in the affirmative). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. Not knowing how he would vote, I withdraw my vote.

Mr. AUSTIN (after having voted in the affirmative). I have a general pair with the senior Senator from Virginia [Mr. GLASS], who is necessarily absent; but I feel at liberty to let my vote stand.

Mr. LEWIS. I desire to announce the general pair of the Senator from California [Mr. McADOO] with the Senator from Vermont [Mr. DALE].

I also desire to announce that the Senator from North Carolina [Mr. BAILEY], the Senator from Colorado [Mr. COSTIGAN], the Senator from Virginia [Mr. GLASS], the Senator from Utah [Mr. KING], and the Senator from Nevada [Mr. PITTMAN] are necessarily detained on official business.

The result was announced—yeas 72, nays 7, as follows:

YEAS—72

Adams	Dickinson	La Follette	Schall
Ashurst	Dieterich	Lewis	Sheppard
Austin	Duffy	Lonergan	Shipstead
Bachman	Erickson	Long	Smith
Barbour	Fess	McCarran	Steiwer
Barkley	Frazier	McGill	Stephens
Borah	George	Metcalf	Thomas, Utah
Bratton	Goldsborough	Murphy	Thompson
Brown	Gore	Norris	Townsend
Bulkley	Hale	Nye	Trammell
Byrnes	Harrison	Overton	Tydings
Capper	Hastings	Patterson	Vandenberg
Carey	Hatfield	Pope	Van Nuys
Clark	Hayden	Reed	Wagner
Connally	Hebert	Reynolds	Walcott
Coolidge	Kean	Robinson, Ark.	Walsh
Copeland	Kendrick	Robinson, Ind.	Wheeler
Cutting	Keyes	Russell	White

NAYS—7

Bankhead	Bulow	McKellar	Thomas, Okla.
Bone	Dill	Neely	

NOT VOTING—17

Bailey	Couzens	Johnson	Norbeck
Black	Dale	King	Pittman
Byrd	Davis	Logan	
Caraway	Fletcher	McAdoo	
Costigan	Glass	McNary	

So Mr. WALSH's amendment was agreed to.

Mr. REED. Mr. President, no one with the least perception of the state of mind of the Senate could contemplate at this hour exposing it to a lengthy speech on any subject. I am perfectly well aware that most of the Senators are as tired as I myself am, and I know I am incapable of taking in a new thought.

On behalf of the Senator from Massachusetts [Mr. WALSH], the Senator from Virginia [Mr. BYRD], and myself, I have proposed an amendment providing for an excise tax on sales by manufacturers. It seems a pity that a subject of this extreme importance should have to come up for disposition at this hour of the night. I am aware, however, that the whip is cracking and that no matter how important the subject is we must dispose of this bill tonight.

We have overturned the whole industrial system of the United States, if this bill which we are about to pass shall be held valid, by what we did in a 13-hour session yesterday, and today we are passing on the tax system of the United States in a similar condition of fatigue and disinclination to think.

I send the amendment to the desk, Mr. President, with no more than the statement that it proposes a general manufacturers' excise tax upon articles sold by the manufac-

turer or the importer, excepting, first, farm products not processed otherwise than by the original producer thereof; second, food, foodstuffs, coffee, tea, and feed; third, wearing apparel for any part of the body; and fourth, medicines other than patent or proprietary medicines.

It will be obvious that the incidence of the tax upon the ordinary workingman will fall upon something less than one fifth of his spending, whereas the taxes that we have already provided in the shape of sales taxes under the so-called "farm relief bill" will fall upon not less than 40 percent of his spending.

The rate proposed by this amendment is 1¾ percent, while the rate in the farm bill, for which we voted with such enthusiasm, may go as high as 100 percent.

As the concluding part of the amendment which I have sent to the desk appears a number of repealing clauses. If this tax shall be adopted, Mr. President, these repealing clauses will carry a repeal of the following special excise taxes now in existence:

The tax on lubricating oil, which is paid by every person who owns an automobile, a tractor, or a gasoline-propelled boat.

The tax on tires and inner tubes.

The tax on toilet preparations, which is paid by the "better half" of American citizenship.

The tax on furs.

The tax on jewelry—a cruel excise tax we have put upon the first business to suffer in any depression. Most of the jewelers of America are bankrupt today.

The tax on automobiles, trucks, and parts thereof.

The tax on radio receiving sets. If this amendment shall be adopted one may hear Colonel Howe more cheaply. [Laughter.]

The tax on mechanical refrigerators.

The tax on sporting goods.

The tax on firearms, shells, and cartridges.

The tax on cameras.

The tax on matches.

The tax on candy. We will not longer tax at such high rates the lollypop of every school child.

The tax on chewing gum. Personally, I am sorry we cannot make it 100 percent, but we have included that among the taxes that are to be repealed.

The tax on soft drinks.

The tax on electrical energy.

The tax on conveyances. Heaven knows that real estate is carrying enough burden today.

The tax on checks which pesters every citizen who has a bank account and makes it impossible for every one of us to tell what his bank balance is.

The tax on boats; and

The half-a-cent tax which we have just put on gasoline.

All that we will get for the price of a 1¾-percent sales tax on articles other than necessaries.

The amendment proposed by Mr. REED to 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, is as follows:

Amendments proposed by Mr. REED, Mr. WALSH, and Mr. BYRD to 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, viz:

On page 34, line 18, strike out all after "section 210" down through "(b)" in line 22.

On page 34, line 23, strike out "such act", and insert in lieu thereof "the Revenue Act of 1932."

On page 40, line 8, strike out the comma and all of lines 9, 10, and 11.

On page 42, after line 24, insert a new title, as follows:

"TITLE—GENERAL MANUFACTURERS' EXCISE TAX

"SEC. 251. Imposition:

"(a) In addition to any other tax imposed by law, there is hereby imposed on every article sold in the United States by the manufacturer or producer thereof, if licensed or required to be licensed under this title, a tax equivalent to 1¾ percent of the sale price, except in the case of—

"(1) Sales by a licensed manufacturer to another licensed manufacturer of articles for further manufacture.

"(2) Sales by a licensed manufacturer to a registered dealer of articles for tax-exempt resale.

"(3) Sales by a licensed manufacturer to any person of articles for tax-exempt resale, but only if such articles are delivered by such licensed manufacturer to the person to whom his vendee so resells the articles.

"(4) Sales for exportation, if the articles are in due course exported.

"(5) Sales to a State or political subdivision thereof of articles for use solely in the exercise of an essential governmental function.

"(b) In addition to any other tax or duty imposed by law, there is hereby imposed a compensating tax of 1¾ percent ad valorem on every imported article removed from customs custody or control, unless—

"(1) The article is entered or withdrawn for consumption by a licensed manufacturer (or his agent) and the article is an article for further manufacture.

"(2) The article is entered or withdrawn for consumption by a registered dealer (or his agent) and the article is an article for tax-exempt resale.

"(3) The article is exported from continuous customs custody or control.

"(4) The article is entered or withdrawn for consumption by a State or political subdivision thereof for use solely in the exercise of an essential governmental function.

"(5) The article is free of customs duty (A) as an article returned after having been exported, (B) under paragraphs 1607, 1632, 1717, 1739, 1747, or 1798 of the Tariff Act of 1930, or (C) as a temporary importation or an importation for exhibition; but in the event of any violation of the conditions of the free entry of such article, it shall be subject to tax under this subsection.

"(c) The tax imposed under subsection (b) shall be collected and paid under regulations prescribed by the Secretary. The value on which such tax shall be based shall be the sum of the dutiable value (under sec. 503 of the Tariff Act of 1930) of the article plus (A) any duties imposed thereon under any provision of the customs laws and (B) any tax on importation under section 601 (c) (4) to (7), inclusive, of the Revenue Act of 1932, and (C) any tax under the act of May 12, 1933. Such tax shall not be imposed on any importation upon which the total of taxes and duties would be less than $1, provided that the articles are not so imported to evade payment of duties or taxes.

"(d) No tax shall be imposed under this title upon any of the following articles:

"(1) Farm products not processed otherwise than by or for the original producer thereof.

"(2) Food, foodstuffs, coffee, tea, and feeds.

"(3) Wearing apparel for any part of the body.

"(4) Medicines (other than patent or proprietary medicines).

"(e) Exemption from tax under this section shall be allowed or granted only upon compliance with the regulations.

"SEC. 252. Tax on sales by registered dealers:

"(a) There is hereby imposed on the sale or other disposition by a registered dealer of any article obtained by him free of tax by virtue of his registration, other than tax-exempt resale, a tax of 1¾ percent of the price at which such article was sold to such registered dealer, plus, in the case of an imported article, if not included in such price, (1) any duties imposed thereon under any provision of the customs laws, (2) any tax on importation under section 601 (c) (4) or (7), inclusive, of the Revenue Act of 1932, and (3) any tax under the act of May 12, 1933. If the Commissioner determines that the records of the registered dealer with respect to the disposition of any article are inadequate, such article shall be held to have been resold otherwise than in a tax-exempt resale.

"(b) If the Commissioner determines that it is not necessary in the interests of the revenue to trace the identity of articles of any class in the hands of registered dealers, the regulations may provide a method of determining the proper tax liability of registered dealers with respect to articles of that class without requiring that the identity of the individual articles be traced.

"(c) Articles of such classes as the Commissioner may prescribe may (in accordance with the regulations) be obtained by registered dealers free of tax notwithstanding that it is impracticable to determine whether or not they will be resold in a tax-exempt resale, and the tax provided for in subsection (a) shall be imposed with respect to such articles if disposed of otherwise than in a tax-exempt resale.

"SEC. 253. Sale price:

"(a) Generally: In determining the sale price of an article there shall be included any charge for coverings and containers of whatever nature, and any charge incident to placing the article in condition packed ready for shipment, but there shall be excluded the amount of tax imposed by this title, and any other tax imposed upon such article, whether or not stated as a separate charge. A transportation, delivery, insurance, installation, or other charge (not required by the foregoing sentence to be included) shall be excluded from the sale price only if the amount thereof is established to the satisfaction of the Commissioner, in accordance with the regulations.

"(b) Sales on consignment: In the case of an article sold on consignment, the sale price shall be the fair manufacturer's price for the article.

"(c) Retail sales by licensed manufacturer: In the case of an article sold by the manufacturer or producer thereof at retail

(or directly to the consumer or user), the tax shall be imposed upon the price at which so sold, except that in the case of any such article ordinarily sold at wholesale (or directly to the consumer or user at prices varying with the quantity or character of use) by manufacturers or producers, the tax shall be imposed upon the fair manufacturer's price for the article.

"(d) Installment sales: In the case of a contract for the sale by a licensed manufacturer of an article, wherein it is provided that the sale price shall be paid to the manufacturer by installments, and the title to the article sold does not pass to the purchaser thereof until a future date notwithstanding partial payment by installments, or in the case of a conditional sale, there shall be imposed upon each payment that part of the tax which is proportionate to the part of the sale price represented by such payment.

"(e) Leases and royalties: If a licensed manufacturer leases an article or transfers the right of using the article but not the title thereto, or imposes a royalty on the use of an article, each payment with respect to the article shall be treated as a sale and the tax shall be imposed upon the amount of such payment. Any such lease, transfer, or imposition of royalty on the use of any article by a registered dealer shall be treated as a sale.

"(f) Manufacture under contract: For the purpose of this title a person who manufactures or produces an article for another person who furnishes materials and retains title thereto shall be regarded as the manufacturer or producer of the article, and the tax shall be imposed upon payment as if the article were sold by him, or, if there is more than one payment, the tax shall be imposed pro rata upon each payment; except that the person so furnishing materials shall be regarded as the manufacturer or producer of the article if the article is to be resold by him and (1) the effect of the application of this provision is to require him to be licensed under this title, or (2) he is a licensed manufacturer.

"(g) Use or transfer of article in special cases: If a manufacturer or producer—

"(1) uses, otherwise than as an article for further manufacture, an article manufactured or produced by him, or obtained by him free of tax by virtue of his license;

"(2) transfers the title to an article by gift; or

"(3) transfers the title to, or the right to use, an article to any person (otherwise than through an arm's-length transaction) at less than the fair market price; such use or transfer shall be considered a sale for the purposes of this title, and the sale price shall be the fair manufacturer's price for such article.

"(h) For the purposes of this section the fair manufacturer's price for an article shall be a fair manufacturer's or producer's sale price for the article at the place of manufacture or production, as determined by the Commissioner, by reference to actual sales or to costs of manufacture or production, or otherwise.

"SEC. 254. Overpayments, credits, and refunds:

"(a) A credit against tax under this title, or a refund, may be allowed or made—

"(1) To a licensed manufacturer, in the amount of any tax under this title which has been paid with respect to an article for further manufacture purchased by him.

"(2) To a manufacturer or producer when he becomes licensed, in the amount of any tax paid under this title with respect to articles for further manufacture on hand, or theretofore used in the manufacture or production of articles on hand, when the license is granted.

"(3) To the exporter, in the case of an article sold for exportation or exported for sale, in the amount of any tax paid under this title with respect to the article.

"(4) To a licensed manufacturer or registered dealer who has paid tax under this title with respect to an article, when the sale price on which the tax was based is readjusted by reason of return or repossession of the article or a covering or container, or by a bona-fide discount, rebate, or allowance, in the amount of that part of the tax proportionate to the part of the sale price which is refunded or credited.

"(5) To a licensed manufacturer or registered dealer in the amount of tax paid by him under this title with respect to any article, if the licensed manufacturer or registered dealer has in his possession such evidence as the regulations may prescribe that (A) such article has been delivered by his vendee to a State or political subdivision thereof for use in the exercise of an essential governmental function and (B) the licensed manufacturer or registered dealer has repaid or agreed to repay the amount of such tax to his vendee or has obtained the consent of his vendee to the allowance of the credit or refund.

"(b) Credit or refund under subsection (a) shall be allowed or made only upon compliance with the regulations.

"(c) In no case shall interest be allowed with respect to any amount of tax under this title credited or refunded.

"(d) Credit or refund of tax (except tax under section 251 (b)) paid under this title shall be made by the Commissioner. Credit or refund of tax paid under section 251 (b) shall be made in such manner as shall be prescribed by the Secretary.

"(e) No overpayment of tax under this title shall be credited or refunded (otherwise than under subsection (a)), in pursuance of a court decision or otherwise, unless the person who paid the tax establishes, in accordance with regulations, (1) that he has not included the tax in the price of the article with respect to which it was imposed or collected the amount of tax from the vendee, or (2) that he has repaid the amount of the tax to the last purchaser of the article, or (3) that he has obtained written consent of such last purchaser to the allowance of the credit or refund.

"SEC. 255. Licensed manufacturers and registered dealers:

"(a) Manufacturers and producers: Every manufacturer or producer (except as hereinafter provided) is hereby required to be licensed, in accordance with regulations, and shall pay a fee of $2 for such license. Licenses under this section shall expire upon June 30, 1934, and thereafter upon June 30 of each year.

"(b) Exemptions: No license shall be required (but a license may be granted upon application) in the case of a manufacturer or producer—

"(1) if for the preceding year the total sale price of all articles (other than exempt articles) manufactured or produced by him was less than $20,000; or

"(2) if, in the case of a manufacturer or producer not engaged during the whole of the preceding year in the sale of articles (other than exempt articles) manufactured or produced by him, such manufacturer or producer files with the Commissioner a statement under oath that to the best of his knowledge and belief the probable total sale price of all articles (other than exempt articles) manufactured or produced by him to be sold by him during the year for which the exemption is claimed will be less than $20,000;

but in the case of any manufacturer or producer exempted or claiming exemption under paragraph (1) or (2) of this subsection, if the Commissioner determines that the probable total sale price of all articles (other than exempt articles) manufactured or produced by such manufacturer or producer to be sold by him during the year for which the exemption was granted or is claimed will not be less than $20,000, or if the total sale price of all articles (other than exempt articles) manufactured or produced by such manufacturer or producer and sold during such year by him reaches $20,000, such manufacturer or producer shall thereupon be required to be licensed.

"(c) Dealers and importers: A dealer in or importer of articles for tax-exempt resale may be granted registration as a registered dealer by the Commissioner, upon application in accordance with regulations and payment of a fee of $100. Registrations under this subsection shall expire upon June 30, 1934, and thereafter upon June 30 of each year.

"(d) Revocation or cancelation of dealer's registration: If the Commissioner finds that a registered dealer has violated any provision of law applicable with respect to the tax imposed by this title, he may revoke his registration. If the registration of any registered dealer is revoked, he shall not be entitled to registration within a period of 1 year after such revocation. The registration of any registered dealer may be canceled upon application by him.

"(e) Tax on revocation, cancelation, or expiration of registration: If a registered dealer's registration is revoked or canceled under subsection (d), or if a registered dealer's registration expires and is not renewed, he shall pay the tax imposed by this title (as if on a taxable sale by him at the time of revocation, cancelation, or expiration) on all articles obtained by him free of tax by virtue of his registration and not disposed of by him prior to such revocation, cancelation, or expiration.

"(f) Tax on expiration of manufacturer's or producer's license: If a manufacturer or producer ceases to be licensed before the date on which the tax imposed by this title ceases to be in effect he shall pay the tax which would be imposed on a sale to him, as of the date on which he ceases to be licensed, of all articles obtained by him free of tax by virtue of such license and not used as articles for further manufacture in the manufacture or production of articles sold prior to such date.

"SEC. 256. Returns, records, and payment and collection of tax:

"(a) Every licensed manufacturer or registered dealer and every person liable for any tax under this title (other than tax under section 251 (b)) shall make monthly returns under oath and pay the tax to the collector for the district in which is located his principal place of business, or if he has no principal place of business in the United States, to the collector at Baltimore, Md. Such returns shall be made on or before the last day of each month for the preceding month and shall contain such information and be made in such manner as the regulations prescribe. Under regulations, returns, and payment of tax may be made on the basis of the monthly periods used by the taxpayer in his accounting records.

"(b) The tax shall, without assessment by the Commissioner or notice from the collector, be due and payable to the collector at the time for filing the return. If the tax is not paid when due, there shall be added as part of the tax interest at the rate of 1 percent a month from the time when the tax became due until paid.

"(c) Every licensed manufacturer and registered dealer, and every person liable for any tax imposed by this title (except tax under section 251 (b)) shall keep such records, render under oath such statements, and comply with such regulations, as the Commissioner with the approval of the Secretary may from time to time prescribe. Whenever in the judgment of the Commissioner necessary, he may require any person, by notice served upon him, to make a return, render under oath such statements, or keep such records as the Commissioner deems sufficient to show whether or not such person is liable for tax under this title (except tax under section 251 (b)), and the amount of any such liability. All records required under authority of this section with respect to any sale shall be kept in such manner as to be readily accessible to the Commissioner or his agents for a period of 4 years from the last day of the month after the month in which such sale was made, unless the Commissioner authorizes the destruction of such records at an earlier date, or unless an agree-

ment under section 259 determining the amount of liability under this title with respect to such sale is approved by the Secretary or Under Secretary.

"SEC. 257. Tax on special cases:

"(a) Tax on sales to or withdrawals by licensed manufacturers or registered dealers: When the Commissioner deems such action to be in the interest of the revenue, he may require that the tax shall be imposed on the sale to, or the removal from customs custody or control by, any licensed manufacturer or registered dealer, or any class of licensed manufacturers or registered dealers, of any class of articles (even though articles for further manufacture or for tax-exempt resale). Credit or refund of tax so imposed may be allowed on proof by a licensed manufacturer that such articles have been used or resold as articles for further manufacture, or on proof by a registered dealer that such articles have been resold in a tax-exempt resale.

"(b) Sale of article obtained as article for further manufacture: If a licensed manufacturer sells an article obtained free of tax by virtue of his license he shall be liable for tax under this title in the same manner as if such article were an article manufactured or produced by him.

"(c) Tax on others than licensed manufacturers or registered dealers: In case any other person acquires from a licensed manufacturer or registered dealer, by operation of law or as a result of any transaction not taxable under this title, the right to sell any article, the disposition of such article by such person shall be taxable as if made by such licensed manufacturer or registered dealer, and such person shall be liable for the tax.

"SEC. 258. Existing contracts for sale—Regulated rates:

"(a) If any person (1) is subject to governmental regulation with respect to the sale price of an article with respect to which a tax is imposed under this title, or (2) has, prior to the date of the enactment of this act, made a contract for the sale on or after the effective date of this title of an article, with respect to which sale a tax is imposed by this title, or with respect to which article a tax is imposed by this section, and such contract does not permit the adding to the amount to be paid thereunder of the whole of such tax, and does not provide that the vendor shall pay such tax, then the vendee shall, in lieu of the vendor, pay so much of the tax as is not so permitted to be added to the contract price or the price subject to regulation, as the case may be. If (A) any article has, under a contract of the character above described, been delivered prior to the date of the enactment of this act to any person (other than a dealer) or (B) a contract of the character above described was made with the United States, no tax shall be collected under this title.

"(b) The taxes payable by the vendee shall be paid to the vendor at the time the sale is consummated, and shall be collected, returned, and paid to the United States by such vendor in the same manner and shall be subject to the same provisions of law (including penalties) as the tax imposed by section 701 of the Revenue Act of 1932. In case of failure or refusal by the vendee to pay such taxes to the vendor, the vendor shall report the facts to the Commissioner, who shall cause collection of such taxes to be made from the vendee.

"SEC. 259. Final agreements:

"The Commissioner (or any officer or employee of the Bureau of Internal Revenue, including the field service, authorized in writing by the Commissioner) is authorized to enter into an agreement in writing with any person relating to the liability of such person (or of the person for whom he acts) in respect of the tax imposed by this title (including the basis or method upon which such liability shall be determined or computed) for any period (past or future) specified in such agreement. If such agreement is approved by the Secretary or the Under Secretary within such time as may be stated in such agreement, or later agreed to, such agreement shall be final and conclusive and, except upon a showing of fraud or malfeasance or misrepresentation of a material fact, (1) the case shall not be reopened as to the matter agreed upon or the agreement modified by any officer, employee, or agent of the United States, and (2) in any suit, action, or proceeding such agreement or any determination, assessment, collection, payment, abatement, refund, or credit made in accordance therewith shall not be annulled, modified, set aside, or disregarded; except that in its application to sales made after the date on which it is approved or agreed to such agreement shall be held to be modified to the extent necessary to conform to any change in the law after such date.

"SEC. 260. Effect of changes in administrative decisions:

"If any regulation, ruling, or decision of the Commissioner or Secretary (or any official authorized by regulations to make rulings or decisions which shall be subject to this section) in force at the time of the sale of an article, is amended or revoked, such amendment or revocation shall not have the effect of increasing the liability under this title of any person with respect to such sale beyond his liability determined in accordance with such regulation, ruling, or decision in force at the time of such sale.

"SEC. 261. Applicability of administrative provisions:

"All provisions of law (including penalties) applicable in respect of the taxes imposed by section 600 of the Revenue Act of 1926, shall, insofar as not inconsistent with this act, be applicable in respect of the tax imposed by this title.

"SEC. 262. Penalties:

"Any person willfully violating any provision of this title or any provision of law, in respect of the tax imposed by this title, shall (if no other criminal penalty is provided for therein) be fined an amount not more than $10,000, or imprisoned not more than 1 year, or both, together with the costs of prosecution.

"SEC. 263. Regulations:

"The Commissioner, with the approval of the Secretary, shall prescribe and publish such regulations as he may deem necessary for the enforcement of this title, except that the Secretary shall prescribe and publish such regulations as he may deem necessary for the enforcement of this title insofar as it relates to taxes under section 251(b).

"SEC. 264. Definitions:

"(a) When used in this title—

"(1) The term 'article' means commodities of every description, including gases and electrical energy; but does not include real property.

"(2) The term 'licensed manufacturer' means a manufacturer or producer licensed or required to be licensed under this title.

"(3) The term 'registered dealer' means a dealer or importer registered under this title.

"(4) The term 'manufacturer or producer' means any person (including a State, political subdivision thereof, or agency thereof) who manufactures or produces in the United States any article, and includes, in the case of electrical energy produced outside of the United States, the person making the first sale thereof within the United States. For the purposes of this title, such energy shall not be considered an imported article.

"(5) The term 'manufacture or produce' includes grow, mine, fabricate, assemble, cure, tan, dress, dye, bleach, blend, bottle, can, repackage, spin, weave, refine, and process or manipulate in any manner, but does not include laundering or repairing, nor the reconditioning of an article for reuse and not resale, nor the cleaning or ginning of cotton, nor the cleaning or threshing of grain, nor the preparation of beverages for consumption on the premises where prepared.

"(6) The term 'article for further manufacture' means only an article which is to be used by a licensed manufacturer (A) as material in the manufacture or production of, (B) as a component part of, (C) as a covering or container for, or (D) as an accessory to, another article.

"(7) The term 'tax-exempt resale' means resale (A) as an article for further manufacture to a licensed manufacturer or to a registered dealer, (B) to a State or political subdivision thereof for use solely in the exercise of an essential governmental function, (C) to any person for resale by him as described in clause (A) or (B) if the articles are delivered by his vendor to his vendee, or (D) for exportation, if the article is in due course exported.

"(8) The term 'exempt article' means an article enumerated in section 251 (d).

"(9) The term 'United States', when used in a geographical sense, includes only the States, the Territories of Alaska and Hawaii, and the District of Columbia.

"(10) The term 'imported' means brought into the United States from any foreign country or any possession of the United States.

"(11) The terms 'exported' and 'exportation' mean, respectively, shipped and shipment to any foreign country or any possession of the United States, or laden and lading as supplies, stores, or legitimate equipment on vessels of war of any foreign nation, vessels employed in the fisheries or in the whaling business, or actually engaged in foreign trade or trade between the Atlantic and Pacific ports of the United States or between the United States and any of its possessions.

"(12) The term 'obtained by' means sold to or removed from customs custody or control by.

"(13) The term 'regulations' means regulations prescribed under this title.

"(14) The term 'Secretary' means the Secretary of the Treasury.

"(15) The term 'Commissioner' means the Commissioner of Internal Revenue.

"(16) The term 'collector' means collector of internal revenue.

"(b) The terms 'includes' and 'including' when used in a definition contained in this act shall not be deemed to exclude other things otherwise within the meaning of the term defined.

"SEC. 265. Personnel:

"The Secretary is authorized to appoint, in the office of the Assistant Secretary in Charge of Fiscal Offices, two officers at salaries of $9,000 per annum, and in the Bureau of Internal Revenue, one Deputy Commissioner at a salary of $9,000 per annum, and, subject to the Classification Act of 1923, as amended, such other officers and employees as are necessary to administer the provisions of this title.

"SEC. 266. Effective date:

"This title shall take effect on the thirtieth day after the date of the enactment of this act, except that section 255, 259, 263, 265, and this section shall take effect on the date of the enactment of this act. No sale or removal from customs custody or control after June 30, 1935, shall be taxable under this title.

"SEC. 267. Short title:

"This title may be cited as the 'Manufacturers' Excise Tax Act of 1933.'

"SEC. 268. Repeals:

"The following sections of the Revenue Act of 1932 are repealed, effective as of the thirtieth day after the date of the enactment of this act: Sections 601 (c), (1), 603, 604, 605, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 725, 751, and 761.

"Sections 602 and 606 (a) to (e), inclusive, of such act are repealed, effective as of the sixtieth day after the date of the enactment of the act.

"Section 606 (f) of such act is amended by striking out 'August 1, 1934', and inserting 'the thirtieth day after the date of the enactment of the National Industrial Recovery Act.'"

On page 43, line 1, strike out "Title III" and insert in lieu thereof "Title IV."

Mr. ASHURST and Mr. CONNALLY addressed the Chair.

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

Mr. REED. Just a moment and I will yield the floor. There is no good to be accomplished by my arguing this amendment at length. Every Senator here has made up his mind. There is a noticeable change in the sentiment of the Finance Committee; there is a noticeable change in the sentiment in the Senate; there has been a noticeable change in the sentiment of the newspapers of the country; but I am perfectly aware that no effort of mine at this late hour of the night can change any vote, and in kindness to my fellow Senators I will not prolong my remarks. Now I yield to the Senator from Arizona.

Mr. ASHURST. Mr. President, the Senator from Pennsylvania is too modest—though it is becoming in him—when he says that no remarks of his would change votes. If the Senator will accept an amendment which I propose, I believe that the sales tax will be adopted and that all these "nuisance taxes", as they may be characterized, will be eliminated. Will the Senator accept an amendment which will provide that—

Hereafter all Government bonds and all securities issued by the Federal Government shall be subject to the income tax, as all other income may be?

The securities in America exempt from taxation in 1921 amounted to $14,000,000,000. That vast reservoir which in 1921 was worth $14,000,000,000 is now probably three times or certainly double that much. The time has arrived in America when there should be no tax-exempt bonds. Of course, it is impossible to have, and no one seeks to have, the Federal Government tax securities of a State, and likewise no State may tax securities of the Federal Government. True, there is no direct provision in the Constitution prohibiting the Federal Government from taxing State securities. But if the Senator from Pennsylvania will consent to an amendment that will subject Government bonds to the income tax——

Mr. REED. Bonds hereafter issued or those already issued?

Mr. ASHURST. It should be those hereafter issued, but I see no objection, in morals or in law, to the Federal Government's levying a tax upon Federal securities issued heretofore that were exempt——

Mr. REED. Excepting the fact that they contain the promise that they cannot be taxed; that is the trouble.

Mr. ASHURST. It is true that many of the bonds heretofore issued bear upon their face a proviso that they shall not be subjected to any tax; but, Mr. President, I have so much faith in the inborn and the ineradicable patriotism of the American people that I believe if we were to disregard that provision, nominated and written in the bond, and subject not the bonds but the income thereof to the income tax, nine hundred and ninety-nine out of every thousand bondholders in America would say, "Yes, I shall gladly make the contribution."

I do not want to be put in the attitude of violating any contract that has been made by our Government, but I do say, Mr. President, here is a vast source of revenue represented by property now escaping taxation, the owners of which I believe—and I have reason to believe it, and I assert it to be a fact—are ready and willing, and many of them anxious, to make their contribution in the form of an income tax on the income of such bonds.

Mr. REED. Mr. President——

Mr. ASHURST. The Senator from Pennsylvania has the floor.

Mr. WALSH. Mr. President——

Mr. REED. I yield to the Senator from Massachusetts.

Mr. WALSH. Does the Senator realize that the best way to collect a tax upon the incomes of those who own tax-exempt bonds is through a sales tax?

Mr. ASHURST. I do not say it is the best way. The Senator drives me into cul-de-sac. I do not say it is the best way, but it is the most effective way.

Mr. WALSH. Figures from the Treasury Department show that there are $20,000,000,000 of tax-exempt securities bearing no tax burden whatever. Furthermore, there are $12,000,000,000 more tax-exempt securities paying no normal tax. I have on my desk information from the Treasury Department that there are millions of dollars received in annuities that never pay a tax. There are others in this country who are now living on their capital because their income is suspended, and they are paying no taxes, though their capital may be extensive.

The one feature about the proposition which I have presented that is challenging is that every resident in America earning and spending money would be taxed and would pay a tax measured by his capacity to live beyond the necessities of life; that these tax-exempt men and women with their tremendous incomes amounting to more than a billion dollars a year, free from all burdens of taxation, shall be reached, and as they spend so shall they pay taxes to the Federal Government, though they have chosen to invest their money where it is protected from the tax burdens that other incomes and profits pay.

We cannot under the Constitution tax these incomes, but we can tax them when they spend their incomes, and we ought to do it. One of the best features about this proposal is that it is the only method of reaching the great amount of income from securities and investments that now go untaxed.

Do you know, Mr. President, how large an amount that is? The amount of tax-exempt securities in this country is more than all the capital and surplus of all the industries of this country. Put all the capital together, put all the surplus together of the industries of the country, and it amounts to $28,000,000,000, which is an amount much greater than our national debt, as the Senator from Maryland says; and here are $32,000,000,000 in tax-exempt securities the income from which is largely free from taxation. Why should those receiving incomes from such sources not bear a tax burden in this emergency, especially when the very situation in this country today is inviting them, yea, urging them to get their money out of business enterprises that provide employment and increase prosperity and put it safely and securely in tax-exempt investments?

Let no Senator go home to his constituents and say, "I have not voted for a sales tax. I am against a consumption tax. I do not believe in it." Do not dare say that, for the bill is reeking with unfair, unscientific, and ruinous sales taxes levied upon many industries. Over 100,000 returns are made by business concerns showing the extent to which these nuisance taxes extend. Let me present an example. Take the tax on lubricating oil. Lubricating oil sells at prices varying from 8 cents to $1 a gallon. Black lubricating oil is used very extensively by nearly all industries, and yet the tax levied in this bill upon lubricating oil in the case of 8-cent lubricating oil is 50 percent and in the case of the dollar lubricating oil it is only 4 percent.

Mr. President, if you will concede that an honest attempt has been made here to remove this burden of taxation from the working class and his family, then what? Where is this tax money to come from? It will come from those who spend money and who have the money to spend for these goods. The more one spends the greater his tax, and the higher the prices they pay the higher the tax. It is, I repeat, a tax to make those who have large incomes, who are heavy spenders, pay more to the Federal Government than those who have no incomes or have limited incomes and are unable to spend except most frugally.

I repeat these special advantages: First, it reaches the tax dodger, it reaches the enormous incomes of those who are escaping taxation because of exemptions and because of tax-exempt securities; and second, it begins by removing the tax burden upon the consumption of the man and woman low down in the scale of income and increases it as the scale of income goes up, so that the more one has the more he spends and the more he spends the more tax he has to pay.

Furthermore, the principle of ability to pay is carried out again by exempting the small manufacturer whose business is under $20,000 annually from the tax. While the small producer will pay a slight tax on his unfinished materials, he is exempt from the tax other competitors with larger business units pay on their finished product.

Mr. ASHURST. Yes, Mr. President; if this amendment should be adopted the citizen of ordinary means would be precluded from saying, and he would be glad to be precluded from saying, "We have a number of gentlemen, estimable enough in character perhaps, who fill their vest pockets with tax-exempt securities, and whose safety vaults are engorged with tax-exempt securities." The ordinary citizen would then not have to feel that there was a class of citizens which was not contributing its just share to the burden of government.

I am not going to argue any further. I have stated what I think about the principle of the proposal. Now I wish to refer to the expediency of the suggestion.

Mr. REED. Mr. President, will the Senator let me ask him a question?

Mr. ASHURST. The Senator from Pennsylvania has the floor.

Mr. REED. I do not want to cut the Senator off, but I should like to ask him a question.

Mr. ASHURST. Certainly.

Mr. REED. I agree with the Senator that the existence of tax-exempt securities of any kind is a great injustice. I wish the Supreme Court had construed the words in the sixteenth amendment, "from whatever source derived", in the way they strike me, and that is to include any kind of income that any person receives from any source. That is the way I think the words should have been construed. I should be most happy to include in this amendment a provision preventing any sort of tax exemption in future issues of Federal Government bonds, but I do not want to try to repudiate the promise that is contained in our outstanding bonds; not that I would not gladly tax those who own them, but I am not happy about breaking a promise. That is what we would do. We can, however, as the Senator from Massachusetts pointed out, tax the spending of that income, although we cannot, in honor, tax the receipt of it.

Mr. HASTINGS. Mr. President, I should like to inquire of the Senator from Pennsylvania whether or not the taxation of these particular securities would be any more a violation of a promise than that which has been accomplished by a provision in a bill recently passed in which we say we shall not pay in gold, after we promised to pay in gold?

Mr. REED. That is true, but two wrongs do not make a right, and it would be just as wrong if now we tried to break this promise. Let us break no more promises. Never in any amendment I am sponsoring am I going to recommend the breaking of promises.

Mr. NORRIS. Mr. President——

Mr. ASHURST. Let me answer, if I may, the Senator from Pennsylvania on one point of law. The able Senator spoke about the construction the Supreme Court had given to the sixteenth amendment. I said this morning—and I do not need to repeat it—that it is not an easy thing to disagree with the Senator from Pennsylvania on a question of law, but my conception of the Constitution is that the general power is given to Congress to lay and collect taxes of every kind and nature without any restraint except on exports——

Mr. REED. Oh, no; Mr. President, the sixteenth amendment——

Mr. ASHURST. Wait a moment; provided, however, there is uniformity and apportionment——

Mr. REED. Ah!

Mr. ASHURST. Wherever there is uniformity and apportionment.

Mr. REED. Of course, that was why the old income-tax law was knocked out, because it was not apportioned. Then we passed the sixteenth amendment, providing that we could have income taxes without apportionment. The Supreme Court held that the words "from whatever source derived" were to be construed in a restricted sense, so we have not the power to tax incomes of State employees.

Mr. ASHURST. I agree with that.

Mr. BORAH. Mr. President, what decision of the Supreme Court held that we cannot tax the incomes from tax-exempt securities?

Mr. REED. There is a decision that we cannot tax the interest on State bonds.

Mr. BORAH. Oh, yes; I agree to that.

Mr. REED. There is no decision that we cannot break our promise and tax income or interest on outstanding Federal bonds which we have promised not to tax.

Mr. BORAH. Is taxing them when we promised not to tax anything more than repealing a statute which we have heretofore enacted? We enacted a statute providing that certain securities should be tax-exempt. We have a perfect right to repeal that statute.

Mr. REED. Yes; we have a right to repeal any statute we have enacted, but if we made a distinct promise that a creditor shall receive certain rights it is dishonorable for us to repudiate any part of that promise.

Mr. BORAH. I do not suppose there is any justification for getting into an argument over that matter tonight, but it seems to me the sixteenth amendment to the Constitution provides that we may tax incomes from whatever source derived.

Mr. REED. Quite true.

Mr. BORAH. We saw fit at a certain time and under certain circumstances to exempt certain property from taxation.

Mr. REED. Pardon me. We saw fit to offer to the people who had that money to lend, which money we wanted, to make a bargain with them that if they loaned it to us we would not tax them on the normal income.

Mr. BORAH. Exactly. We enacted a statute to that effect.

Mr. REED. No; we made a bargain to that effect.

Mr. BORAH. It was in the form of a legislative act. It could not have been made in any other way.

Mr. REED. The legislative act authorized the bargain to be made, and it was made.

Mr. BORAH. Exactly. But suppose it was some other kind of property, church property or anything else that we saw fit to exempt for a certain time from taxation under a statute, it could not be said that for all time we were going to exempt that property from taxation.

Mr. REED. It could be said if we sold it to a church and induced a church to buy it from us on the faith of that promise. The Senator from Idaho would not apply any such philosophy to his own bargains. If he had made a promise to pay under the same circumstances that the Nation did in these bonds, he would never dream of repudiating that promise.

Mr. BORAH. I would as a citizen know perfectly well that if I purchased a tax-exempt security it was always within the power of the Government to change its taxing system.

Mr. REED. Oh, yes; and it is always within the power of all of us to repudiate our promises.

Mr. BORAH. No one can secure a vested right in a governmental favor which may become contrary to public policy.

The Senator is asking the Government of the United States to forego for all time the power to tax these tax-exempt securities because it saw fit at a particular time to exempt them from taxation.

Mr. REED. Not at all. I am not asking anything of the sort, and I think I am up a side alley. I am offering to tax future issues of these bonds, and the amendment I have sent to the desk has nothing to do with past issues. I think we have become drawn off into a side issue.

Mr. CONNALLY. Mr. President, does the Senator's amendment repeal the electric-power tax?

Mr. REED. Yes; it does.

Mr. LEWIS. Mr. President, will the Senator from Pennsylvania yield?

Mr. REED. I am glad to yield to the Senator from Illinois.

Mr. LEWIS. I am attracted by the observation of our able friend from Pennsylvania when he would leave the impression that the Senator in charge of the bill has brought the bill to us at so late an hour as to make practically impossible a consideration of an important feature, and that the lateness of the hour in bringing the bill before the Senate would indicate that we are seeking to cut off some form of debate or understanding or hearing from some who may desire to be heard.

Mr. REED. If the Senator will let me answer him, no one has made such a suggestion. My only suggestion was that the Senate has been in session so long that we are all tired out, and I myself am too tired and too hungry to argue the thing any further. I am not blaming anybody for that.

Mr. LEWIS. I want to invite the attention of the able Senator from Pennsylvania that at the last Congress, just before the Hoover administration went out and the Senator's party in the majority, it was the Senator from Pennsylvania who led the tax bill looking to what he termed "the balancing of a Budget", and we were here fighting upon those clauses deep into the night; he and his leadership kept us busy beyond midnight carrying out the wishes, as he felt they were suggested by his eminent leader, the President. By the time we got to where the proposition which is now being presented was then presented, it then being presented by the Senator from Massachusetts [Mr. WALSH], it was not until 1 o'clock, past midnight, that he got his chance to make his representations by speech. I am calling the able Senator's attention that that which has transpired here now is not subject to the charge inferentially or in any other form to go to the public that this mad rush in an uncertain hour has some design behind it. It repeats by crowded events.

Now I ask the question of the Senator——

Mr. REED. May I answer that question before the second one is asked?

Mr. LEWIS. Yes; but I wanted to bring to the attention of the Senator the parallel conditions by which he would do justice to this side of the Chamber.

Mr. REED. I want to disclaim any semblance of criticism of the Senator from Mississippi, who has the bill in charge. He has stuck to it faithfully and well. The bill is important. It ought to be acted upon soon. I am not reflecting on him. But the plain truth of the matter is that, without his fault, the sun has risen and set, the clock has turned, and it is now 10 minutes of 9 o'clock at night and everybody is tired. I am not blaming anyone for that.

Mr. LEWIS. At this particular point let me say to the Senator, having understood his remark, Does his amendment exempt certain agricultural products? May I invite the Senator's attention that the Supreme Court of Illinois, lately passing upon the State income tax or what may be called a "State sales tax", has held invalid that act, resting upon the construction of the Supreme Court of the United States on a State statute upon the ground that the omission of agricultural products as described there violates the basis of uniformity, and held the tax invalid. Does the distinguished Senator from Pennsylvania see any parallel in that and a possible danger to the present amendment?

Mr. REED. No; because there is no such provision whatever in the Federal statute. Our taxes need not be uniform and have not been uniform.

Mr. LEWIS. Does the Senator regard the sixteenth amendment with its phraseology of uniformity as applying here at all to the income tax?

Mr. REED. It applies a tax on incomes, but the tax which I am proposing is a tax upon spending.

Mr. LEWIS. The Senator sees no parallel?

Mr. REED. No; I do not.

Mr. LEWIS. I think that we understand each other, whether we agree with each other or not.

The PRESIDING OFFICER. The question is upon agreeing to the amendment of the Senator from Pennsylvania.

Mr. HASTINGS. Let us have the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. REED (when Mr. DAVIS' name was called). My colleague the junior Senator from Pennsylvania [Mr. DAVIS] asked me to announce that he is absent on account of illness. If present, he would vote "yea." He has a general pair with the Senator from Kentucky [Mr. LOGAN].

Mr. McADOO (when his name was called). I have a general pair with the senior Senator from Vermont [Mr. DALE]. Not knowing how he would vote on this question, I withhold my vote.

Mr. McNARY (when his name was called). On this vote I have a pair with the senior Senator from Florida [Mr. FLETCHER]. Not knowing how he would vote, I withhold my vote.

The roll call was concluded.

Mr. LEWIS. I beg the privilege of announcing that the Senator from Virginia [Mr. BYRD] is absent. He is paired with the Senator from South Dakota [Mr. NORBECK]. Were the Senator from Virginia [Mr. BYRD] present, he would vote "yea." I am told that, if present, the Senator from South Dakota [Mr. NORBECK] would vote "nay."

May I also be permitted to announce that the senior Senator from Virginia [Mr. GLASS] is necessarily detained, and that the senior Senator from Nevada [Mr. PITTMAN] is necessarily absent, being a delegate to the Economic Conference in London.

The result was announced—yeas 28, nays 57, as follows:

YEAS—28

Austin	Fess	Keyes	Townsend
Bachman	Goldsborough	Lewis	Tydings
Barbour	Hale	Lonergan	Vandenberg
Carey	Hastings	Metcalf	Wagner
Coolidge	Hebert	Patterson	Walcott
Copeland	Kean	Reed	Walsh
Dickinson	Kendrick	Schall	White

NAYS—57

Adams	Clark	King	Russell
Ashurst	Connally	La Follette	Sheppard
Bailey	Costigan	Long	Shipstead
Bankhead	Cutting	McCarran	Smith
Barkley	Dieterich	McGill	Steiwer
Black	Dill	McKellar	Stephens
Bone	Duffy	Murphy	Thomas, Okla.
Borah	Erickson	Neely	Thomas, Utah
Bratton	Frazier	Norris	Thompson
Brown	George	Nye	Trammell
Bulkley	Gore	Overton	Van Nuys
Bulow	Harrison	Pope	Wheeler
Byrnes	Hatfield	Reynolds	
Capper	Hayden	Robinson, Ark.	
Caraway	Johnson	Robinson, Ind.	

NOT VOTING—11

Byrd	Davis	Logan	Norbeck
Couzens	Fletcher	McAdoo	Pittman
Dale	Glass	McNary	

So Mr. REED's amendment was rejected.

Mr. WALCOTT. Mr. President, I should like to submit an amendment, on page 19, line 3, after the word "of", to add certain language, which I send to the desk.

Mr. HARRISON. Mr. President, will not the Senator from Connecticut permit us to finish with the Senate committee amendment before going to another part of the bill?

Mr. WALCOTT. Certainly.

Mr. TYDINGS. Mr. President, I send to the desk an amendment, which I ask to have stated.

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair). The clerk will state the amendment.

The CHIEF CLERK. On page 41, line 11, after the expression "23 (t)", it is proposed to insert the following:

Provided, That no deduction shall be disallowed by reason of this provision to any member of a partnership which is a dealer in securities, with respect to any loss sustained by the partnership as to stocks or bonds acquired for resale to customers.

Mr. TYDINGS. Mr. President, I have worked this amendment out with the experts of the Treasury Department. It simply provides that where there is a regular dealer in securities, he shall be allowed to inventory those securities in order to find out whether he has lost, the same as if he were a dealer in coal, or poultry, or grain, or any other product. It would not apply, I am told by the Treasury expert, to concerns like Morgan & Co., who are not dealers in securities within the regulations of the Department of the Treasury.

I have tried to have the amendment drawn so that it would permit partners to take losses where losses in securities really should be taken through inventory. That is all the amendment would do. I have conferred with the chairman of the committee, and he himself is not out of accord with the amendment.

Mr. HARRISON. Mr. President, I should prefer that the amendment not be offered.

Mr. TYDINGS. Mr. President, in view of what the Senator has said, I may state that as I have had the amendment sent to the desk, it is not in the form I had it originally drawn, but I toned it down considerably in order to meet objections.

It would be grossly unfair where there has been an actual loss in the inventory of a dealer in securities that he not be permitted to take that loss in making up his income-tax return. There is no more reason why he should pay in that case than that a dealer in coal or poultry or hogs or any other commodity should pay. There has been an actual loss, we will assume, and I think it would be unfair to pick out this one partnership and discriminate against it when privileges are given to every other class of partnership in this regard.

Mr. WHEELER. Mr. President, would it lower or raise the tax of the House of Morgan.

Mr. TYDINGS. It would not touch the House of Morgan at all. They would be entitled to no benefit, I am told by the Treasury experts, under this amendment. They are not dealers in securities under the regulations of the Treasury Department.

Mr. WHEELER. Would it lower the tax or raise the tax?

Mr. TYDINGS. It would not affect the tax except where the partnership has an actual loss, as diclosed in taking the inventory at the end of the year of securities on hand. The partners would be permitted to deduct the actual losses from the partnership earnings.

Mr. BARKLEY. Mr. President, I want to ask the Senator from Maryland a question. Would this amendment apply only to dealers in securities?

Mr. TYDINGS. That is all.

Mr. BARKLEY. What sort of dealers does the Senator have in mind, brokers?

Mr. TYDINGS. According to the Treasury Department regulations, a dealer in securities is a man or person or firm, differentiated from a banking house, or underwriting agents, like Morgan & Co. According to the Treasury Department regulations, a dealer in securities is the same for securities as a dealer in coal would be for the coal business. If a coal dealer buys a hundred tons of coal and carries it all through the year, and the coal is worth half as much in December as it was in January, he is entitled to have his loss deducted, as shown by the inventory, as in the case of any other partnership, and to charge off the shrinkage in investment. All I am attempting to do is to give the man who is a dealer in securities the same rights the dealer in any other commodity would have.

Mr. ADAMS. Mr. President, he would also have to report his gains?

Mr. TYDINGS. Yes; he would have to report his gains.

Mr. BARKLEY. There is no necessary analogy between a dealer in coal, who buys coal and sells it at retail to his customers, and a firm or association who may be dealers in securities. Any brokerage office may be a dealer. They may not buy themselves, but they act as agents for others buying and selling securities, or they carry on the business of dealing in securities, while they do not actually buy them in their own name.

Mr. TYDINGS. I understand that a dealer in securities, if the securities increase in value, has to pay a tax; but if they decrease in value, he cannot take anything off for a loss as shown by his inventory.

Mr. CONNALLY. Mr. President, he does not have to report his profits until he sells his securities.

Mr. TYDINGS. I am not talking about Morgan, or investment dealers; I am talking about dealers whose securities are stocks upon the shelves.

Mr. CONNALLY. If they are on the shelves, and they go up in value, he does not have to report until he disposes of them.

Mr. BARKLEY. The ordinary dealer in securities does not buy a lot of securities and salt them away.

Mr. TYDINGS. Quite often he does.

Mr. BARKLEY. That is not necessarily his business. He may pay an income tax on his profits if he has sold them, if he has disposed of them. Any private person has to do that. At the end of the year the ordinary dealer in securities, as I understand it, does not have a lot of securities salted away. If he has bought the securities for investment, he is not a dealer. I do not know that it is a matter of any great importance, so far as the amount of revenue involved is concerned.

Mr. TYDINGS. I think the Senator from Kentucky has a misunderstanding of the situation. A dealer in securities would be a person who would purchase a certain percentage, all or part of an issue of stocks and bonds, or what not. He would keep those in his concern and sell them to his customers.

Mr. BARKLEY. Such a person might be a dealer. There might be a lot of dealers who bought and sold securities on an entirely different basis.

Mr. TYDINGS. As I said at the start, I had the amendment drawn with the advice of the Treasury Department expert, and I understand that firms like Morgan, Kuhn, Loeb, and others in that category are not dealers in securities. There are a number of legitimate dealers.

Mr. BARKLEY. They take over a certain percentage of a given issue of a corporation and distribute their portion of it out to their clients. As a matter of fact, they have dealt in securities. They have bought them and agreed to pay a certain price; and they have resold them to their customers, either at the same price or at a different price, whatever the agreement may be. It may be that under the regulations, which I have not read for some time, they are not dealers, but they are certainly dealing in securities.

Mr. TYDINGS. They are dealing in securities, of course.

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

Mr. TYDINGS. I will yield; but before the Senator asks his question, let me say to the Senator from Kentucky that I am not interested in the security business any more than in any other business, but it occurred to me that if we are going to tax a man when he makes a gain, common justice dictates that we should allow him to deduct his loss when he has a loss.

Mr. BARKLEY. Mr. President, in connection with that, I might make this suggestion. Such a person or association on the 31st of December might take an inventory of the stocks he had on hand and, if it showed a loss, under this amendment he would be allowed to deduct that loss from his income tax for that particular year. He might continue to hold those securities and in 3 months sell them at a profit.

Mr. TYDINGS. Then he would have to pay a tax on them.

Mr. BARKLEY. Probably that is true.

Mr. TYDINGS. It is as broad as it is long.

Mr. BARKLEY. But when the transaction has not been completed, why should he be allowed to deduct an artificial loss, which he has not suffered, in order to reduce his income tax?

Mr. TYDINGS. Because under the law we allow a dealer in commodities to take a loss, a dealer in merchandise to take a loss, a dealer in property of any kind to take a loss, but we do not allow dealers in securities to take a loss. We allow inventories in every other category of business, but we do not allow a loss in this category of business.

I can see no reason at all why prejudice against the House of Morgan should cause us to make a discrimination against everybody who deals in securities when we do not apply that same rule to other commodities.

I realize that the philosophy of the Senate at the present time is such, and there is such a situation in the country, that we are going to pass all legislation with an eye to the House of Morgan. I am not talking for the House of Morgan, and they would not benefit under this amendment, but I do think that other dealers in securities in the country who come within the Treasury regulations are entitled to equal and exact justice.

Mr. NORRIS. Mr. President, I agree with the Senator that we should not get Morgan into this matter, because it does not affect him. Morgan does not pay taxes. [Laughter.]

Mr. TYDINGS. That is right.

Mr. NORRIS. So this cannot apply to him. Unless our law has legal effect over in Great Britain, Morgan is perfectly clear from any injury.

Mr. TYDINGS. The Senator helped me out indirectly, because we do not need to pass any laws to take care of Morgan. He will take care of himself.

Mr. NORRIS. Unless we can repeal the law in England that makes him pay a tax over there, I do not see why we should mix him into this discussion; but I want to ask the Senator a question.

Under existing law, as I understand, a dealer in securities takes his loss or his gain, whichever it may be, whenever he disposes of the securities. Is not that right?

Mr. TYDINGS. That is right, I think. I am not sure.

Mr. NORRIS. That is my idea of it. I may be wrong. The Senator's amendment, however, applies only to the loss; does it not?

Mr. TYDINGS. No.

Mr. NORRIS. Under his amendment, if I were a dealer in stocks or bonds, I would have to take an inventory of those that I owned on the 1st of January of each year in order to know whether I had to pay a tax or would be entitled to a credit for a loss.

Mr. TYDINGS. This is a proviso to be added to the committee amendment. The committee amendment, consisting of six and one-half lines, reads as follows:

> No deduction from gross income shall be allowed to a partner on account of any excess of the deductions allowed the partnership under this title over the gross income of the partnership to the extent that such excess is attributable to loss from the sale or other disposition of stocks and bonds as defined in section 23(t).

My amendment is simply a proviso—it is up on the desk at present—but in substance it says that this provision shall not apply to any deduction by a member of a partnership with respect to any transaction entered into by the partnership as a dealer in securities as to stocks and bonds acquired for resale to customers.

Mr. NORRIS. I confess that I do not quite understand that—"resale to customers." I take it that if they were acquired for resale, the object would be to make a profit on them; and they could sell them to anybody, whether he was a customer or not. Why does the Senator confine it to customers?

Mr. TYDINGS. A customer would be anybody who bought them.

Mr. NORRIS. Then the Senator might just as well leave off the words "to customers" and just say "resale."

Mr. TYDINGS. In order to get my point before the Senator, personally I do not know anybody that will benefit by this amendment. I probably know some, but I do not know those people as beneficiaries; but in every other line of business where there is a partnership, whether it be in coal or wagons or automobiles or what not, the partners are allowed at the end of the year to take an inventory. It might be a textile mill.

Mr. NORRIS. I am asking my questions because I do not fully understand just how this is going to work. Would the principle be any different if a man was engaged in his individual capacity, and not as a partnership?

Mr. TYDINGS. Not a bit.

Mr. NORRIS. The Senator's amendment applies only to partnerships.

Mr. TYDINGS. Because the committee amendment applies only to partnerships.

Mr. NORRIS. Then, to get the benefit of the provision, a person would have to be in a partnership.

Mr. TYDINGS. That is right.

Mr. NORRIS. If he were doing an individual business, he would not be entitled to the same credit that he would be if he were a member of a partnership.

Mr. TYDINGS. That is my understanding.

Mr. NORRIS. That would hardly be fair; would it?

Mr. TYDINGS. He would be entitled to the same benefit if he were an individual that he would be in the partnership, except that he might have both an individual income and a partnership income, and therefore it is necessary to draw the regulation in both categories.

Mr. NORRIS. This applies only to partnerships, as I understand.

Mr. TYDINGS. That is all, because the committee amendment applies only to partnerships.

Mr. NORRIS. I understand that; but if we agree to this, we have no provision of a similar nature giving to an individual that privilege if he was not in a partnership.

Mr. TYDINGS. I think we have.

Mr. NORRIS. That is why I am calling attention to that, because it seems to me there would be an injustice there.

Mr. TYDINGS. I think we have. In the case of an individual, he would be entitled to take an inventory.

Mr. NORRIS. Suppose he took an inventory of his bonds, and, just to illustrate, suppose he had a million dollars in Government bonds on the 1st of January and on that day they were worth 100. He had bought them 3 months before for 85. They are worth more when he takes his inventory than when he bought them. Would he be required to take that inventory and then pay the tax on that profit?

Mr. TYDINGS. Yes, he would be; but he would not be able to take a loss.

Mr. NORRIS. But if it were the other way, he would be entitled to a credit somewhere.

Mr. TYDINGS. That is right.

May I interrupt the Senator long enough to say that my point is this: Every other kind of business is permitted to take an inventory except the securities business. The reason why the securities business is not permitted to take an inventory is because an effort has been made to tax Mr. Morgan's firm.

Mr. NORRIS. It never has succeeded.

Mr. TYDINGS. I am not going to argue that; but I have sat down with Treasury experts and tried to draw an amendment, not applicable to the Morgan firm at all but to the dealers in securities generally, so that they would have only the same rights as are given to partners in any other business, whether it be silks, or textiles, or what.

Mr. NORRIS. Let me ask the Senator a question. Suppose the Senator is in the real-estate business. He buys a piece of property on the 1st of June for $10,000, and on the 1st of January, when he makes his return, it is worth $25,000. He still owns it. He has not sold it. He pays no tax on that property.

Mr. TYDINGS. In a partnership?

Mr. NORRIS. No; if he is an individual. He pays no tax if he does not sell it. He never pays a tax on the profit he makes from the property, even though it doubles a thousand times.

Mr. TYDINGS. But may I say to the Senator that I think the committee amendment deals only with cases where there might be a loss in one part of the partnership business and a profit in another part of the partnership business. This is

to prevent him from taking credit for losses, to make him pay on all of his profits, but allow him no credit for honest, legitimate losses in the proper conduct of the business.

SEVERAL SENATORS. Vote!

Mr. TYDINGS. Mr. President, I am not going to detain the Senate longer. I doubt very much if, at this late hour, anybody understands what is involved. The injustice is going to be done, and then the houses which are penalized will write to their various Representatives; and at the next session of Congress, after we have permitted this injustice to prevail for a year, we will probably correct it.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Maryland [Mr. TYDINGS].

The amendment was rejected.

Mr. WALCOTT. Mr. President, I send to the desk an amendment, which I ask to have read.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 19, line 3, after the word "of", it is proposed to insert "commercial airports."

Mr. WALCOTT. Mr. President, commercial airports are increasing very rapidly. The speed of the airplanes having increased by 50 percent in the last 10 or 12 years, more landing fields and better ones are required.

There are now in the United States 2,167 airports in all; and 646 of them, almost a third, are commercial airports.

Many States are very much interested in this problem. The States having the largest number of commercial airports are California, Illinois, Indiana, Maryland, Massachusetts, New Jersey, New York, Ohio, Pennsylvania, South Dakota, and Wisconsin.

This amendment merely puts commercial airports in the category of those concerns which are self-liquidating, and which may ask for loans, provided the loans are adequately secured. I merely ask that these two words be put in the bill so that commercial airports may borrow if, in the judgment of the lending agency of the Government, the loans can be adequately secured.

Mr. WAGNER. Mr. President, I hope the amendment will not prevail.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Connecticut.

The amendment was rejected.

Mr. LA FOLLETTE. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 42, between lines 8 and 9, it is proposed to insert the following new paragraph:

Section 55 of the Revenue Act of 1932 is amended by inserting before the period at the end thereof a semicolon and the following: "except that all returns made under this act after the date of enactment of the National Industrial Recovery Act shall constitute public records, and shall be open to examination and inspection.

Mr. LA FOLLETTE. Mr. President, several amendments have been adopted by the committee in an effort to close some of the loopholes in the income tax laws exposed by the investigation of the Committee on Banking and Currency.

Insofar as those amendments achieved their objectives, I believe the committee is to be commended for having recommended them to the Senate; but, in my judgment, the pending amendment will do more to force an honest and adequate return of incomes by the taxpayers of the United States than all the other amendments which could be proposed and adopted.

So far as property-tax returns in the United States are concerned, in every State of the Union, so far as I know, they are a matter of public record. It is only around the income tax that the Federal Government has thrown the shroud of secrecy.

It seems to me that the experience of my own State in this regard is of particular and compelling interest in connection with this amendment.

From 1916 to 1923 the income-tax returns in the State of Wisconsin were shrouded in secrecy by the identical provisions which now prevail so far as Federal returns are concerned.

In 1921 an audit was ordered by the government of the State of Wisconsin into the back income taxes for the years 1916 to 1920, the lush years of war profits. As a result of that investigation, it was discovered that there had been willful understatement of income by corporations and by individuals in that State, and $3,500,000 in back income taxes was assessed as a result of that audit.

As a consequence of the exposure of the willful understatement of income by taxpayers, the State of Wisconsin adopted an amendment making income-tax records public records; and that amendment has been upon the statute books from that day to this.

The startling and significant fact is, Mr. President, that as a result of making income-tax returns public records in the State of Wisconsin there has been discovered no such wholesale and willful understatement of income by the taxpayers of that State. On the other hand, there have been none of the abuses from making income-tax returns public records that I know will be anticipated by those who oppose this amendment.

These returns in the State of Wisconsin are simply public records, as are the property-tax returns, and all other public records.

Mr. President, this amendment is not to be confused in the minds of Senators with the compromise that was adopted in the income tax law of 1924. The Senate then, by an overwhelming vote, adopted practically the identical amendment which I now propose. It went to conference; and in the conference committee a compromise was adopted, simply providing that the amount of tax paid by the taxpayer should be made a matter of public record. That did not bring to bear upon the individual and the corporation making out their income-tax returns the full knowledge that their understatements of tax income would become public, and would be a matter of public record. No person reading the amount of tax of an individual or a corporation could come to any conclusion as to whether or not the return of that individual or that corporation was honestly executed.

It may be of interest to some Members of this body to know that during the early years of the income tax law, income-tax returns were public records in the United States. I desire to quote briefly from a speech made by my illustrious father in this Chamber, showing some of the startling results that followed from placing the shroud of secrecy over income-tax returns.

The statistics published by the Internal Revenue Bureau are such that comparisons in all the classes of incomes taxed are not possible, but a comparison of the returns of those reporting incomes over $2,000 is almost conclusive.

In 1870, when the returns were published, the number showing incomes over $2,000 were 94,887. In 1871, when publicity was prohibited, the number fell to 74,000—that is, from 94,000 to 74,000—then to 72,000 in 1872, and this in spite of the fact that, as shown by individual bank deposits, bank clearings, etc., 1871 and 1872 were more prosperous years than 1870.

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

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from New Jersey?

Mr. LA FOLLETTE. I do.

Mr. KEAN. Were not those years of panics—1872, and so forth?

Mr. LA FOLLETTE. They were more prosperous years, according to the individual bank statements, than the year of 1870 when publicity prevailed.

Similarly in North Carolina, when the income-tax returns under State law were published—

In the newspapers—

tax collections immediately more than doubled.

Mr. President, I wish to quote from a well-known and well-recognized tax authority upon this question. I quote from Prof. C. C. Plehn in his book Introduction to Public Finance. I remind the Senate that Professor Plehn is one of the leading tax authorities in this country. For 25 or 30 years he has been connected with the University of California and is the former president of the American Economic Association and of the National Tax Conference. He says:

To a people unaccustomed to an income tax it may seem that one's income is a very intimate, personal, and private affair, and there is a natural dread of letting one's business rivals know one's business. But, as a matter of fact, the income-tax statement or return would be no more likely to be examined out of sheer curiosity or for purposes of gossip than are the property-tax returns, about which no such veil of secrecy is drawn—

I interpolate the observation, Mr. President, that that has been the experience of the State of Wisconsin after having had income-tax returns matters of public record for about 10 years.

And the business rival generally has better information already than he could possibly obtain from the returns. Against such dark secrecy it may well be urged that it is very important to feel assured that all incomes—my neighbors, as well as mine—are fairly and truly assessed, a thing that can never be if the final assessments never see the light of day. Fear of publicity is a bogie man. This does not mean, however, that publicity should be used as a means of duress, to force assessments in excess of what is right, just, and equal.

Mr. President, in conclusion, may I say that if this amendment shall be adopted, in my judgment it will do more to cure the abuses which have been revealed by the Senate Banking and Currency Committee's investigation than any other amendment or any other group of amendments which could be suggested by the tax experts or by the members of the Finance Committee.

Does any Senator believe that Mr. Mitchell would have made out his income-tax returns as he did if he had known full well that they were to become a public record and a matter of inspection? Does any Senator suppose that other evasions which have been revealed by the committee would ever have taken place if the taxpayer had known as he sat down to make out his return that it was to become a matter of public record and open to the inspection of those who desired to inquire into it?

The PRESIDING OFFICER. The question is on the amendment of the Senator from Wisconsin.

Mr. LA FOLLETTE. I ask for the yeas and nays, Mr. President.

The PRESIDING OFFICER. The yeas and nays were asked for. Is the demand seconded? [A pause.] Not a sufficient number.

Mr. LA FOLLETTE. I suggest the absence of a quorum. I ask Senators to give me a roll call on this amendment. If they will do so, I will withdraw my point of no quorum.

Mr. NORRIS. Mr. President, I think we should have the yeas and nays.

Mr. HARRISON. Let us have the yeas and nays.

The PRESIDING OFFICER. The yeas and nays are called for.

The yeas and nays were ordered.

Mr. LA FOLLETTE. I withdraw my point of no quorum, Mr. President.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. McNARY (when his name was called). Again announcing my pair, I withhold my vote. If permitted to vote, I should vote "nay."

The roll call was concluded.

Mr. AUSTIN. Mr. President, I wish to announce the necessary absence of the senior Senator from Virginia [Mr. GLASS], with whom I have a general pair. However, I feel at liberty to vote, and I vote "nay."

Mr. KENDRICK. I wish to announce that the Senator from Nevada [Mr. PITTMAN] is detained in official business of the Government, being a delegate to the London Economic Conference.

I also desire to announce that the following Senators are necessarily detained from the Senate: The senior Senator from Virginia [Mr. GLASS], the junior Senator from Virginia [Mr. BYRD], the Senator from Oklahoma [Mr. GORE], and the Senator from Illinois [Mr. LEWIS].

Mr. HEBERT. I wish to announce the following general pairs:

The Senator from Pennsylvania [Mr. DAVIS] with the Senator from Kentucky [Mr. LOGAN]; and

The Senator from Vermont [Mr. DALE] with the Senator from California [Mr. McADOO].

The result was announced—yeas 56, nays 27, as follows:

YEAS—56

Adams	Clark	Kendrick	Robinson, Ind.
Ashurst	Connally	King	Russell
Bachman	Coolidge	La Follette	Sheppard
Barkley	Costigan	Long	Shipstead
Black	Cutting	McCarran	Smith
Bone	Dickinson	McGill	Thomas, Okla.
Borah	Dill	McKellar	Thomas, Utah
Bratton	Duffy	Neely	Thompson
Brown	Erickson	Norris	Trammell
Bulkley	Frazier	Nye	Vandenberg
Bulow	George	Overton	Van Nuys
Byrnes	Hatfield	Patterson	Wagner
Capper	Hayden	Pope	Walsh
Caraway	Johnson	Reynolds	Wheeler

NAYS—27

Austin	Fess	Keyes	Steiwer
Bailey	Goldsborough	Lonergan	Stephens
Bankhead	Hale	Metcalf	Townsend
Barbour	Harrison	Murphy	Tydings
Carey	Hastings	Reed	Walcott
Copeland	Hebert	Robinson, Ark.	White
Dieterich	Kean	Schall	

NOT VOTING—13

Byrd	Fletcher	Lewis	McNary
Couzens	Glass	Logan	Norbeck
Dale	Gore	McAdoo	Pittman
Davis			

So Mr. LA FOLLETTE's amendment was agreed to.

Mr. CLARK. I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 42, between lines 8 and 9, it is proposed to insert the following new paragraphs:

Effective as of January 1, 1933:

(1) Section 22 (a) of the Revenue Act of 1932 is amended by inserting before the period at the end of the first section thereof a comma and the following: "including obligations of the United States or its possessions, and of any State, Territory, or any political subdivision thereof, or the District of Columbia."

(2) Paragraph (4) of section 22 (b) of the Revenue Act of 1932 is amended to read as follows:

"(4) Tax-free interest: Interest upon securities issued under the provisions of the Federal Farm Loan Act, or under the provisions of such act, as amended: Every person owning any of such securities shall in the return required by this title submit a statement showing the number and amount of such securities owned by him and the income received therefrom, in such form and with such information as the Commissioner may require."

Mr. CLARK. Mr. President, at this hour of the night I do not desire to detain the Senate by debating this amendment. It is a subject on which every Member of the Senate has, undoubtedly, already made up his mind. It is a question upon which the equity, the wisdom, and the legality have been debated on both sides at great length. Suffice it to say, I believe that closing the door to what are called tax-exempt securities will close the greatest gap in our income-tax system, with the possible exception of the gap which now occurs through the capital-losses provision of the present income tax law. I believe it is desirable from every standpoint to close those gaps, because of the glaring injustices in the administration of the income tax law.

Briefs have been written, speeches have been made, about the question of the power of Congress, under the present state of the Constitution, to tax these tax-exempt securities. As was said earlier in the evening by the Senator from Idaho, I cannot read the sixteenth amendment to the Constitution in any other way than as giving Congress the power to tax these hitherto tax-exempt securities. I believe that the sixteenth amendment, when it declared that Congress had power to tax incomes from whatever source, meant exactly what it said, and that it overruled the previous rulings of the Supreme Court to the effect that Congress had no power to tax these securities.

I offer this amendment for the purpose of testing the sense of the Senate, and do not desire to debate it at any length.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Missouri [Mr. CLARK].

Mr. CLARK. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. McNARY (when his name was called). Again referring to my pair, I withhold my vote. If permitted to vote, I would vote "nay."

The roll call was concluded.

Mr. HEBERT. I desire to announce the following general pairs:

The Senator from Vermont [Mr. DALE] with the Senator from California [Mr. McADOO], and

The Senator from Pennsylvania [Mr. DAVIS] with the Senator from Kentucky [Mr. LOGAN].

Mr. KENDRICK. I desire to announce that the Senator from Washington [Mr. BONE], the junior Senator from Virginia [Mr. BYRD], the senior Senator from Virginia [Mr. GLASS], and the Senator from Illinois [Mr. LEWIS] are necessarily detained from the Senate.

I also wish to announce that the Senator from Nevada [Mr. PITTMAN] is absent in attendance on the London Economic Conference.

The result was announced—yeas 45, nays 37, as follows:

YEAS—45

Ashurst	Clark	La Follette	Sheppard
Bachman	Coolidge	Long	Shipstead
Bankhead	Costigan	McGill	Smith
Barbour	Cutting	McKellar	Steiwer
Black	Dickinson	Murphy	Thomas, Okla.
Borah	Dill	Neely	Thomas, Utah
Bratton	Duffy	Norris	Trammell
Brown	Erickson	Nye	Walsh
Bulow	Frazier	Pope	Wheeler
Byrnes	Hayden	Reynolds	
Capper	Kean	Robinson, Ind.	
Caraway	Kendrick	Russell	

NAYS—37

Adams	George	Lonergan	Townsend
Austin	Goldsborough	McCarran	Tydings
Bailey	Gore	Metcalf	Vandenberg
Barkley	Hale	Overton	Van Nuys
Bulkley	Harrison	Patterson	Wagner
Carey	Hastings	Reed	Walcott
Connally	Hatfield	Robinson, Ark.	White
Copeland	Hebert	Schall	
Dieterich	Keyes	Stephens	
Fess	King	Thompson	

NOT VOTING—14

Bone	Davis	Lewis	Norbeck
Byrd	Fletcher	Logan	Pittman
Couzens	Glass	McAdoo	
Dale	Johnson	McNary	

So Mr. CLARK's amendment was agreed to.

Mr. TRAMMELL. Mr. President, I have an amendment which I desire to propose.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 24, line 23, after the word "parkways", to insert the words "and such highway beautification."

Mr. HARRISON. Mr. President, I hope the Senator will not offer the amendment, because I do not think we want to get into this parkway-beautification question.

Mr. TRAMMELL. I think the amendment will be in order now, or at some other time.

Mr. HARRISON. There will be no objection when we have acted on the pending amendment. The committee amendment as amended has not yet been agreed to.

Mr. TRAMMELL. I understand there is no objection to this amendment's being offered at this time. It will take me but about 2 minutes to explain the purpose of the amendment.

Mr. HARRISON. Will not the Senator permit us to have the Senate committee amendment as amended agreed to?

Mr. TRAMMELL. Very well.

Mr. CONNALLY. Mr. President, I want to ask the Senator from Mississippi a question. In the bill as it passed the House the income-tax rates were increased by a flat 2 percent in the normal rate. The Senate committee struck out all income taxes. I want to ask unanimous consent to have printed in the RECORD an amendment which I had prepared for offering in the committee as a substitute for the House income-tax rate, together with a table, so that the committee may have them in conference if the House conferees bring up the question of the income-tax rates.

My amendment was, instead of the raise of 2 percent in the normal tax on all incomes, a substitute providing that the rate of tax should be computed under the present law, and then 10 percent added to that tax. It would simply carry out the graduated principle on all taxes, rather than a flat 2-percent increase of the normal tax.

The result of increasing the normal tax would bear more heavily on the small taxpayer, whereas this plan would simply increase every taxpayer's tax by 10 percent.

I ask the Senator from Mississippi, in the event this matter is in conference, that he not agree to the House income-tax rate until the Senate should have an opportunity again to express itself on this particular subject.

Mr. HARRISON. Mr. President, may I say to the Senator from Texas that I am very much opposed to the increase in the normal rates of income tax, and I very much prefer his scheme to the House scheme, if we could adopt it.

Mr. CONNALLY. Can the Senator give us some assurance that before he will agree to the House income-tax rate the Senate will have an opportuuity to express itself on some other plan?

Mr. HARRISON. I would say that the Senate conferees are going to stand by most of the Senate committee amendments, and especially the tax features; and if there were a substantial part of the Senate which wanted us to come back before we acted on the proposition, I am sure the conferees would accept the admonition.

The PRESIDING OFFICER. The Senator from Texas asks unanimous consent to have printed in the RECORD certain data.

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

Page 30, to strike out subsections (a) and (b) of section 208 and insert in lieu thereof the following:

"(a) Effective as of January 1, 1933, there is hereby imposed upon every person liable to an income tax under title I of the Revenue Act of 1932 an additional income tax equal to 10 percent of the amount of the income tax payable by such person under that act.

"(b) Except as otherwise provided in this section, the tax imposed by subsection (a) shall be assessed, collected, and paid in the same manner and subject to the same provision of law (including penalties) as the tax imposed by title I of the Revenue Act of 1932."

Married men, no dependents

Net income (all from salary)	Total tax, present law	Total tax under House bill	Total tax under Connally amendment
$2,000	0	0	0
$3,000	$20	$30	$22
$4,000	60	90	66
$5,000	100	150	110
$6,000	140	210	154
$7,000	210	300	231
$10,000	480	630	528
$14,000	900	1,130	990
$20,000	1,680	2,030	1,848
$30,000	3,480	4,030	3,828
$40,000	5,800	6,550	6,380
$50,000	8,600	9,550	9,460
$70,000	15,700	17,050	17,270
$100,000	30,100	32,050	33,110
$200,000	86,600	90,550	95,260
$500,000	263,600	273,550	289,960
$1,000,000	571,100	591,050	628,210

Mr. LA FOLLETTE. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LA FOLLETTE. I desire to offer an amendment, to be inserted on page 44, after line 12. If this committee amendment shall be agreed to, will I be precluded from offering that amendment?

The PRESIDING OFFICER. The Senator may offer it when that amendment is reached.

The question is on agreeing to the committee amendment as amended.

The amendment as amended was agreed to.

Mr. TRAMMELL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. TRAMMELL. Is it now in order for me to propose the amendment which I have at the desk?

The PRESIDING OFFICER. It is in order now.

Mr. TRAMMELL. I ask that the amendment may be reported.

The PRESIDING OFFICER. The clerk will report the amendment.

The CHIEF CLERK. The Senator from Florida proposes, on page 24, line 23, after the word "parkways", to insert "and such highway beautification."

Mr. TRAMMELL. Mr. President, in my State and probably in a good many other States throughout the United States others have urged, and also there is at present considerable effort being made, to bring about highway beautification. The bill in its present form authorizes expenditures for what are called main parkways along the highways. Doubting whether there would be any authority for expending funds for beautification in the way of plants and flowers and such adornments that would add to the appearance of highways, I have proposed the amendment. I hope it will be adopted. It is purely discretionary. I do not know of any State where there is a regular system of beautification of highways. We desire very much in Florida to have the highways, which we are constructing at the present time and shall construct in the future, adorned with our beautiful palms and other attractive flowers.

Mr. HASTINGS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Delaware?

Mr. TRAMMELL. I yield.

Mr. HASTINGS. I am wondering, in view of the fact that we have been very careful in specifying what may be done under the provisions of the bill, whether it would not be well to specify how the highways shall be beautified, or is it the intention of the Senator to leave that to the President?

Mr. TRAMMELL. That is handled by the State road department and the Chief of the Bureau of Roads representing the Government. Of course, while the Senator from Delaware attempts to make me appear silly for offering such an amendment, he makes himself silly by suggesting the idea that we should go into all the details as to the character of plants that might be placed along highways or as to the character of other adornments that might be used in beautifying highways. I do not know of any other legislation of this character that carries any such ridiculous or absurd details as that.

Mr. HASTINGS. I merely wish to suggest that we have been so careful in the bill all through not to give any discretion to anybody that it seemed to me in beautifying the highways we ought to be specific also.

Mr. TRAMMELL. I want to be sure to have authority to use funds in that connection. The question of the beautification of highways involves the utilization of labor.

Mr. BARKLEY. Mr. President——

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

Mr. BARKLEY. I want to offer an amendment to the Senator's amendment.

Mr. TRAMMELL. I am about through. I suppose the Senator from Kentucky has gotten into a frivolous mood like the Senator from Delaware, and thinks that some more of the time of the Senate could be occupied this evening in that way, so I will proceed to occupy a little of the time before he has an opportunity to do so, and then I shall yield to him. I do not know what kind of merriment is throbbing within the breast of the distinguished Senator from Kentucky, but it seems he wants the Senate to be delayed. I was about to take my seat and let a vote be taken upon the merits of the issue.

Mr. BARKLEY. Certainly, I have a right to offer an amendment, have I not?

Mr. TRAMMELL. Oh, no doubt.

Mr. BORAH. Mr. President, why not postpone the facetiousness until tomorrow?

The PRESIDING OFFICER. The question is on the amendment of the Senator from Florida.

SEVERAL SENATORS. Vote! Vote!

Mr. TRAMMELL. All I ask is to have the amendment considered upon its merits. So far as my State is concerned, we should like very much to have the authority so extended that the fund may be used for this purpose under the State highway commission and the representative of the Bureau of Roads in the Department of Agriculture.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Florida.

The amendment was rejected.

Mr. OVERTON. Mr. President, I offer the amendment which I send to the desk.

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

The CHIEF CLERK. On page 43, line 21, strike out the period and insert a colon and the following proviso:

Provided further, That prior to the date of termination under this section of the power of the Reconstruction Finance Corporation to approve applications, the Corporation may approve a pending application of, and effect a loan to, any State university and agricultural and mechanical college offering bonds or certificates of indebtedness reasonably secured by pledge of the receipts from fees, rentals, and other charges, and from revenues derived from the operation of university and college plants and facilties, when, in the judgment of the directors of the Reconstruction Finance Corporation, such bonds or certificates constitute a firm, moral obligation of such university and college.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana.

The amendment was rejected.

Mr. CLARK. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment offered by the Senator from Missouri will be stated.

The CHIEF CLERK. The Senator from Missouri proposes, on page 42, line 20, to insert a new subsection, as follows:

(b) Section 605 of the Revenue Act of 1932 is amended by adding at the end thereof the following:

"For the purposes of this section an assembler of completely finished component parts of jewelry is not deemed a manufacturer or producer: *Provided, however*, That completely finished component parts of jewelry purchased by an assembler tax free subsequent to June 21, 1932, and prior to the effective date of this amendment, shall be subject to the tax under this section upon sale thereof by the assembler."

Mr. CLARK. Mr. President, the amendment has been submitted to the Chairman of the Committee on Finance and he has said that he had no objection to it going to conference.

Mr. HARRISON. As I understand, there is no loss of revenue involved.

Mr. CLARK. No; there is not. Under the manufacturers' sales tax on jewelry, by reason of a ruling of the Department, retail jewelers who simply assemble completely manufactured articles are taxed as manufacturers. It does not make any difference to the Government whether the original manufacturer has to pay the tax or whether the retailer has to pay it. To illustrate: A retail jeweler who puts a completely finished stone in a completely manufactured ring would be taxed under the ruling of the Department as a manufacturer and the original manufacturer would not be taxed. A retail jeweler who simply took a completely manufactured set of watch works and put them in a completely manufactured watchcase would have to pay the tax.

The amendment provides that in the case of retailers who now have in their possession component parts which have not heretofore paid the tax under the present ruling of the Department, they shall not be exempted from payment of the tax in the future. It is simply a question of whether the tax shall be collected from two or three thousand manufacturers or from 30,000 or 40,000 retail jewelers.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Missouri. [Putting the question.] The noes seem to have it.

Mr. CLARK. I ask for a division.

On a division, the amendment was agreed to.

Mr. CONNALLY. Mr. President, have all the committee amendments been disposed of?

The PRESIDING OFFICER. The clerk will report the next committee amendment.

The CHIEF CLERK. The next amendment of the Committee on Finance is on page 43, line 10——

Mr. CONNALLY. Mr. President, there seems to have been a completion of the title and I want to offer an amendment to this title.

The PRESIDING OFFICER. The amendment of the Senator from Texas is in order.

Mr. CONNALLY. I offer the amendment which I send to the desk. I hope there will be no objection to it. The Chairman of the Finance Committee is not averse to it.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 19, line 3——

The PRESIDING OFFICER. Before the amendment of the Senator from Texas can be considered, the vote by which the committee amendment was agreed to will have to be reconsidered.

Mr. CONNALLY. I ask unanimous consent to reconsider the vote by which the committee amendment was agreed to.

The PRESIDING OFFICER (Mr. CLARK in the chair). The Senator from Texas asks unanimous consent to reconsider the vote by which the amendment on page 19, line 3, was agreed to. Without objection, it is so ordered. The clerk will state the amendment offered by the Senator from Texas.

The CHIEF CLERK. On page 19, line 3, after the word "plants", insert the words "and gas-distribution plants."

Mr. CONNALLY. Mr. President, this, including many other public utilities——

Mr. HARRISON. Mr. President, let me interrupt the Senator from Texas to say that I have no objection to his amendment going to conference. Let us vote.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Texas.

The amendment was rejected.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment as amended.

The amendment as amended was agreed to.

Mr. OVERTON. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. The Senator from Louisiana proposes to insert at the proper place in the bill the following:

The President, through the Secretary of War and with the consent of the lessee, may in his discretion and in such manner as he may consider desirable reduce the consideration or obligation and otherwise modify the terms, consideration, and stipulations of any lease now or hereafter entered into pursuant to the provisions of the acts of Congress approved July 28, 1892 (27 Stat.L. 321; U.S.C., title 40, sec. 303), July 11, 1919 (41 Stat.L. 129; U.S.C., title 10, sec. 1263), and June 30, 1932 (47 Stat.L. 412), whenever it appears that full performance of lessee's obligations under such contract of lease will result in default by, or impose undue hardship upon, the lessee.

Mr. HARRISON. Mr. President, I have no objection to the amendment going to conference. Let us vote.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Louisiana.

The amendment was rejected.

The PRESIDING OFFICER. The clerk will report the next committee amendment.

The next amendment of the Committee on Finance was, under the heading "Title III—Amendments to Emergency Relief and Construction Act and Miscellaneous Provisions", on page 43, line 5, after the word "which", to strike out "Administrator has" and insert "two members of the Board have", and in line 10, after the word "the", to strike out "Administrator" and insert "Board", so as to read:

SEC. 301. After the expiration of 10 days after the date upon which two members of the Board have qualified and taken office, (1) no application shall be approved by the Reconstruction Finance Corporation under the provisions of subsection (a) of section 201 of the Emergency Relief and Construction Act of 1932, as amended, and (2) the Board shall have access to all applications, files, and records of the Reconstruction Finance Corporation relating to loans and contracts and the administration of funds under such subsection.

The amendment was agreed to.

The next amendment was, under the subhead "Decrease of borrowing power of Reconstruction Finance Corporation", on page 44, line 4, after the word "by", to strike out "$1,200,000,000" and insert "$400,000,000", so as to read:

SEC. 302. The amount of notes, debentures, bonds, or other such obligations which the Reconstruction Finance Corporation is authorized and empowered under section 9 of the Reconstruction Finance Corporation Act, as amended, to have outstanding at any one time is decreased by $400,000,000.

The amendment was agreed to.

The next amendment was, on page 44, after line 4, to insert:

LOANS FOR MINERAL-RIGHTS POOLS

SEC. 303. The Reconstruction Finance Corporation is authorized and empowered to make adequately secured loans, based on mineral acreage, and self-liquidating in character, to recognized and established managing agencies of farmers' cooperative mineral-rights pools not engaged in drilling or mining operations, said loans to be made for the purpose of defraying the cost of organizing such pools.

The amendment was agreed to.

The PRESIDING OFFICER. Without objection the clerks will be authorized to renumber the sections in the bill. That completes the committee amendments. The question is on the engrossment of the amendments and the third reading of the bill.

Mr. TRAMMELL. Mr. President, I desire to have only a few moments.

This bill, in my opinion, has many very commendable features, but it has in it also some very objectionable features. Because of its having been suggested and recommended by our President, in whom I have confidence, and who I realize is laboring desperately and with ability in an effort to restore our country to its old-time prosperity and to bring back happiness and contentment among the American people, I feel disposed to support the legislation.

I think we are making a mistake, however, if it is the purpose or intention of the Senate to adjourn without considering certain important legislation in which millions and millions of American citizens are involved, millons of whom are entitled to some relief.

I thought of offering here tonight as an amendment the bankruptcy bill in behalf of cities and towns, which passed the House on yesterday. Had I done that, however, it would have caused a delay of probably 1½ or 2 days. I should be willing to devote that time to the performance of my duty toward the people who constitute these governmental subdivisions of our country, who are sorely in need of some legislation at the hands of Congress.

The House of Representatives on yesterday did its duty. It passed a splendid measure for this purpose. That measure has arrived in the Senate and has been referred to a committee. Now, instead of the Senate taking up this measure and trying to do something for the cities and other subdivisions throughout this country that will relieve them from the great burden and hardship of the debts which are impending upon them, Congress is rushing pell-mell, helter-skelter, to get an adjournment and ignoring the interests of the people of these cities and of these towns who need relief.

I do not approve of that. Other Senators may do as they please; but as far as I am concerned I feel that it is my duty, if I can get a sufficient number of Senators to cooperate with me, to stay here and deal with that problem.

In the very early part of this session of Congress there was no delay or tardiness in providing revised and enlarged bankruptcy laws for the purpose of accommodating the transportation lines of our country.

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

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

Mr. TRAMMELL. I yield for a question.

Mr. HEBERT. For the information of the Senator, I may say that the bill to which he alludes has been referred to the Judiciary Committee of the Senate, and by it has been referred to a subcommittee, which proposes to hold a hearing on it tomorrow morning at 10:30 o'clock.

Mr. TRAMMELL. I appreciate very much the splendid and expeditious manner in which the bill is being handled by the distinguished chairman of the committee, and his forethought in appointing a subcommittee, and appreciate the action of the subcommittee in meeting so promptly; but even in spite of all that diligence, of course, we cannot consider the measure if Congress is going to adjourn tomorrow. I should like very much to try to do something to secure action by the Senate on the bill.

I think the taxpayers in the cities and the different subdivisions of the different States and counties of America are deserving of some consideration, as well as the transportation companies of this country; yet, while with lightning-like speed, as it were, legislation was passed here in the early days of the session to provide a remedy in the nature of a change and enlargement of the bankruptcy laws so as to accommodate the situation of the transportation companies, the poor taxpayer back in your home town or city, or my home town or city, needing urgently to be relieved of the bonded indebtedness that is pressing down upon him, has had no special provision made for him under the bankruptcy law. We have the opportunity, if the Congress will just remain in session a few days longer, to do something for his relief.

Mr. VANDENBERG. Mr. President——

Mr. TRAMMELL. I yield to the Senator from Michigan for a question.

Mr. VANDENBERG. I desire cordially to agree with the Senator's statement that it is utterly necessary for this legislation to be passed before Congress adjourns.

Mr. TRAMMELL. It should be passed.

Mr. VANDENBERG. I remind the Senator that a similar bill, which still had a great deal of controversy in it, was reported within 48 hours at the close of the last session; and I have confidence that we may yet get a report tomorrow, and action upon this bill before we adjourn, even if we adjourn tomorrow night.

Mr. TRAMMELL. I shall be very thankful if we do that.

I may mention some other matters that are upon my heart. There is the matter of a bank guarantee or insurance. I think the best we could obtain was the provisions placed in the bill which passed the Senate a week or two ago; and yet it seems that Congress is going to adjourn, if some can direct what shall be done, without giving the American people anything in the nature of a bank guarantee or insurance, either as to national banks or as to State banks. I think that is one of the greatest needs of the day; and Congressmen and Senators could well afford to spend a week or two more working in Washington, when they are being paid for an entire year's service, trying to correct that situation.

Another condition which exists—I am going to enumerate these things, and then I am going to stop—is this: Under the regulations promulgated by the Veterans' Bureau in regard to the veterans of our country, there is still a deplorable condition as to hundreds and thousands of them. Is Congress going supinely to fold its arms and leave Washington without seeing that laws are enacted that will do justice by these veterans of the World War and of the Spanish-American War—men who have always been patriots and defenders of their Nation? Are we going to ignore them? Are we going to permit a veteran such as I saw yesterday in the corridor outside the Senate Chamber with both legs off, 1 arm gone, and 3 fingers off 1 hand, having been amputated, to have to sleep in the streets, and his family to go in poverty and in distress because his compensation has been cut from $200 to $20 a month, and his attendant has been denied him?

I think Congress has some serious problems still confronting it; and I hope we shall remain in session long enough at least to consider them.

The VICE PRESIDENT. The question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

The VICE PRESIDENT. The question is, Shall the bill pass?

Mr. REED and other Senators called for the yeas and nays, and they were ordered.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. LEWIS (when Mr. McADOO's name was called). I rise to announce the absence of the Senator from California [Mr. McADOO], and to state that he is paired with the Senator from Vermont [Mr. DALE]. Were the Senator from California to cast his vote, I am informed that it would be "yea." I have no information as to how the Senator from Vermont would vote.

Mr. McNARY (when his name was called). On this question I am advised that my general pair, the Senator from Florida [Mr. FLETCHER], has been specially paired, and I am therefore at liberty to vote. I vote "yea."

Mr. WHEELER (when his name was called). On this question I have a pair with the senior Senator from Virginia [Mr. GLASS]. If he were present, he would vote "nay", and if I were at liberty to vote I should vote "yea."

The roll call was concluded.

Mr. KING. I have a general pair with the junior Senator from Minnesota [Mr. SCHALL], and withhold my vote.

Mr. LEWIS. I rise to announce the absence of the Senator from Nevada [Mr. PITTMAN] attending the Economic Conference in London, there to remain for the rest of the session.

I desire also to announce that the Senator from Florida [Mr. FLETCHER] has a special pair on this question with the Senator from Virginia [Mr. BYRD]. If present, the Senator from Florida would vote "yea", and the Senator from Virginia would vote "nay."

Mr. LONG (after having voted in the negative). Mr. President, a parliamentary inquiry. How should a vote be cast when a Senator is half against and half in favor of a bill?

The VICE PRESIDENT. The Senator would have to cut himself in two, which would be difficult to do. [Laughter.]

Mr. LONG. I desire to change my vote from "nay" to "yea."

Mr. NEELY. Mr. President, I should like to inquire if that vote represents the Senator's upper or lower half? [Laughter.]

Mr. LONG. Mr. President, if it were the Senator from West Virginia, it would not make any difference which it was. [Laughter.]

Mr. NEELY. Because either would be better than either half of the Senator from Louisiana. [Laughter.]

Mr. HEBERT. Mr. President, I announce that the Senator from Pennsylvania [Mr. DAVIS] has a general pair with the Senator from Kentucky [Mr. LOGAN]. I am not informed how either of those Senators would vote on this question.

The result was announced—yeas 58, nays 24, as follows:

YEAS—58

Adams	Coolidge	Lewis	Robinson, Ind.
Ashurst	Copeland	Lonergan	Russell
Bachman	Costigan	Long	Sheppard
Bailey	Cutting	McCarran	Shipstead
Bankhead	Dieterich	McGill	Steiwer
Barkley	Dill	McKellar	Stephens
Black	Duffy	McNary	Thomas, Okla.
Bone	Erickson	Murphy	Thomas, Utah
Bratton	Frazier	Neely	Thompson
Brown	George	Norris	Trammell
Bulkley	Harrison	Nye	Van Nuys
Bulow	Hayden	Overton	Wagner
Byrnes	Johnson	Pope	Walsh
Capper	Kendrick	Reynolds	
Caraway	La Follette	Robinson, Ark.	

NAYS—24

Austin	Clark	Goldsborough	Hatfield
Barbour	Connally	Gore	Hebert
Borah	Dickinson	Hale	Kean
Carey	Fess	Hastings	Keyes

Metcalf	Reed	Tydings	Walcott
Patterson	Townsend	Vandenberg	White

NOT VOTING—14

Byrd	Fletcher	McAdoo	Smith
Couzens	Glass	Norbeck	Wheeler
Dale	King	Pittman	
Davis	Logan	Schall	

So the bill was passed.

Mr. HARRISON. I ask unanimous consent that there may be a reprint of the bill with the amendments numbered.

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

Mr. HARRISON. I move that the Senate insist upon its amendments, ask for a conference with the House on the bill and amendments, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. HARRISON, Mr. KING, Mr. GEORGE, Mr. REED, and Mr. KEYES conferees on the part of the Senate.

ORDER OF BUSINESS

Mr. ROBINSON of Arkansas. Mr. President, the Senator from South Carolina [Mr. BYRNES] has requested me to make a motion. After the motion shall be disposed of, which it is intended shall be made at once, there will be a brief executive session, and then I shall move that the Senate take a recess.

The VICE PRESIDENT. May the Chair call the attention of the Senator to the fact that there are on the desk a conference report and amendments of the House of Representatives to a Senate bill, in which the Chair understands the Senator from Ohio [Mr. BULKLEY] and the Senator from Mississippi [Mr. STEPHENS], respectively, desire disposed of. The Chair is informed that they will require no debate.

Mr. ROBINSON of Arkansas. Very well.

CONSTRUCTION AND INSPECTION OF BOILERS, UNFIRED PRESSURE VESSELS, ETC.

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 1129) to amend sections 361, 392, 406, 407, 408, 409, 410, 411, and 412 of title 46 of the United States Code relating to the construction and inspection of boilers, unfired pressure vessels, and the appurtenances thereof, which were, on page 1, line 3, after "sections", to strike out all down to and including "Code" in line 4 and insert "4399, 4418, 4428, 4429, 4430, 4431, 4432, 4433, and 4434 of the Revised Statutes, as amended (U.S.C., title 46, secs. 361, 392, 406, 407, 408, 409, 410, 411, and 412)"; on page 1, line 6, to strike out "361" and insert "4399"; on page 2, line 4, to strike out "392" and insert "4418"; on page 2, line 24, to strike out "406" and insert "4428"; on page 3, line 4, to strike out "407" and insert "4429"; on page 4, line 9, to strike out "construed" and insert "constructed"; on page 4, line 13, to strike out "408" and insert "4430"; on page 4, line 15, to strike out "the"; on page 5, line 24, to strike out "409" and insert "4431"; on page 6, line 9, to strike out "410" and insert "4432"; on page 6, line 20, to strike out "411" and insert "4433"; on page 7, line 8, to strike out "412" and insert "4434"; and to amend the title so as to read: "An act to amend sections 4399, 4418, 4428, 4429, 4430, 4431, 4432, 4433, and 4434 of the Revised Statutes, as amended, relating to the construction and inspection of boilers, unfired pressure vessels, and the appurtenances thereof."

Mr. STEPHENS. Mr. President, I move that the Senate concur in the House amendments.

The motion was agreed to.

LOANS TO HOME OWNERS—CONFERENCE REPORT

The VICE PRESIDENT laid before the Senate the conference report on the House bill 5240, which was submitted by Mr. BULKLEY on the 8th instant, and appears at pages 5229 to 5232 of the CONGRESSIONAL RECORD.

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

FARM CREDIT ADMINISTRATION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of House bill 5790.

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

Mr. LA FOLLETTE. Mr. President, I should like to inquire what the bill is before voting on the question of proceeding to its consideration.

Mr. ROBINSON of Arkansas. Mr. President, it is the bill (H.R. 5790) 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.

It is a bill to legalize and provide for organizations in the Farm Credit Administration. I do not ask for the consideration of the bill at this time, but if the motion to proceed to its consideration shall prevail, it is my purpose then to move an executive session.

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

The motion was agreed to; and the Senate proceeded to consider the bill (H.R. 5790) 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 had been reported from the Committee on Banking and Currency, with amendments.

MESSAGES FROM THE PRESIDENT

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

LOANS TO HOME OWNERS

Mr. REYNOLDS presented a letter from the High Point (N.C.) Chamber of Commerce, signed by F. J. Sizemore, secretary-treasurer, which was ordered to lie on the table and to be printed in the RECORD, as follows:

HIGH POINT, N.C., *June 6, 1933.*

Senator ROBERT R. REYNOLDS,
Washington, D.C.

DEAR SENATOR: I note from the morning newspaper that the Senate passed the small home owners' loan bill, and that it will be sent to the House for concurrence in some of the changes.

The passage of this bill and the administration of same, if carried out according to the bill, will mean a great thing to many small-home owners.

I hardly think there is any question about this bill becoming a law this week.

Even in the face of the almost sure passage of this bill, some of the mortgage holders are proceeding with foreclosures, even though the home owner has offered to go as far as is humanly possible to make the mortgage holder safe and to pay accrued interest.

The President has already stated, according to news dispatches, that he would ask for a moratorium on foreclosures immediately upon passage of this bill.

I hope that you will get word to the President asking that he include in his request, relief for those upon which foreclosure has already been started.

As an illustration of what many of us are up against, the holders of my mortgage has stated that they will start foreclosure tomorrow. It is too bad that this extra expense and this embarrassment is being placed on me and it would be still worse, should the foreclosure proceedings be carried through to a sale before the machinery necessary under the bill is organized and functioning.

Such cases as mine is why I think the President should include in his proclamation relief for those where foreclosure proceedings have been started.

I greatly appreciate the interest you have shown in my several letters, and many others in this community join me in this. I have had dozens of people discuss this matter with me since it was known that we had interested ourselves in this particular bill. I have read your letters to every one of the inquirers.

Yours very truly,

HIGH POINT CHAMBER OF COMMERCE,
F. J. SIZEMORE, *Secretary-Treasurer.*

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

REPORTS OF COMMITTEES

The VICE PRESIDENT. Reports of committees are in order.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nomination of Harrison Parkman, of Kansas, to be purchasing agent for the Post Office Department, vice Robert S. Regar, which was ordered to be placed on the calendar.

Mr. KING, from the Committee on Finance, reported favorably sundry nominations of collectors of customs and collectors of internal revenue, which were ordered to be placed on the calendar.

He also, from the Committee on the Judiciary, reported favorably the nomination of Harold M. Stephens, of Utah, to be Assistant Attorney General, to fill an existing vacancy, which was ordered to be placed on the calendar.

Mr. GEORGE, from the Committee on Finance, reported favorably the nomination of William E. Page, of Columbus, Ga., to be collector of internal revenue for the district of Georgia, in place of Josiah T. Rose, which was ordered to be placed on the calendar.

Mr. DILL, from the Committee on Interstate Commerce, reported favorably the following nominations, which were ordered to be placed on the calendar:

Vincent Y. Dallman, of Illinois, to be a member of the Board of Mediation for a term expiring 5 years after January 1, 1933, vice G. Wallace W. Hanger, term expired;

Basil Manly, of the District of Columbia, to be a member of the Federal Power Commission for a term of 5 years from June 22, 1933, vice Ralph B. Williamson, deceased;

Raymond B. Stevens, of New Hampshire, to be Federal Trade Commissioner for the term expiring September 25, 1933, vice Edgar A. McCulloch, deceased; and

Carroll Miller, of Pennsylvania, to be an Interstate Commerce Commissioner for a term expiring December 31, 1939, vice Ernest I. Lewis.

He also, from the Committee on the Judiciary, reported favorably the nomination of Carl L. Sackett, of Wyoming, to be United States attorney, district of Wyoming, to succeed A. D. Walton, resigned, which was ordered to be placed on the calendar.

Mr. BARKLEY, from the Committee on Banking and Currency, reported favorably the nomination of C. B. Merriam, of Kansas, to be a member of the board of directors of the Reconstruction Finance Corporation for the unexpired portion of the term of 2 years from January 22, 1932, vice Charles A. Miller, which was ordered to be placed on the calendar.

He also (for Mr. FLETCHER), from the same committee, reported favorably the nomination of Walter H. Newton, of Minnesota, to be a member of the Federal Home Loan Bank Board for the unexpired portion of the term of 2 years from July 22, 1932, vice H. Morton Bodfish, which was ordered to be placed on the calendar.

Mr. NEELY, from the Committee on the Judiciary, reported favorably the nomination of William Stanley, of Maryland, to be Assistant to the Attorney General, vice John Lord O'Brian, resigned, which was ordered to be placed on the calendar.

Mr. VAN NUYS, from the Committee on the Judiciary, reported favorably the nomination of Louis FitzHenry, of Illinois, to be United States circuit judge, seventh circuit, to succeed George T. Page, retired, which was ordered to be placed on the calendar.

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably sundry nominations of transfers, appointments, and promotions in the Army, which were ordered to be placed on the calendar.

Mr. ROBINSON of Arkansas, from the Committee on Foreign Relations reported favorably the following nominations, which were ordered to be placed on the calendar:

Francis White, of Maryland, now an Assistant Secretary of State, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Czechoslovakia.

Robert P. Skinner, of Ohio, now Envoy Extraordinary and Minister Plenipotentiary to Estonia, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Turkey.

Alvin Mansfield Owsley, of Texas, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Rumania.

John Flournoy Montgomery, of California, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Hungary.

Robert Granville Caldwell, of Texas, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Portugal.

Mr. McNARY (for Mr. STEIWER), reported favorably from the Committee on Banking and Currency the nomination of Russell Hawkins, of Oregon, to be a member of the Federal Home Loan Bank Board for the unexpired portion of the term of 4 years from July 22, 1932, vice C. B. Merriam, which was ordered to be placed on the calendar.

Mr. ASHURST, from the Committee on the Judiciary, reported favorably the nomination of William J. Barker, of New Mexico, to be United States attorney, district of New Mexico, to succeed Hugh B. Woodward, term expired, which was ordered to be placed on the calendar.

Mr. ASHURST. Mr. President, from the Committee on the Judiciary I report favorably the nomination of Carl C. Donaugh, of Oregon, to be United States attorney for that State, and I call the attention of the Senator from Oregon to it. It is a matter of some emergency, and I am going to ask unanimous consent for the immediate consideration of the nomination. Likewise there is an emergency existing in the case of a nomination from Texas.

Mr. NORRIS. Mr. President, until we shall have taken action on the calendar, I will have to object.

Mr. ASHURST. Very well. I will withhold the request for the moment.

The VICE PRESIDENT. The nomination reported by the Senator from Arizona will be placed on the calendar.

Mr. STEPHENS, from the Committee on the Judiciary, reported favorably the nomination of Bertram Money Bates, Jr., of Tennessee, to be United States marshal for the western district of Tennessee, which was ordered placed on the calendar.

He also, from the same committee, reported the nomination of William McClanahan, of Tennessee, to be United States attorney for the western district of Tennessee, which was ordered placed on the calendar.

Mr. McCARRAN (for Mr. LOGAN), from the Committee on the Judiciary, reported favorably the nomination of South Trimble, Jr., of Kentucky, to be Solicitor for the Department of Commerce, to succeed E. F. Morgan, resigned, which was ordered placed on the calendar.

Mr. LONG, from the Committee on the Judiciary, reported favorably the nomination of Frank J. Wideman, of Florida, to be Assistant Attorney General, which was ordered to be placed on the calendar.

Mr. HARRISON, from the Committee on Finance, reported favorably the nomination of Peter J. Haggerty, of San Francisco, Calif., to be superintendent of the United States Mint at San Francisco, Calif., which was ordered placed on the calendar.

He also, from the same committee, reported favorably sundry nominations of collectors of customs and collectors of internal revenue, which were ordered to be placed on the calendar.

TENNESSEE VALEY AUTHORITY

The VICE PRESIDENT. If there be no further reports of committees, the calendar is in order. The clerk will state the first nomination on the calendar.

The Chief Clerk read the nomination of Harcourt Alexander Morgan, of Tennessee, to be member of the board of directors of the Tennessee Valley Authority for the term expiring 6 years after May 18, 1933.

Mr. McCARRAN. Mr. President——

The VICE PRESIDENT. Without objection, the nomination is confirmed.

Mr. McCARRAN. Mr. President, may I ask that that nomination go over?

The VICE PRESIDENT. Is there objection to the nomination being confirmed?

Mr. STEPHENS. I object.

The VICE PRESIDENT. Objection is made.

Mr. McKELLAR. Mr. President, I inquire if that is the nomination of a member of the board of directors of the Tennessee Valley Authority?

The VICE PRESIDENT. It is.

Mr. McKELLAR. I inquire who objected.

The VICE PRESIDENT. The Senator from Mississippi [Mr. STEPHENS] objected, and also the Senator from Nevada [Mr. McCARRAN].

Mr. NORRIS. Mr. President, the nomination comes to a vote, then. The question before the Senate is, Will the Senate advise and consent to the nomination?

The VICE PRESIDENT. That is in order. The question is, Will the Senate advise and consent to the nomination? [Putting the question.]

Mr. McCARRAN. Mr. President, I beg the Chair's pardon, but I was occupied with another matter. Will the Chair kindly state what the question is?

The VICE PRESIDENT. The question is, Will the Senate advise and consent to the nomination?

Mr. STEPHENS. Mr. President, what nomination?

The VICE PRESIDENT. The nomination of Mr. Morgan, of Tennessee, to be member of the board of directors of the Tennessee Valley Authority.

Mr. STEPHENS. I object.

The VICE PRESIDENT. The question before the Senate is, Will the Senate advise and consent to the nomination? One objection does not prevail in this instance.

Mr. McCARRAN. Mr. President, as to the nomination of Mr. Morgan, I object to it and ask that it go over.

Mr. ROBINSON of Arkansas. Mr. President, the objection does not lie.

The VICE PRESIDENT. Not at all.

Mr. ROBINSON of Arkansas. This is the regular order of procedure.

The VICE PRESIDENT. The Senator is correct.

Mr. McCARRAN. Mr. President, certain matters have come to my attention. I have taken them up with the Senator from Nebraska. Perhaps I may be entirely content by tomorrow, but I am making an investigation, and I think for the nomination to go over would do no harm.

Mr. NORRIS. Mr. President, I had a talk with the Senator from Nevada. I supposed this was perfectly satisfactory to him. I do not want to be put in the attitude of having any of these nominations go over, so far as I can help it, until the Senate shall have finally adjourned.

Mr. McCARRAN. I do not intend to do that.

Mr. NORRIS. If the Senator will agree that at some stipulated time tomorrow we may vote on the question of confirming the nomination, I will not have any objection.

Mr. McCARRAN. I will agree to that.

Mr. McKELLAR. Mr. President, can we not have a unanimous-consent agreement to that effect?

The VICE PRESIDENT. The Senator from Nevada has the floor. Does he yield to the Senator from Tennessee?

Mr. McCARRAN. Mr. President——

Mr. NORRIS. Mr. President, I am willing to take it up tonight, but the Senator from Nevada is not and wants to discuss it.

Mr. McCARRAN. I am not willing to take it up tonight, and I ask unanimous consent that it may go over for the purpose of an investigation. I will say, in all sincerity, that I will be ready to act tomorrow.

Mr. NORRIS. That might mean several weeks.

Mr. ROBINSON of Arkansas. I ask unanimous consent that at not later than 2 o'clock tomorrow the Senate shall proceed to the consideration of executive business, and that at not later than 3 o'clock the Senate shall proceed to vote on the nomination.

Mr. McCARRAN. That is satisfactory to me.

Mr. STEPHENS. I object.

The VICE PRESIDENT. The Senator from Mississippi objects. The question is, Will the Senate advise and consent to the nomination?

Mr. KING. Mr. President, I have never yet known an instance in the Senate where a request has been made that a nomination just reported go over 1 day that objection was made.

I have no interest in this matter; so far as I know, the nominee is competent; and yet it does seem to me that it is violating the traditions and procedure of the Senate, where the objectors only ask that a nomination go over for a day, that the request should be denied. The nomination has just come in this evening. I do not think it is quite in harmony with our former procedure. If there were any purpose of delay and prevent a vote, that would be one thing.

Mr. NORRIS. Mr. President, there is no disposition to delay. I am willing to take the nomination up right now. I am perfectly willing to go ahead now or I am willing that it shall go over until tomorrow; but unless there is an agreement to vote at a particular time, the Senator knows what it would mean if the Senate is going to adjourn tomorrow.

Mr. ROBINSON of Arkansas. It would mean that it would become imperative that an extraordinary session of the Senate be convened for some time in the future.

Mr. NORRIS. This Board will not be able to organize unless confirmation takes place, and, if the Senate adjourns without action, the whole thing will be held in the air. I am not objecting to anything reasonable. The Senator from Nevada and I will have no trouble about this. He is agreeable to a vote being taken tomorrow.

Mr. McCARRAN. Certainly; and I understand the Senate will be in session tomorrow. Am I right?

Mr. ROBINSON of Arkansas. That is correct.

Mr. NORRIS. But unless we agree to an hour for a vote tomorrow it will be very easy to start a filibuster toward evening tomorrow and prevent the confirmation taking place.

Mr. McCARRAN. I will say that so far as I am concerned there will be no filibuster; but I am sincere in the matter.

Mr. NORRIS. I do not doubt that a particle; but the Senator from Mississippi objects to any specific time for taking a vote, and I do not want to be caught in that kind of a trap.

The VICE PRESIDENT. The question is, Will the Senate advise and consent to the nomination? [Putting the question.] The ayes have it, and the nomination is confirmed.

Mr. STEPHENS. Mr. President, I ask for a yea-and-nay vote.

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

The VICE PRESIDENT. The clerk will call the roll.

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

Adams	Carey	Hastings	Neely
Ashurst	Clark	Hatfield	Norris
Austin	Connally	Hayden	Nye
Bachman	Coolidge	Hebert	Overton
Bailey	Copeland	Kean	Patterson
Bankhead	Costigan	Kendrick	Pope
Barbour	Cutting	Keyes	Reed
Barkley	Dickinson	King	Reynolds
Black	Dieterich	La Follette	Robinson, Ark.
Bone	Dill	Lewis	Robinson, Ind.
Bratton	Duffy	Lonergan	Russell
Brown	Erickson	Long	Sheppard
Bulkley	Fess	McCarran	Shipstead
Bulow	Frazier	McGill	Smith
Byrd	George	McKellar	Steiwer
Byrnes	Goldsborough	McNary	Stephens
Capper	Hale	Metcalf	Thomas, Okla.
Caraway	Harrison	Murphy	Thomas, Utah

Thompson	Tydings	Wagner	Wheeler
Townsend	Vandenberg	Walcott	White
Trammell	Van Nuys	Walsh	

The VICE PRESIDENT. Eighty-three Senators having answered to their names, a quorum is present.

Mr. ROBINSON of Arkansas. Mr. President, I am going to submit a unanimous-consent request, and I ask the attention of Senators, particularly the Senator from Mississippi [Mr. STEPHENS].

I ask unanimous consent that the vote by which the nomination of Harcourt Alexander Morgan, of Tennessee, was confirmed be reconsidered; that at 2 o'clock tomorrow the Senate proceed to the consideration of executive business; and that at not later than the hour of 3 o'clock tomorrow afternoon the Senate proceed to vote successively and without further debate upon the nominations of Harcourt Alexander Morgan, of Tennessee, and David E. Lilienthal, of Wisconsin.

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

Mr. STEPHENS. Mr. President, I have no objection. I am glad to yield to the suggestion of the Senator from Arkansas.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arkansas? The Chair hears none, and it is so ordered.

The clerk will state the next order of business on the calendar.

DIPLOMATIC AND FOREIGN SERVICE

The Chief Clerk read the names of William F. Cavenaugh, Hooker A. Doolittle, Louis G. Dreyfus, Jr., Clarence E. Gauss, and Bernard Gufler to be secretaries, Diplomatic Service.

The VICE PRESIDENT. Without objection, the nominations are confirmed.

That completes the calendar.

REPORTS OF COMMITTEES

Mr. McCARRAN. Mr. President, from the Committee on the Judiciary I report back favorably the nomination of Clyde O. Eastus, of Texas, to be United States attorney for the northern district of Texas; and I ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. The Senator from Nevada asks unanimous consent for the immediate consideration of a nomination, which the clerk will read.

The Chief Clerk read the nomination of Clyde O. Eastus, of Texas, to be United States attorney for the northern district of Texas.

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

Mr. McNARY. Mr. President, I did not understand the request of the Senator from Nevada because there is so much confusion in the Chamber.

Mr. McCARRAN. I have presented the report of the Judiciary Committee on Mr. Eastus to be United States attorney for the northern district of Texas, and I have asked for immediate consideration of the nomination.

Mr. McNARY. Mr. President, would it not be well to let it go over until tomorrow, when we are to have an executive session?

Mr. McCARRAN. I have no objection, except that I should like to have it disposed of.

Mr. McNARY. I appreciate the Senator's desire. There is a nomination from my own State that will be reported by the Senator from Arizona, in which I am likewise interested; but I think the better practice is to have them go over until tomorrow.

Mr. McCARRAN. Very well.

RECESS

The Senate resumed legislative session.

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate take a recess until 10 o'clock tomorrow morning.

The motion was agreed to; and (at 11 o'clock and 3 minutes p.m.) the Senate took a recess until tomorrow, Saturday, June 10, 1933, at 10 o'clock a.m.

NOMINATIONS

Executive nominations received by the Senate June 9 (legislative day of June 6), 1933

UNITED STATES DISTRICT JUDGE

Patrick T. Stone, of Wisconsin, to be United States district judge for the western district of Wisconsin, to succeed Claude Z. Luse, deceased.

UNITED STATES ATTORNEYS

Charles C. Wyche, of South Carolina, to be United States attorney, western district of South Carolina, to succeed Joseph A. Tolbert, term expired.

Joseph A. McNamara, of Vermont, to be United States attorney, district of Vermont, to succeed Harry B. Amey, term expired.

MEMBERS OF THE FEDERAL HOME LOAN BANK

Russell Hawkins, of Oregon, to be a member of the Federal Home Loan Bank Board for the unexpired portion of the term of 4 years from July 22, 1932, vice C. B. Merriam.

John H. Fahey, of Massachusetts, to be a member of the Federal Home Loan Bank Board for the unexpired portion of the term of 3 years from July 22, 1932, vice Nathan Adams.

MEMBERS OF THE BOARD OF DIRECTORS OF THE RECONSTRUCTION FINANCE CORPORATION

C. B. Merriam, of Kansas, to be a member of the board of directors of the Reconstruction Finance Corporation for the unexpired portion of the term of 2 years from January 22, 1932, vice Charles A. Miller.

John J. Blaine, of Wisconsin, to be a member of the board of directors of the Reconstruction Finance Corporation for the unexpired term of 2 years from January 22, 1932, vice Atlee Pomerene.

MEMBER OF THE FEDERAL POWER COMMISSION

Basil Manly, of the District of Columbia, to be a member of the Federal Power Commission for a term of 5 years from June 22, 1933, vice Ralph B. Williamson, deceased.

FEDERAL TRADE COMMISSIONER

Raymond B. Stevens, of New Hampshire, to be Federal Trade Commissioner for the term expiring September 25, 1933, vice Edgar A. McCulloch, deceased.

MEMBER OF THE BOARD OF MEDIATION

Vincent Y. Dallman, of Illinois, to be a member of the Board of Mediation for a term expiring 5 years after January 1, 1933, vice G. Wallace W. Hanger, term expired.

MEMBER OF THE UNITED STATES EMPLOYEES' COMPENSATION COMMISSION

Jewell W. Swofford, of Missouri, to be a member of the United States Employees' Compensation Commission for a term of 6 years from March 15, 1933, vice Bessie Parker Brueggeman.

COMPTROLLER, BUREAU OF ACCOUNTS, POST OFFICE DEPARTMENT

William L. Slattery, of Massachusetts, to be Comptroller, Bureau of Accounts, Post Office Department, vice William E. Buffington.

COLLECTORS OF INTERNAL REVENUE

Fred H. Kanne, of Honolulu, Hawaii, to be collector of internal revenue for the district of Hawaii, in place of Albert H. Tarleton.

John R. T. Viley, of Idaho, to be collector of internal revenue for the district of Idaho, in place of Evan Evans.

Alvin F. Fix, of York, Pa., to be collector of internal revenue for the first district of Pennsylvania, in place of Albert H. Ladner, Jr.

Thomas K. Cassidy, of Gillette, Wyo., to be collector of internal revenue for the district of Wyoming, in place of Marshall S. Reynolds.

John C. Bowen, of Seattle, Wash., to be collector of internal revenue for the district of Washington, in place of Burns Poe.

Will H. Smith, of Indianapolis, Ind., to be collector of internal revenue for the district of Indiana, in place of Everett E. Neal.

Ralph Nicholas, of Fort Collins, Colo., to be collector of internal revenue for the district of Colorado, in place of Frank W. Howbert.

Fred C. Martin, of Bennington, Vt., to be collector of internal revenue for the district of Vermont, to fill an existing vacancy.

Alexander S. Walker, of Texas, to be collector of internal revenue for the first district of Texas, in place of James W. Bass.

William A. Thomas, of Dallas, Tex., to be collector of internal revenue for the second district of Texas, in place of George C. Hopkins.

Robert M. Cooper, of Wisacky, S.C., to be collector of internal revenue for the district of South Carolina, to fill an existing vacancy.

Steven P. Vidal, of Gallup, N.Mex., to be collector of internal revenue for the district of New Mexico, in place of Benigno C. Hornandez.

Harry D. Baker, of Wichita, Kans., to be collector of internal revenue for the district of Kansas, in place of Harvey H. Motter.

Henry Clifford Jones, of Carnegie, Okla., to be collector of internal revenue for the district of Oklahoma, in place of Acel C. Alexander.

Charles D. Huston, of Cedar Rapids, Iowa, to be collector of internal revenue for the district of Iowa, in place of Gerald A. Jewett.

Charles H. Robertson, of Hillsboro, N.C., to be collector of internal revenue for the district of North Carolina, in place of Gilliam Grissom.

COLLECTORS OF CUSTOMS

Saul Haas, of Seattle, Wash., to be collector of customs for customs-collection district no. 30, with headquarters at Seattle, Wash., in place of George D. Hubbard.

Charles O. Dunbar, of Santa Rosa, Calif., to be collector of customs for customs-collection district no. 28, with headquarters at San Francisco, Calif., in place of William B. Hamilton.

Verda Allison Wright, of Huntington, Tenn., to be collector of customs for customs-collection district no. 43, with headquarters at Memphis, Tenn., in place of Mrs. Eddie McCall Priest.

Joseph H. Lyons, of Mobile, Ala., to be collector of customs for customs-collection district no. 19, with headquarters at Mobile, Ala., in place of Joseph C. Swann.

Fred C. Pabst, of Galveston, Tex., to be collector of customs for customs collection district no. 22, with headquarters at Galveston, Tex., in place of Robert B. Morris.

John O'Keefe, of Cavalier, N.Dak., to be collector of customs for customs-collection district no. 34, with headquarters at Pembina, N.Dak., to fill an existing vacancy.

Joseph A. Maynard, of Massachusetts, to be collector of customs for customs-collection district no. 4, with headquarters at Boston, Mass., in place of Willfred W. Lufkin.

REGISTER OF THE LAND OFFICE

Maurice F. Miera, of New Mexico, to be register of the land office at Santa Fe, N.Mex., vice Alfred M. Bergere.

PROMOTIONS IN THE NAVY

Admiral William H. Standley to be Chief of Naval Operations in the Department of the Navy with the rank of admiral, for a term of 4 years, from the 1st day of July 1933.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 9 (legislative day of June 6), 1933

SECRETARIES IN THE DIPLOMATIC SERVICE

William F. Cavenaugh
Hooker A. Doolittle
Louis G. Dreyfus, Jr.
Clarence E. Gauss
Bernard Gufler

WITHDRAWAL

Executive nomination withdrawn June 9 (legislative day of June 6), 1933

MEMBER OF THE BOARD OF DIRECTORS OF THE RECONSTRUCTION FINANCE CORPORATION

Russell Hawkins, of Oregon, to be a member of the board of directors of the Reconstruction Finance Corporation for the unexpired portion of the term of 2 years from January 22, 1932.

HOUSE OF REPRESENTATIVES

FRIDAY, JUNE 9, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Almighty God, may we live this day which Thou hast given us as we should, with grateful hearts and with a healthy faith that Thou dost all things well. We thank Thee that Thou dost still whisper to willing minds. O let not our weakness eclipse the luster of Thy light. Impress us, gracious Lord, that a narrow faith and a narrow hope fetter our spirits. Be with us, Thou who didst love the lilies of the field and the fowls of the air. Hear us, O Thou who answerest the laborer's appeal: "Raise the stone and thou shalt find Me; cleave the wood, and there am I." Grant us, Heavenly Father, when the day is done that personal satisfaction, that we have omitted no duty which is due our fellow countrymen. O may we harken unto the pathetic music made up of the mingled joy and sorrow of our brother men and claim the high privilege of serving them. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had 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. 4589) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1934, and for other purposes.

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. 1783. An act granting the consent of Congress to the Overseas Road and Toll Bridge District, a political subdivision of the State of Florida, to construct, maintain, and operate bridges across the navigable waters in Monroe County, Fla., from Lower Matecumbe Key to No Name Key.

INVESTIGATION OF OFFICIAL CONDUCT OF HALSTED L. RITTER

Mr. COCHRAN of Missouri. Mr. Speaker, I present a privileged report from the Committee on Accounts for immediate consideration.

The Clerk read as follows:

House Resolution 172

Resolved, That the expenses of conducting the investigation authorized by House Resolution 163, authorizing the Judiciary Committee to investigate the official conduct of Halsted L. Ritter, a district judge of the United States for the southern district of Florida, including such printing and binding and the employment of such clerical, stenographic, and other assistance as the committee may deem necessary, and all other expenditures, shall be paid out of the contingent fund of the House on vouchers authorized by the committee signed by the chairman thereof and approved by the Committee on Accounts, but shall not exceed $5,000.

With the following committee amendment:

In line 11, strike out "$5,000" and insert in lieu thereof "$2,500."

Mr. SNELL. Is the gentleman presenting this as a privileged resolution from the Committee on Accounts?

Mr. COCHRAN of Missouri. Yes. It is in the usual form and at the request of the gentleman from Texas [Mr. SUM-