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-

NERS], Chairman of the Committee on the Judiciary, the amount has been reduced from $5,000 to $2,500 to carry out the order of the House.

Mr. SNELL. Have you not had experience enough in investigating Federal judges and throwing money away along that line?

Mr. COCHRAN of Missouri. That is for the House to decide.

The committee amendment was agreed to.

The resolution was agreed to.

EMERGENCY RAILROAD TRANSPORTATION BILL

Mr. RAYBURN. Mr. Speaker, I present a conference report on 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, and ask unanimous consent for its immediate consideration.

The Clerk read the title of the bill.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the 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 five regular members and two 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 board 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 amout 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 auhorized 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, one and one half dollars 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 th eCoordinator or of the Commission made there under 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

"SEC. 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 contol 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 consolida-

tion, 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, and so forth, 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 paragraphs (1), (4), (10), or (11) as it may deem necessary or appropriate.

"'(15) The carriers and any corporations 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 reasonabe 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 moneys shall be terminated. The general railroad contingent fund established under such section hall 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 Act, 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 exceptions 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.

SAM RAYBURN,
GEORGE HUDDLESTON,
CLARENCE LEA,
JAMES S. PARKER,
JOHN G. COOPER,
Managers on the part of the House.

C. C. DILL,
E. D. SMITH,
B. K. WHEELER,
SIMEON D. FESS,
JESSE H. METCALF,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the 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, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House struck out all of the Senate bill after the enacting clause and inserted one amendment. The Senate recedes from its disagreement to the amendment of the House with an amendment which is a substitute for both the Senate bill and the House amendment. The differences between the House amendment and the substitute agreed upon by the conferees, with the exception of clerical corrections, are noted in the following discussion:

Title I of the bill as passed by the Senate contained a definition of the term "subsidiary", which, taken together with the use of the term in various provisions of the title, had the effect of subjecting those companies covered by the definition to control and regulation by the Coordinator. These provisions as to subsidiaries were omitted from the amendment passed by the House. The substitute restores the definition of the term "subsidiary", but confines the operation of certain of the provisions of sections 4, 5, 6, and 10 to subsidiaries subject to the Interstate Commerce Act, as amended, and omits the term from that part of section 5 relating to voluntary action by the regional committees. The words "and the Commission", omitted from section 6 by the House amendment, are restored in the substitute.

Section 4 of the bill as passed by the Senate, contained a proviso that no existing routes should be eliminated except with the consent of all participating lines or upon order of the Coordinator. This was omitted from the House amendment. The substitute restores this provision.

The House amendment omitted "cost finding in rail transportation" from the matters which, under section 13 of the bill as passed by the Senate, are to be investigated by the Coordinator. The words are restored in the substitute.

The bill as passed by the Senate provided for an assessment upon the carriers of $1 per mile for the payment of the expenses of administration of title I. This was increased in the House amendment to $2. The substitute fixes the amount at $1.50.

The House amendment rewrote section 203 of the bill as passed by the Senate, so as to include a provision authorizing the Interstate Commerce Commission to approve agreements for consolidation, acquisition, or control by or between cable and/or telegraph companies or the companies controlling them. This provision is omitted from the substitute.

Section 19 of the bill as passed by the Senate was omitted from the House amendment. This section was added at the end of title II, although it was intended to operate as a limitation with respect to the effect of orders of the Coordinator relating to intrastate commerce upon the operation of State laws and State commission orders. It appears in the substitute at the end of subsection (b) of section 10, rephrased so as to fit with the provisions to which it relates.

The Senate bill contained the following sentence added at the end of paragraph (6) of section 5 of the Interstate Commerce Act, as amended by this act: "Nothing in this paragraph shall be construed or taken to ratify, validate, or recognize the validity of any act of any person accomplishing or effectuating or tending to accomplish or effectuate, prior to the enactment hereof, such control or management in any manner forbidden hereby after the enactment hereof." This sentence was intended to negative any possible implication in the bill that making certain future acquisitions unlawful had the effect of validating past acquisitions which might have been accomplished in violation of the law in existence at the time of the passage of this act. The sentence was omitted from the House amendment and from the bill as agreed to in conference on the ground that it was purely surplusage, as the same idea was already adequately covered in section 204, which appears in the Senate bill and the House amendment and the bill as agreed to in conference. The purpose of section 204 is to leave the legality of acquisitions made before the enactment of the act to be governed by the law in existence at the time of passage of the act, but it should be pointed out in this connection that nothing in section 204 will in any way interfere with the application of the provisions of paragraph (11) of section 5 of the Interstate Commerce Act, as amended by the bill, to holdings of stock by a carrier merely because such stock was acquired by the carrier before the enactment of this act.

SAM RAYBURN,
GEORGE HUDDLESTON,
CLARENCE LEA,
JAMES S. PARKER,
JOHN G. COOPER,
Managers on the part of the House.

Mr. RAYBURN. Mr. Speaker, the House adjourned so early yesterday we did not get an opportunity to file our report at that time and I am asking for immediate consideration of the conference report.

Mr. SNELL. Is the report available now?

Mr. RAYBURN. The report is not available, but I shall ask to have the statement read. I may say to the gentleman there are very few changes in the bill.

Mr. SNELL. I shall not object to taking it up at this time.

Mr. RAYBURN. And it is a unanimous report signed by every member of the conference on the part of the House and the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The SPEAKER. Without objection, the clerk will read the statement in lieu of the report.

The Clerk read the statement.

The conference report was agreed to.

On motion of Mr. RAYBURN, a motion to reconsider the vote by which the conference report was agreed to was laid on the table.

HOME LOAN BANK BILL

Mr. STEAGALL. Mr. Speaker, I call up conference report on 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, and ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 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, 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 amendment of the Senate, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"That this act may be cited as the 'Home Owners' Loan Act of 1933.'

"DEFINITIONS

"SEC. 2. As used in this act—

"(a) The term 'Board' means the Federal Home Loan Bank Board created under the Federal Home Loan Bank Act.

"(b) The term 'Corporation' means the Home Owners' Loan Corporation created under section 4 of this act.

"(c) The term 'home mortgage' means a first mortgage on real estate in fee simple or on a leasehold under a renewable lease for not less than 99 years, upon which there is located a dwelling for not more than four families, used by the owner as a home or held by him as his homestead, and having a value not exceeding $20,000; and the term 'first mortgage' includes such classes of first liens as are commonly given to secure advances on real estate under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby.

"(d) The term 'association' means a Federal savings and loan association chartered by the Board as provided in section 5 of this act.

"REPEAL OF DIRECT-LOAN PROVISION OF FEDERAL HOME LOAN BANK ACT

"SEC. 3. Subsection (d) of section 4 of the Federal Home Loan Bank Act (providing for direct loans to home owners) is hereby repealed.

"CREATION OF HOME OWNERS' LOAN CORPORATION

"SEC. 4. (a) The Board is hereby authorized and directed to create a corporation to be known as the 'Home Owners' Loan Corporation', which shall be an instrumentality of the United States, which shall have authority to sue and to be sued in any court of competent jurisdiction, Federal or State, and which shall be under the direction of the Board and operated by it under such bylaws, rules, and regulations as it may prescribe for the accomplishment of the purposes and intent of this section. The members of the Board shall constitute the board of directors of the Corporation and shall serve as such directors without additional compensation.

"(b) The Board shall determine the minimum amount of capital stock of the Corporation and is authorized to increase such capital stock from time to time in such amounts as may be necessary, but not to exceed in the aggregate $200,000,000. Such stock shall be subscribed for by the Secretary of the Treasury on behalf of the United States, and payments for such subscriptions shall be subject to call in whole or in part by the Board and shall be made at such time or times as the Secretary of the Treasury deems advisable. The Corporation shall issue to the Secretary of the Treasury receipts for payments by him for or on account of such stock, and such receipts shall be evidence of the stock ownership of the United States. In order to enable the Secretary of the Treasury to make such payments when called, the Reconstruction Finance Corporation is authorized and directed to allocate and make available to the Secretary of the Treasury the sum of $200,000,000, or so much thereof as may be necessary, and for such purpose the amount of the notes, bonds, debentures, 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 hereby increased by such amounts as may be necessary.

"(c) The Corporation is authorized to issue bonds in an aggregate amount not to exceed $2,000,000,000, which may be sold by the Corporation to obtain funds for carrying out the purposes of this section, or exchanged as hereinafter provided. Such bonds shall be issued in such denominations as the Board shall prescribe, shall mature within a period of not more than 18 years from the date of their issue, shall bear interest at a rate not to exceed 4 percent per annum, and shall be fully and unconditionally guaranteed as to interest only by the United States, and such guaranty shall be expressed on the face thereof. In the event that the Corporation shall be unable to pay upon demand, when due, the interest on any such bonds, the Secretary of the Treasury shall pay to the Corporation the amount of such interest, which is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated, and the Corporation shall pay the amount of such interest to the holders of the bonds. Upon the payment of such interest by the Secretary of the Treasury the amount so paid shall become an obligation to the United States of the Corporation and shall bear interest at the same rate as that borne by the bonds upon which the interest has been so paid. The bonds issued by the Corporation under this subsection shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States or any District, Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. The Corporation, including its franchise, its capital, reserves and surplus, and its loans and income, shall likewise be exempt from such taxation; except that any real property of the Corporation shall be subject to taxation to the same extent, according to its value, as other real property is taxed.

"(d) The Corporation is authorized, for a period of 3 years after the date of enactment of this act, (1) to acquire in exchange for bonds issued by it, home mortgages and other obligations and liens secured by real estate (including the interest of a vendor under a purchase-money mortgage or contract) recorded or filed in the proper office or executed prior to the date of the enactment of this act, and (2) in connection with any such exchange, to make advances in cash to pay the taxes and assessments on the real estate, to provide for necessary maintenance and make necessary repairs, to meet the incidental expenses of the transaction, and to pay such amounts, not exceeding $50, to the holder of the mortgage, obligation, or lien acquired as may be the difference between the face value of the bonds exchanged plus accrued interest thereon and the purchase price of the mortgage, obligation, or lien. The face value of the bonds so exchanged plus accrued interest thereon and the cash so advanced shall not exceed in any case $14,000, or 80 percent of the value of the real estate as determined by an appraisal made by the Corporation, whichever is the smaller. In any case in which the amount of the face value of the bonds exchanged plus accrued interest thereon and the cash advanced is less than the amount the home owner owes with respect to the home mortgage or other obligation or lien so acquired by the Corporation, the Corporation shall credit the difference between such amounts to the home owner and shall reduce the amount owed by the home owner to the Corporation to that extent. Each home mortgage or other obligation or lien so acquired shall be carried as a first lien or refinanced as a home mortgage by the Corporation on the basis of the price paid therefor by the Corporation, and shall be amortized by means of monthly payments sufficient to retire the interest and principal within a period of not to exceed 15 years; but the amortization payments of any home owner may be made quarterly, semiannually, or annually, if in the judgment of the Corporation the situation of the home owner requires it. Interest on the unpaid balance of the obligation of the home owner to the Corporation shall be at a rate not exceeding 5 percent per annum. The Corporation may at any time grant an extension of time to any home owner for the payment of any installment of principal or interest owed by him to the Corporation if, in the judgment of the Corporation, the circumstances of the home owner and the condition of the security justify such extension, and no payment of any installment of principal shall be required during the period of 3 years from the date this act takes effect if the home owner shall not be in default with respect to any other condition or covenant of his mortgage. As used in this subsection, the term 'real estate' includes only real estate held in fee simple or on a leasehold under a lease renewable for not less than 99 years, upon which there is located a dwelling for not more than four families used by the owner as a home or held by him as a homestead and having a value not exceeding $20,000. No discrimination shall be made under this act against any home mortgage by reason of the fact that the real estate securing such mortgage is located in a municipality, county, or taxing district which is in default upon any of its obligations.

"(e) The Corporation is further authorized, for a period of 3 years from the date of enactment of this act, to make loans in cash subject to the same limitations and for the same purposes for which cash advances may be made under subsection (d) of this section, in cases where the property

is not otherwise encumbered; but no such loan shall exceed 50 percent of the value of the property securing the same as determined upon an appraisal made by the Corporation. Each such loan shall be secured by a duly recorded home mortgage, and shall bear interest at the same rate and shall be subject to the same provisions with respect to amortization and extensions as are applicable in the case of obligations refinanced under subsection (d) of this section.

"(f) The Corporation is further authorized, for a period of 3 years from the date of enactment of this act, in any case in which the holder of a home mortgage or other obligation or lien eligible for exchange under subsection (d) of this section does not accept the bonds of the Corporation in exchange as provided in such subsection and in which the Corporation finds that the home owner cannot obtain a loan from ordinary lending agencies, to make cash advances to such home owner in an amount not to exceed 40 percent of the value of the property for the purposes specified in such subsection (d). Each such loan shall be secured by a duly recorded home mortgage and shall bear interest at a rate of interest which shall be uniform throughout the United States, but which in no event shall exceed a rate of 6 percent per annum, and shall be subject to the same provisions with respect to amortization and extensions as are applicable in cases of obligations refinanced under subsection (d) of this section.

"(g) The Corporation is further authorized for a period of 3 years from the date of the enactment of this act, to exchange bonds and to advance cash, subject to the limitations provided in subsection (d) of this section, to redeem or recover homes lost by the owners by foreclosure or forced sale by a trustee under a deed of trust or under power of attorney, or by voluntary surrender to the mortgagee within 2 years prior to such exchange or advance.

"(h) The Board shall make rules for the appraisal of the property on which loans are made under this section so as to accomplish the purposes of this act.

"(i) Any person indebted to the Corporation may make payment to it in part or in full by delivery to it of its bonds which shall be accepted for such purpose at face value.

"(j) The Corporation shall have power to select, employ, and fix the compensation of such officers, employees, attorneys, or agents as shall be necessary for the performance of its duties under this act, without regard to the provisions of other laws applicable to the employment or compensation of officers, employees, attorneys, or agents of the United States. No such officer, employee, attorney, or agent shall be paid compensation at a rate in excess of the rate provided by law in the case of the members of the Board. The Corporation shall be entitled to the free use of the United States mails for its official business in the same manner as the executive departments of the Government, and shall determine its necessary expenditures under this act and the manner in which they shall be incurred, allowed, and paid, without regard to the provisions of any other law governing the expenditure of public funds. The Corporation shall pay such proportion of the salary and expenses of the members of the Board and of its officers and employees as the Board may determine to be equitable, and may use the facilities of Federal home-loan banks, upon making reasonable compensation therefor as determined by the Board.

"(k) The Board is authorized to make such bylaws, rules, and regulations, not inconsistent with the provisions of this section, as may be necessary for the proper conduct of the affairs of the Corporation. The Corporation is further authorized and directed to retire and cancel the bonds and stock of the Corporation as rapidly as the resources of the Corporation will permit. Upon the retirement of such stock, the reasonable value thereof as determined by the Board shall be paid into the Treasury of the United States and the receipts issued therefor shall be canceled. The Board shall proceed to liquidate the Corporation when its purposes have been accomplished, and shall pay any surplus or accumulated funds into the Treasury of the United States. The Corporation may declare and pay such dividends to the United States as may be earned and as in the judgment of the Board it is proper for the Corporation to pay.

"FEDERAL SAVINGS AND LOAN ASSOCIATIONS

"SEC. 5. (a) In order to provide local mutual thrift institutions in which people may invest their funds and in order to provide for the financing of homes, the Board is authorized, under such rules and regulations as it may prescribe, to provide for the organization, incorporation, examination, operation, and regulation of associations to be known as 'Federal Savings and Loan Associations', and to issue charters therefor, giving primary consideration to the best practices of local mutual thrift and home-financing institutions in the United States.

"(b) Such associations shall raise their capital only in the form of payments on such shares as are authorized in their charter, which shares may be retired as is therein provided. No deposits shall be accepted and no certificates of indebtedness shall be issued except for such borrowed money as may be authorized by regulations of the Board.

"(c) Such associations shall lend their funds only on the security of their shares or on the security of first liens upon homes or combination of homes and business property within 50 miles of their home office: *Provided*, That not more than $20,000 shall be loaned on the security of a first lien upon any one such property; except that not exceeding 15 percent of the assets of such association may be loaned on other improved real estate without regard to said $20,000 limitation, and without regard to said 50-mile limit, but secured by first lien thereon: *And provided further*, That any portion of the assets of such associations may be invested in obligations of the United States or the stock or bonds of a Federal home-loan bank.

"(d) The Board shall have full power to provide in the rules and regulations herein authorized for the reorganization, consolidation, merger, or liquidation of such associations, including the power to appoint a conservator or a receiver to take charge of the affairs of any such association, and to require an equitable readjustment of the capital structure of the same; and to release any such association from such control and permit its further operation.

"(e) No charter shall be granted except to persons of good character and responsibility, nor unless in the judgment of the Board a necessity exists for such an institution in the community to be served, nor unless there is a reasonable probability of its usefulness and success, nor unless the same can be established without undue injury to properly conducted existing local thrift and home-financing institutions.

"(f) Each such association, upon its incorporation, shall become automatically a member of the Federal home-loan bank of the district in which it is located, or if convenience shall require and the Board approve, shall become a member of a Federal home-loan bank of an adjoining district. Such associations shall qualify for such membership in the manner provided in the Federal Home Loan Bank Act with respect to other members.

"(g) The Secretary of the Treasury is authorized on behalf of the United States to subscribe for preferred shares in such associations which shall be preferred as to the assets of the association and which shall be entitled to a dividend, if earned, after payment of expenses and provision for reasonable reserves, to the same extent as other shareholders. It shall be the duty of the Secretary of the Treasury to subscribe for such preferred shares upon the request of the Board; but the subscription by him to the shares of any one association shall not exceed $100,000, and no such subscription shall be called for unless in the judgment of the Board the funds are necessary for the encouragement of local home financing in the community to be served and for the reasonable financing of homes in such community. Payment on such shares may be called from time to time by the association, subject to the approval of the Board and the Secretary of the Treasury; but the amount paid in by the Secretary of the Treasury shall at no time exceed the amount paid in by all other shareholders, and the aggregate amount of shares held by the Secretary of the Treasury

shall not exceed at any time the aggregate amount of shares held by all other shareholders. To enable the Secretary of the Treasury to make such subscriptions when called, there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $100,000,000, to be immediately available and to remain available until expended. Each such association shall issue receipts for such payments by the Secretary of the Treasury in such form as may be approved by the Board, and such receipts shall be evidence of the interest of the United States in such preferred shares to the extent of the amount so paid. Each such association shall make provision for the retirement of its preferred shares held by the Secretary of the Treasury, and beginning at the expiration of 5 years from the time of the investment in such shares, the association shall set aside one third of the receipts from its investing and borrowing shareholders to be used for the purpose of such retirement. In case of the liquidation of any such association, the shares held by the Secretary of the Treasury shall be retired at par before any payments are made to other shareholders.

"(h) Such associations, including their franchises, capital, reserves, and surplus, and their loans and income, shall be exempt from all taxation now or hereafter imposed by the United States, and all shares of such associations shall be exempt both as to their value and the income therefrom from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States; and no State, Territorial, county, municipal, or local taxing authority shall impose any tax on such associations or their franchise, capital, reserves, surplus, loans, or income greater than that imposed by such authority on other similar local mutual or cooperative thrift and home-financing institutions.

"(i) Any member of a Federal home-loan bank may convert itself into a Federal savings and loan association under this act upon a vote of its stockholders as provided by the law under which it operates; but such conversion shall be subject to such rules and regulations as the Board may prescribe, and thereafter the converted association shall be entitled to all the benefits of this section and shall be subject to examination and regulation to the same extent as other associations incorporated pursuant to this act.

"ENCOURAGEMENT OF SAVING AND HOME FINANCING

"SEC. 6. To enable the Board to encourage local thrift and local home financing and to promote, organize, and develop the associations herein provided for or similar associations organized under local laws, there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $150,000, to be immediately available and remain available until expended, subject to the call of the Board, which sum, or so much thereof as may be necessary, the Board is authorized to use in its discretion for the accomplishment of the purposes of this section without regard to the provisions of any other law governing the expenditure of public funds.

"SEC. 7. The provisions of this act shall apply to the continental United States, to the Territories of Alaska and Hawaii, and to Puerto Rico and the Virgin Islands.

"PENALTIES

"SEC. 8. (a) Whoever makes any statement, knowing it to be false, or whoever willfully overvalues any security, for the purpose of influencing in any way the action of the Home Owners' Loan Corporation or the Board or an association upon any application, advance, discount, purchase, or repurchase agreement, or loan, under this act, or any extension thereof by renewal deferment, or action or otherwise, or the acceptance, release, or substitution of security therefor, shall be punished by a fine of not more than $5,000, or by imprisonment for not more than 2 years, or both.

"(b) Whoever (1) falsely makes, forges, or counterfeits any note, debenture, bond, or other obligation or coupon, in imitation of or purporting to be a note, debenture, bond, or other obligation, or coupon, issued by the Home Owners' Loan Corporation or an association; or (2) passes, utters, or publishes, or attempts to pass, utter, or publish, any false, forged, or counterfeited note, debenture, bond, or other obligation, or coupon, purporting to have been issued by the Home Owners' Loan Corporation or an association, knowing the same to be false, forged, or counterfeited; or (3) falsely alters any note, debenture, bond or other obligation, or coupon, issued or purporting to have been issued by the Home Owners' Loan Corporation or an association; or (4) passes, utters, or publishes, or attempts to pass, utter, or publish, as true any falsely altered or spurious note, debenture, bond, or other obligation, or coupon, issued or purporting to have been issued by the Home Owners' Loan Corporation or an association, knowing the same to be falsely altered or spurious, shall be punished by a fine of not more than $10,000, or by imprisonment for not more than 5 years, or both.

"(c) Whoever, being connected in any capacity with the Board or the Home Owners' Loan Corporation or an association (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise intrusted to it; or (2) with intent to defraud the Board or the Home Owners' Loan Corporation or an association, or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Board or the Home Owners' Loan Corporation or an association, makes any false entry in any book, report, or statement of or to the Board or the Home Owners' Loan Corporation or an association, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, mortgage, judgment, or decree thereof, shall be punished by a fine of not more than $10,000, or by imprisonment for not more than 5 years, or both.

"(d) The provisions of sections 112, 113, 114, 115, 116, and 117 of the Criminal Code of the United States (U.S.C., title 18, secs. 202 to 207, inclusive), insofar as applicable, are extended to apply to contracts or agreements of the Home Owners' Loan Corporation and an association under this act, which, for the purposes hereof, shall be held to include advances, loans, discounts, and purchase and repurchase agreements; extensions and renewals thereof; and acceptances, releases, and substitutions of security therefor.

"(e) No person, partnership, association, or corporation shall make any charge in connection with a loan by the Corporation or an exchange of bonds or cash advance under this act, except ordinary charges authorized and required by the Corporation for services actually rendered for examination and perfecting of title, appraisal, and like necessary services. Any person, partnership, association, or corporation violating the provisions of this subsection shall, upon conviction thereof, be fined not more than $10,000, or imprisoned not more than 5 years, or both.

"SEPARABILITY PROVISION

"SEC. 9. If any provision of this act, or the application thereof to any person or circumstances, is held invalid, the remainder of the act, and the application of such provision to other persons or circumstances, shall not be affected thereby."

And the Senate agree to the same.

HENRY B. STEAGALL,
T. ALAN GOLDSBOROUGH,
ROBERT LUCE,
Managers on the part of the House.

ROBERT J. BULKLEY,
ROBERT F. WAGNER,
J. G. TOWNSEND, Jr.,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 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, submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Section 2 of the House bill defined the term "home mortgage" as "a first mortgage on real estate in fee simple or on a leasehold under a renewable lease for not less than 99 years, upon which there is located a dwelling for not more than three families, used by the owner as a home or held by him as his homestead, and having a value not exceeding $15,000." The corresponding section of the Senate amendment has a similar definition, but the dwelling referred to is one "for not more than four families" and having a value not exceeding "$25,000." The conference agreement refers to a dwelling "for not more than four families" and having a value of not exceeding "$20,000." A corresponding change is made under the conference agreement in the definition of the term "real estate."

Section 3 of the House bill repealed section 4(d) of the Federal Home Loan Bank Act, providing for direct loans to home owners. There is no corresponding provision in the Senate amendment. The conference agreement retains the provision of the House bill.

Section 4 of the House bill provided for the creation by the Federal Home Loan Bank Board of a Corporation to be known as the "Home Owners' Loan Corporation" which was to be an instrumentality of the United States and under the direction of the Federal Home Loan Bank Board. The corresponding section of the Senate amendment (sec. 3) adds to the House provision that the Corporation so formed shall have authority to sue and be sued in any court of competent jurisdiction, Federal or State, and for the purposes of clarification, provides that the members of the Federal Home Loan Bank Board shall constitute the board of directors of the Corporation and shall serve as such directors without additional compensation. The conference agreement retains the provisions added by the Senate amendment.

Under the House bill the Corporation was authorized, for a period of 3 years after the date of enactment of the bill, to exchange its bonds for home mortgages and other obligations and liens secured by real estate, and in connection with any such exchange, to make advances in cash to pay taxes and assessments on the real estate, to provide for necessary maintenance and make necessary repairs, to meet the incidental expenses of the transaction, and to make a cash adjustment in an amount not exceeding $50 in any case where there is a difference between the face value of the bonds exchanged plus accrued interest thereon and the purchase price of the mortgage, obligation, or lien acquired by the Corporation. A limitation was imposed, however, that the face value of the bonds so exchanged plus accrued interest and the cash advanced should not exceed in any case $10,000, or 80 percent of the value of the real estate as determined by an appraisal made by the Corporation, whichever is the smaller.

Under the Senate amendment the fixed maximum amount of $10,000 as a limitation upon the amount of the bonds, interest, and cash which the Corporation might pay to the holder of the mortgage, obligation, or lien is omitted. The conference agreement fixes a maximum amount of $14,000 in any such case, or 80 percent of the value of the real estate as determined by an appraisal made by the Corporation, whichever is the smaller.

Under the House bill the Corporation is authorized to grant an extension of time to any home owner for the payment of any installment of principal or interest owed by him to the Corporation if in the judgment of the Corporation the circumstances of the home owner and the condition of the security justify the extension. The Senate amendment adds a provision that no payment of principal shall be required during a period of 3 years from the effective date of the bill if the home owner shall not be in default with respect to any other condition or covenant of his mortgage. The conference agreement retains the provision added by the Senate amendment.

The Senate amendment contains a provision that no discrimination shall be made under the act against any home mortgage by reason of the fact that the real estate securing the mortgage is located in a municipality, county, or taxing district which is in default upon any of its obligations. There was no corresponding provision in the House bill. The conference agreement retains the provision contained in the Senate amendment.

Under the House bill the Corporation was authorized, for a period of 3 years, to make loans in cash in cases where the property is not otherwise encumbered for the same purposes and subject to the same limitations as the cash advances above referred to which are made by the Corporation in connection with an exchange of its bonds for home mortgages. A limitation was imposed, however, that no such loan should exceed 80 percent of the value of the property securing the same as determined upon an appraisal made by the Corporation. Under the Senate amendment this limitation was decreased to 50 percent of such value, and the conference agreement retains the Senate provision.

Under the House bill the Corporation was further authorized in cases where the mortgagee or seller under purchase-money mortgage or contract does not accept bonds of the Corporation in exchange for home mortgages, and if the Corporation, within its discretion, finds that the necessary amount of the loan could not be obtained from ordinary lending agencies, to purchase by cash or otherwise the equity and/or interest of the mortgagee or seller if the amount of such equity and/or interest and the cash advances made by the Corporation do not exceed 30 percent of the appraised value of the property. Under the Senate amendment this provision of the House bill is retained and clarified and the limitation is fixed at 50 percent instead of 30 percent. The Senate amendment also provides that interest on any such loan shall be uniform throughout the United States, but shall not exceed 6 percent per annum. The conference agreement retains the provisions of the Senate amendment as to interest but fixes the limitation at 40 percent of the appraised value of the property.

Under the House bill provision is made for the exchanges of bonds and advances of cash by the Corporation to redeem or recover homes lost by the owners by foreclosure or forced sale by a trustee under a deed of trust within 2 years prior to the exchange or advance. The Senate amendment extends this power of the Corporation to homes lost by the owners under power of attorney or by voluntary surrender to the mortgagee. The conference agreement retains the provision added by the Senate amendment.

The Senate amendment also contains a provision authorizing the Federal Home Loan Bank Board to make rules for the appraisal of the property on which loans are made by the Corporation so as to accomplish the purposes of the bill. There was no corresponding provision in the House bill. The conference agreement retains the provision of the Senate amendment.

The Senate amendment also provides that the President should appoint a home-loan agent for each State, by and with the advice and consent of the Senate, the salary of each such agent to be fixed by the Corporation at not to exceed $6,000 per annum. Each such agent is to be under the direction of the Corporation, is to perform such duties as the Corporation may direct, and, subject to the approval of the Corporation, is to have authority to appoint and fix the compensation of such officers, employees, attorneys, and agents as the Corporation finds to be necessary, without regard to the provisions of other laws applicable to the employment or compensation of employees of the United States. There was no corresponding provision in the House bill. The conference agreement omits this provision of the Senate amendment.

Under the Senate amendment the President was also authorized to establish a national board of rehabilitation and conciliation, and to appoint in each State a board of State rehabilitation and conciliation which in turn is to

appoint or designate a suitable number of local boards for the purpose of bringing about between farm and home mortgagors and mortgagees an adjustment of farm and home mortgage indebtedness wherever it may be found practical to do so. There was no corresponding provision in the House bill. The conference agreement omits the provision of the Senate amendment.

The House bill prohibited the establishment of a Federal savings and loan association in any community unless it can be established without undue injury to properly conducted existing local thrift and home-financing institutions. The Senate amendment provides that no such association may be established if one or more properly conducted local thrift and home-financing institutions is then in existence. The conference agreement retains the language of the House bill.

Under the House bill $100,000 was authorized to be appropriated for expenditure by the Federal Home Loan Bank Board for encouraging local thrift and home-financing and the promotion, organization, and development of Federal savings and loan associations, or similar associations. The Senate amendment authorizes an appropriation of $250,000 for this purpose. The conference agreement fixes the amount at $150,000.

The Senate amendment contains a provision for appointment by the Federal Home Loan Bank Board of directors of Federal home-loan banks and Federal savings and loan associations on the basis of capital stock in such banks and associations held by the Government. There was no corresponding provision in the House bill. The conference agreement omits the provisions of the Senate amendment.

The Senate amendment also adds a provision prohibiting commissions or other charges in connection with loans made by the Corporation under the bill, except as authorized and required by the corporation for services actually rendered for examination and perfecting of title, appraisals, and like necessary services. There was no corresponding provision in the House bill. The conference agreement retains the substance of this provision of the Senate amendment and clarifies the language.

The conference agreement also makes certain minor clarifying changes.

HENRY B. STEAGALL,
T ALAN GOLDSBOROUGH,
ROBERT LUCE,
Managers on the part of the House.

Mr. STEAGALL. Mr. Speaker, I move the previous question.

The previous question was ordered.

The conference report was agreed to.

On motion of Mr. STEAGALL, a motion to reconsider the vote whereby the conference report was agreed to was laid on the table.

HOUR OF MEETING TOMORROW

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 10 o'clock tomorrow morning.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

LEAVE TO FILE REPORTS

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until 12 o'clock tonight to file reports.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

[House Report No. 228, Seventy-third Congress, first session]

CONSIDERATION OF H.R. 5389

Mr. POU, from the Committee on Rules, submitted the following report (to accompany H.Res. 185):

The Committee on Rules having had under consideration House Resolution 185, reports the same to the House with the recommendation that the resolution do pass.

"*Resolved*, That immediately upon the adoption of this resolution, the bill, H.R. 5389, with Senate amendments thereto, be, and the same hereby is, taken from the Speaker's table; that Senate amendments nos. 1 to 46, inclusive, and Senate amendment no. 48 be, and the same are hereby, disagreed to; that the House shall immediately proceed to the consideration of said Senate amendment no. 47 and that in the consideration of said Senate amendment no. 47 the following motion to concur with an amendment shall be in order and no other intervening motion shall be in order until said motion is fully disposed of.

"In lieu of the matter inserted by said Senate amendment no. 47 insert the following:

"'The President is hereby authorized under the provisions of Public, No. 2, Seventy-third Congress, to establish such number of special boards (the majority of the members of which were not in the employ of the Veterans' Administration at the date of enactment of this act) as he may deem necessary to review all claims (where the veteran entered service prior to November 11, 1918, and whose disability is not the result of his own misconduct), in which presumptive service connection has heretofore been granted under the World War Veterans' Act, 1924, as amended, wherein payments were being made on March 20, 1933, and which are held not service connected under the regulations issued pursuant to Public, No. 2, Seventy-third Congress. Members of such boards may be appointed without regard to the Civil Service laws and regulations and their compensation fixed without regard to the Classification Act of 1923, as amended. Such special boards shall determine, on all available evidence, the question whether service connection shall be granted under the provisions of the regulations issued pursuant to Public, No. 2, Seventy-third Congress, and shall in their decisions resolve all reasonable doubts in favor of the veteran. For the purposes of this section, the granting of service connection shall not be confined to the periods authorized by regulation no. 1, part I, subparagraph (c), or instruction no. 2, regulation no. 1, issued under Public, No. 1, Seventy-third Congress, it being the intent of this section to preserve service connections as granted by section 200, World War Veterans' Act of 1924, as amended (other than disability resulting from the claimant's own misconduct), unless affirmative evidence clearly discloses that the disease or disability had its inception before or after the period of military or naval service and not aggravated thereby.

"'Notwithstanding the provisions of Public, No. 2, Seventy-third Congress, the decisions of such special boards shall be final in such cases, subject to such appellate procedure as the President may prescribe, and, except for fraud, mistake, or misrepresentation, 75 percent of the payments being made on March 20, 1933, therein shall continue to October 31, 1933, or the date of special board decision, whichever is the earlier date: *Provided*, That where any case is pending before any one of the special boards on October 31, 1933, the President may provide for extending the time of payment until decision can be rendered. The President shall prescribe such rules governing reviews and hearings as may be deemed advisable. Payment of salaries and expenses of such boards and personnel assigned thereto shall be paid out of and in accordance with appropriations for the Veterans' Administration.

"'Notwithstanding any of the provisions of Public, No. 2, Seventy-third Congress, in no event shall the rates of compensation payable for directly service-connected disabilities to those veterans who entered the active military or naval service prior to November 11, 1918, and whose disabilities are not the result of their own misconduct, where they were except by fraud, mistake, or misrepresentation in receipt of compensation on March 20, 1933, be reduced more than 25 percent; and in no event shall death compensation, except by fraud, mistake, or misrepresentation, being paid to widows, children, and dependent parents of deceased World War veterans under the World War Veterans' Act of 1924, as amended, on March 20, 1933, be reduced or discontinued, whether the death of the veteran on whose account compensation is being paid was directly or presumptively connected with service.'"

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency have until midnight to file committee reports on S. 1425, S. 1634, and S. 1648. These are minor measures making amendments to bills that have already passed, unanimously reported by the committee.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

EXTENSION OF REMARKS

The following Members asked for and were given leave to extend their remarks in the RECORD:

Mr. MCCORMACK, Mr. TREADWAY, to include certain tables; Mr. COCHRAN of Missouri, to include a resolution; Mr. BRUNNER, Mr. ZIONCHECK, Mr. CARPENTER of Nebraska, Mr. TRUAX, Mr. GRANFIELD, Mr. GAVAGAN, Mr. WEARIN, Mr. REILLY, Mr. LUCE, Mr. MOTT, Mr. KELLY of Pennsylvania, Mr. BEITER, and Mr. HOIDALE.

VETERANS' PENSIONS

Mr. CARPENTER of Nebraska. Mr. Speaker, it is only after considerable thought that I rise to make the following observations and statements.

On Wednesday, with 10 other new Members, I went to the White House. We had an appointment with the President to discuss with him the liberalization of the recent reductions to veterans caused by the enactment of the economy bill and to learn at first hand the President's views and the aim of the administration. After this conference it was the opinion of our small group that no one could reasonably question the President's genuine sympathy with the veterans of all wars. He implied that he favored the Connolly amendment to the independent offices appropriation bill, with a few small changes that would not, in our judgment, be an injustice to any deserving veterans, whether his claims were service-connected or not.

I challenge anyone on the floor of this House to show that he is any more in sympathy with the veterans than I am. I am willing to stay here all summer to see that the veterans receive a square deal and are given proper care and consideration. However, I am not in favor of being made a party to the mistaken and partisan leadership of the Republican Party. If new taxes will be required for taking care of the veteran, I am in favor of levying them—but not as we have levied taxes in the past.

The Secretary of the Treasury has asked the public to subscribe to a billion dollars' worth of Government notes to meet the cost of the public-works program. Now, the contractors will not be paid with bonds or notes but will be paid with money printed and backed by the United States Government. Why not print this money and pay it to them instead of borrowing it and then paying interest on Government bonds? The money with the Government's name on it is exactly as good as a bond or note with the Government's name on it. Why do we insist on putting out these notes and bonds to make more taxes in order to pay the billions of interest in the next 20 years?

If the Government borrows three billions and takes 20 years to repay the interest will amount to twice as much as the money that was borrowed. Why pay $6,000,000,000 interest on three billions? Why pay out nine billions when three billions will do the work? Currency can be retired as orderly as bonds and much more rapidly because there will not be the additional burden of interest.

I have said before, and I say again, that the Government can become bankrupt by issuing too many bonds just as easily as overinflation can destroy our credit. If we can control bond issues, we can also control currency issues.

We now have some twenty-one billions of tax-free bonds outstanding, most of which are in the hands of J. P. Morgan & Co. and other large financiers. It has been shown that these bankers have been forced to pay taxes to foreign countries on bonds, but in this country they have been able legally to evade tax payments because of the loopholes in the lopsided income tax laws passed by the Republican leadership in the past few years. Personally, I am not yet ready to admit that income taxes cannot be collected. Nor do I favor saying that men who are able to pay income taxes shall be exempt and the tax load placed on the shoulders of the little man through a sales tax. I do not want to admit that we are not able to make laws and administer justice to all our people.

But why should we pay interest on $21,000,000,000? Take these twenty-one billions of bonds out of the hands of the rich and place them in the United States Treasury and issue money in full payment to the holders of these bonds. The bonds remain as security for the money and can be retired easily with the same amount that would be necessary for interest under the present plan. In 20 years you will have the debt paid and you will not have paid out double the debt in interest.

By this procedure you can save the taxpayers of this country around eight hundred millions a year! The Budget will then be balanced and there will be money to spare. Let us—just once—look at these matters as they really are instead of forever looking back toward the past and forever believing in the fallacies which have brought on our troubles. Through the short-sightedness of our past leadership, or through the influence of men like J. P. Morgan and his associates, we have continued in the old rut and have been unwilling to change the present unworkable financial setup. What this country needs is new thought and younger men with the courage of their convictions who will not be guided entirely by precedent. President Roosevelt, our new leader, has shown us the way through his new deal. Let us now follow the way.

Of particular interest to me is the Spanish War veteran. I am determined to see that he is given more consideration. It is quite difficult after 35 years for those men to prove their service in the Army was the direct cause of their present disabilities. The President has assured us that whenever there is a question of a doubt about a presumptive case the Spanish War veteran will receive the benefit of the doubt. These men are mostly old men, over the age of 60 years, and it is an obligation of this Government to see that not one of them or their immediate families is in want.

The World War veteran, wounded in service or disabled from his service in the Army, should receive the same consideration as the Spanish War veteran. The President has given us to understand that these ex-soldiers will be cared for in a very humane way and in a manner that is a credit to our country and to the great Democratic Party. There are so many thousands of veterans to be considered that it is quite possible that some mistakes in judgment will be made. When such cases come up among the men I represent, I will do everything I can to see that they are given due consideration and compensation.

I come from a State where independent thought and action are recognized and expressed. We of Nebraska never surrender that right, and it is too late now for the newer men from that State to push aside the principles of good government and fair dealing that have long been championed by such men as Senator GEORGE W. NORRIS.

With these few remarks, I cast my ballot for the passage of the Connolly amendment and the liberalization of the provisions of the Economy Act. Also, I am proud to stand by one of the greatest Presidents this country has ever had—Franklin Delano Roosevelt.

PERSECUTION OF THE GERMAN JEWISH PEOPLE

Mr. McCORMACK. Mr. Speaker, I have watched with increasing anxiety developments in Germany since Adolf Hitler assumed controlling power. The time has come when I may no longer refrain from expressing my condemnation of the policy being pursued by the present German Government, particularly as it applies to a ruthless agonizing of the Jews.

To me as an American such relentless disregard for the principles of liberty, justice, and equality was at first too grotesque to believe. To me as a human being such truculent instigation of human suffering seemed too diabolical to be an occurrence in this age of spiritual enlightenment and social and scientific progress. But as later events confirmed the truth of the early reports, as the word of trusted and responsible persons told all too sorrowfully that in Germany a minority race was being subjected to a malevolent persecution such as we had hoped the world would never see again, I no longer can sit back quietly and neutrally trust that Germany will sooner or later come to her senses and that the threatening clouds of an outmoded tyranny will disappear.

Christianity cannot ignore the debt she owes to Judaism. The tenets of toleration for all, freedom for all, peace among all, were sounded by the prophets of Israel long before Christ was born. These same principles of liberty, freedom, and peace form the very bedrock of the Republic of the United States. Believing in them as I do, fighting for them as I always have and always will, the attempt of the Hitler regime to destroy them strikes a note of fear and of repugnance within me.

In previous years such violation of the fundamental concepts of our modern civilization have been permitted by other nations. An irate justice, fighting with both pen and sword, word and deed, bled to bring those erring nations to a comprehension of their crime.

But Germany is not a nation that can be spanked and put to bed supperless, as we would a naughty child. Hers is a

powerful people, intelligent and ambitious. Her contribution to the advancement of science, the arts, legislation, philosophy, the professions, in short to every phase of the civilization to which we point with pardonable pride has been noteworthy and valuable. Her influence among other nations has been considerable. Her prowess and accomplishments in the past have won the unstinted admiration of all men.

Germany will not rest until she has once again resumed her place of prominence in the economic, social, and cultural sphere.

This is the thing that worries me. Due to the unrest and discontent prevailing among the European peoples today, and because of the concentrated energy with which she is pursuing her end, Germany is likely to reach her goal sooner than is generally expected. Once again able to command respect from lesser nations, to what pernicious limits may not the execrable influence of Adolf Hitler extend? What other nations, aping Germany, may not adopt her policy, oblivious, as in Germany, to the protests of the world?

Many able men have already expressed themselves regarding the deplorable situation that exists in Germany today. I share their feelings and their fears, and not only protest the barbarities now being committed but exhort you to prevent their spread.

I fervently trust that the efforts being made to bring to an end the crimes now perpetrated against the Jewish people in Germany will bear such successful fruition that racial persecution will forever be a thing of an unhappy past.

PERSECUTION OF JEWS IN GERMANY

Mr. COCHRAN of Missouri. Mr. Speaker, I represent a district composed, I would say, of 50 percent of citizens of German extraction. They are a law-abiding, God-fearing people, and are a credit to the community. They have largely contributed toward making St. Louis the great city that it is. Like all Americans who are opposed to intolerance, I am sure that they resent the persecution of people of the Jewish faith in the German Republic.

Within the boundaries of my district there also reside thousands of law-abiding citizens of the Jewish faith. They are greatly exercised over the tragic situation that confronts the Jewish citizens of Germany. For a long time they remained silent until positive proof was established that physical violence persisted.

Numerous mass meetings and conferences have been held, and I include as part of my remarks a resolution adopted on April 23, 1933, at a conference attended by representatives of every Jewish organization of St. Louis. The resolution follows:

This conference assembled in the Young Men's Hebrew Association auditorium in St. Louis, Mo., Sunday afternoon, April 23, 1933, and composed of accredited delegates of local Jewish organizations, after appropriate discussion and a unanimous vote, respectfully submits, in behalf of the Jewish community of St. Louis, to the United States Government, the following statement and petition, with reference to the present tragic condition of the Jews in Germany:

Since the accession to power of the Hitler government there has existed for the Jews of Germany a veritable reign of terror. Countless numbers of cases have been reported of physical violence perpetrated on defenseless Jews by the Nazi troops, resulting in numerous deaths and in severe bodily injuries to hundreds. These atrocities have been confirmed by some of the victims themselves, by numbers of eye witnesses, by impartial non-Jewish investigators and correspondents of the leading journals of many lands, and by governmental agencies, including our own State Department.

Innocent Jews are subjected to every manner of outrage and indignity, and men are not spared who have won international fame in their callings, through distinctive contributions to human thought and scientific knowledge. Jewish property has been confiscated without a semblance of justification. Boycotts against Jewish tradesmen, industrialists and professional men; wholesale discharge and virtual exclusion by governmental decree of Jews from public office, educational institutions, hospitals, courts, etc., and restrictions ousting and barring Jews from the professions, excepting a negligible percentage, are threatening to reduce the Jewish population to a state of pauperism and degradation. Such decrees of exclusion and restriction, ruthlessly enforced and imposed upon even scholars and scientists of world renown, have been promulgated by a government which complains through its well-organized propaganda agencies that Germany is being maligned by its enemies abroad.

The Hitler Administration now threatens to divest the Jews of Germany of their fundamental rights and to reduce them to second-class citizens or, in other words, to a status of unprotected aliens, if not "untouchables."

This conference submits that the Jews of Germany have well earned their citizenship, through age-long citizenship dating as far back, in some communities, as the fourth century; through consistent patriotic service in peace and in war—including the recent World War, in which 25 percent of the Jewish population, aggregating 100,000 Jews, served and 12,000 died on the various battlefields; and also through illustrious achievements in every field of human endeavor—contributions which have added luster to the German flag and which have brought fame and honor to the German people the world over.

This conference voices the deep concern of St. Louis Jewry with reference to the fate of German Jewry, and respectfully petitions the Congress and the President of the United States to intercede as early as possible in behalf of a people that is being crushed in every respect by a government which has revived the hatreds and persecutions of the Middle Ages and threatens the peace of the world.

This conference further appeals to the conscience of the great German people to rise up and protect the lives and property of their Jewish citizens as well as their rights and their privileges of citizenship, which they have so genuinely appreciated and so well deserved. The honor and the peace of Germany are at stake.

This conference resolves that copies of this statement and petition be sent to the President of the United States, to the Secretary of State, to the Senators of this State and to all the Missouri Representatives in Congress, and to the press.

Mr. Speaker, I have repeatedly presented to the Secretary of State the appeal of the people of Jewish faith that I represent, urging that this country use its offices to put an end to this intolerable situation. I join with these good people in the hope that our Government will express itself to the Hitler government in behalf of the individual rights of and social justice for citizens of all faiths.

A REVIEW OF THE ACCOMPLISHMENTS OF THE SPECIAL SESSION OF THE SEVENTY-THIRD CONGRESS

Mr. BEITER. Mr. Speaker, like every American citizen, I am deeply concerned in the courageous and able manner in which our President is attempting to bring order out of chaos, and I believe the program that has been adopted at this special session of Congress is one that will do much to relieve the distress that has been prevalent for the past few years.

At present the most accurate forecastings of events must be accepted with mental reservation. Prophets, wise in their own estimation, assured us that the crisis was of short duration, that we would soon see the dawn of a brighter day. Many of us believed that a nation so rich in natural resources, so far advanced in every line of human endeavor, so secure by reason of the dauntless spirit of its people, would quickly recover from its appalling shock. But since then we have grown more cautious and demand more convincing evidence than mere predictions born of emotional optimism. Whatever steps have thus far been taken to ameliorate conditions, it must be obvious to the most casual observer that the end of this stupendous national drama is not yet in sight. The sure way to prosperity has not yet been found. Countless theories for economic recovery have been advanced, but as yet many of the most perplexing as well as momentous problems facing us today remain wholly or partially unsolved. The fact is we are not entirely sure of ourselves regarding many vital matters. In a situation such as the present one, working practically every enterprise, as well as the interests of nearly all our citizens, progress is essentially slow. It should be unnecessary to remind anyone of the deplorable and alarming conditions which exist everywhere throughout our land. In many respects the present crisis is without a precedent in our Nation's history. Particular references need not be made. Our national plight, the countless failures, the impoverished millions, the general prostration of industry, the decay of agriculture—all these distressing calamities which confront us today have been so widely discussed that we are all more or less aware of the magnitude of the task which at this moment commands our attention.

What I have stated may seem to some as an admission of defeat; at least that my observations are confessedly discouraging. Assuming that to be the case, I am still reluctant

to revise any of the statements which I have thus far made, for I see no advantage in distorting the facts. Moreover, we will be able to more fully appreciate what has already been accomplished when we realize the many difficulties and trying ordeals which beset our pathway. That we have made progress and are fully justified in demanding continued confidence in the new administration is unquestionably the prevailing sentiment of the American people.

There is a reason for this sudden change in the mental attitude of the average citizen. He has seen the gradual unfolding and development of a comprehensive program. Already amazing results have ben achieved by the operation of laws enacted in Washington. The matchless courage and determination displayed by the President, together with the loyalty and cooperation of Congress, have stimulated new hope and confidence in millions of languishing hearts. From every section of the country reports are received of improvements, of advancing progress, of fundamental changes in business and enterprise, which plainly indicate that this Nation is gradually but surely "emerging from the depths" of despair. The tide of events has changed. We may look into the future with assured hope and confidence. In the short time allotted to me may I review briefly some of the important measures which have engaged the attention of Congress.

EMERGENCY BANKING LEGISLATION

In the years of depression the banking system became demoralized. Each succeeding year we witnessed an increased number of failures. National as well as State banks everywhere were collapsing in increasing numbers. Millions were involved in this terrible catastrophe. The aggregate losses stifle the imagination. Almost immediately upon the convening of Congress the President brought this existing emergency in banking to the attention of the House and Senate. A law was passed providing instant relief. The President's proclamation, declaring a holiday for all operating banks, was a master stroke. Further delay in approaching this dire situation might have proved fatal to the financial structure of this country. Since, however, this emergency measure was enacted and an investigation undertaken to determine the actual condition of each bank, fear and hysteria have in a large measure vanished, all sound banks have resumed their normal functions, and a general feeling of confidence and security has been restored.

The Economy Act was another timely measure. We were near the threshold of bankruptcy. It was imperative to formulate some plan whereby the credit of our Government would not be totally and possibly permanently impaired. While the action of Congress in conferring drastic authority upon the President received some criticism, it is apparent now, even to those who were skeptical of the results sought to be accomplished, that its proposal as an emergency measure was fully justified. In this connection I wish to explain my vote on the measure. I opposed the passage of the bill in its original form. I disapproved of the economies contemplated in the act at the expense of the war veterans and widows of veterans.

It is gratifying to me to know that I had a part in bringing about the revision which will become effective under the President's new orders. It seems like a travesty upon justice that those who have been our defenders, risking life and all in the defense of flag and country, should now be called upon to make another sacrifice in order that the institutions of our Government—in fact the very existence of our Nation—may endure, when we know that we have permitted economic evils to flourish, political vice and corruption to go on unchecked, or unfinished projects, both costly and untimely, to be promoted, public funds to be used in the most extravagant manner. However, these are past mistakes. The real causes of this depression and its disastrous consequences must not command our attention for the present. We are concerned with possible remedies, policies, and principles which will enable us as a nation to carry on, and in the fullness of time insure a complete and permanent restoration. The financial credit of the Nation must be maintained at any cost. Almost half a billion of dollars has been cut from governmental expenditures by the operation of the Economy Act.

BEER BILL

The passage of the beer bill, so called, followed in close succession. To provide new and additional revenue it was necessary to find new and additional sources of taxation. Without delay or unnecessary ceremony the bill was passed by Congress and approved by the President. The manufacture and sale of beer and wines with not more than 3.2 percent of alcohol by weight have been legalized. More than $10,000,000 has already been collected. In addition to the direct benefit derived from this legislation thousands have found steady employment. It has been conservatively estimated that the returns from the beer tax will yield approximately $500,000,000. It is one of the important factors in balancing the National Budget.

HOME OWNERS' AND FARM-RELIEF LEGISLATION

I will not attempt to discuss at length the legislation proposed and that is already in effect pertaining to farm relief. The plight of the farmer presents problems of major economic importance. The loss which the farm has sustained during the past years of the depression by reason of the violent decline of prices and the deflation of land values is appalling. It is proposed to give immediate relief to those in dire distress. To enable him to refinance his indebtedness in more convenient terms, to provide working capital in reasonable amounts, to assist him to redeem or repurchase his foreclosed farm home, to provide for liquidating in an orderly manner the affairs of joint-land banks—these are some of the important provisions incorporated in the general plan. I feel confident, notwithstanding the criticism heard in reference to the method or plan proposed, that the action taken to help the farmer in his misfortune will prove feasible and produce far-reaching results. I might dwell briefly upon a kindred proposal. Not only is the farmer oppressed by the burden of mortgage debt, but the small home owner has suffered likewise. Those threatened by foreclosure have found it difficult and in most instances impossible to obtain financial help from their local banks, with the result that they were obliged to lose their homes. The equity claimed in the property often represents the savings of years, and yet under a foreclosure sale it is completely wiped out. For this worthy purpose an amount not to exceed $2,000,000,000 will be made available. A newly created corporation, called "home owners' loan corporation", will be in charge of the funds and will, within prescribed limitations, carry out the purposes of the bill. It is possible in this arrangement to get sufficient cash to pay delinquent taxes and assessments or to make repairs where necessary.

It must be apparent to every citizen who believes in the preservation of American ideals that the bills to which I am referring are of the most vital importance. J. G. Holland's observatons, "The homes of a nation are the bulwarks of personal and national safety and thrift", are indeed appropriate at this time.

SECURITIES ACT

Legislation has been enacted designed to protect the innocent investor against dishonest practices heretofore indulged in by unscrupulous salesmen. Included among the list of unfortunates who have suffered severe losses are many of our smaller banks and financial institutions. The major purposes of the act will be to furnish correct information relative to each issue, and thereby enable the investor to judge intelligently the character of the securities which are being offered to the purchasing public from time to time.

Perhaps one of the most intricate problems which is commanding attention is the financial plight in which we find so many of our cities and smaller municipalities. In the years of prosperity great projects were undertaken, many of which are far in advance of their needs. Bond issues were authorized with a reckless disregard. It was not only the individual who was then seized with the mania of spending; municipalities were equally careless and overventuresome. The result is that many of our once prosper-

ous communities are on the verge of bankruptcy. The bonds have depreciated and in some cases will never be paid in full. Some relief by moratorium or otherwise seems necessary. Shall we permit such municipalities to repudiate their obligations? This has been suggested and approved by some on the ground of expediency; but I entertain a different view. The sale of public securities in general would be immediately impaired. Continued confidence in the integrity of our political subdivision, large or small, is essential to future development and progress. Some way must be devised to enable impoverished communities to meet their obligations some time or another.

Laws permitting the refunding of their indebtedness might be desirable in many cases. In extending the maturity dates or reducing the installments of principal would enable many communities to pay their obligations in full and without default or loss. I feel certain that some action will be taken to meet such emergencies.

INFLATION

We have gone off the gold standard with the march of events here and abroad; and expansion of our currency became necessary. While some have become much alarmed over our sudden departure from the gold standard, it should be noted in this connection that the President was vested with power and authority to direct the policies so far as currency expansion is concerned. Of course the immediate results expected are inflation and stabilization of prices. No one is prepared to say what may be the outcome of this rather drastic innovation in our financial system. My confidence in the leadership of the Chief Executive leads me to believe that we have nothing to fear. The integrity of the American dollar will be preserved.

UNEMPLOYMENT

The reforestation project so zealously advocated by the President, even before he became President, has already been undertaken. It is affording employment to hundreds who are and have been dependent on public charity for food and shelter. Relief measures are being enacted to aid the unemployed in various ways. The Federal Government is cooperating with several States and smaller political subdivisions in extending relief to the millions who have been forced to endure not only physical hardship but mental anguish. Every effort will be exerted to make this once more the land of opportunity for all.

RAILROAD LEGISLATION

The enactment of the Emergency Railroad Transportation Act, providing for a consolidation of railroad operations, will do much 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. Under this act a safe and adequate national system of transportation will be maintained.

NATIONAL INDUSTRIAL RECOVERY

Congress has provided for the machinery necessary for a great cooperative movement throughout all industry in order to obtain wide reemployment, to shorten the working week, to pay a decent wage for the shorter week, and to prevent unfair competition and disastrous overproduction.

The act provides that any trade or industrial association or group is authorized to prepare and submit to the President for approval a code of fair competition, which will regulate the competitive practices within the industry or trade represented. This gives each trade or industry an opportunity to adjust itself and is of particular benefit to our independent merchants.

The act also gives the President full power to start a large program of direct employment. Approximately $3,300,000,000 will be spent for useful and necessary public construction and at the same time put a large number of people to work.

Grants are permitted to the States (not to exceed $400,000,000 in aggregate amount) for emergency construction of public highways and extensions and for the elimination of hazards to highway traffic, such as grade crossings, the widening of narrow bridges and roadways.

The provisions of the National Industrial Recovery Act, which have been heretofore briefly described, should be considered as providing an interrelated program for the relief of unemployment and a substantial increase in mass purchasing power, through the construction of public works combined with measures for stabilizing private industrial operations. By establishing maximum hours of work and minimum wages we may insure the continued employment of those now employed and furnish work for a substantial percentage of those now idle, and this brings about security of employment for millions of our people at wages sufficient to provide for living in decency and comfort. By raising the standard of labor conditions throughout trade and industry, through voluntary cooperation with the aid of the Government, unfair competition, based upon the employment of underpaid and overworked labor, should be generally eliminated. As the result of such a program, we may confidently expect a further stimulation of industrial operations, greater security of capital, greater security of labor, and a steady increase in the prosperity of the Nation. The public-works program should produce immediate substantial revival of business. The industrial-recovery program should not only add to this stimulation but should insure the permanence of a return to better, healthier, and happier conditions throughout the industries of the Nation.

MUSCLE SHOALS

Muscle Shoals is located in the northwest corner of the State of Alabama on the Tennessee River. In point of potential hydroelectric energy it is one of the greatest streams in the world. Eliminating the Columbia, the Colorado, and the Niagara Rivers, it is the greatest in continental United States.

President Wilson located the nitrate plants at Muscle Shoals by the authority given him in the National Defense Act of 1916. The nitrate plants were constructed for two fundamental purposes—for the manufacture of munitions in time of war and fertilizer for the benefit of American agriculture in peace time. The plants were completed just as the war ended, and the Wilson Dam and hydroelectric development were completed afterwards. Various attempts to have the fertilizer plants put into operation since 1920 have failed, owing to the opposition of the power and fertilizer interests. Two bills have been sent to the White House, bupt neither met with the approval of either President Coolidge or President Hoover.

President Roosevelt made a full and complete inspection of the Muscle Shoals plants and recommended legislation providing for the operation of the plants and development of the Tennessee River Basin. The bill was passed and will give the people of that section of the Nation cheap water transportation, cheap electric power, the production of cheap concentrated fertilizer for the benefit of the farmers, provide food control, and preserve the natural resources of the Tennessee Valley. At the same time it will establish a great laboratory for the purpose of determining the cheapest and best method of manufacturing fertilizer, which is one of the greatest needs of agriculture at this time.

The surplus of electric power under the terms of this act will be disposed of at wholesale prices to cities, towns, States, corporations, partnerships, and individuals and cooperative organizations of farmers and citizens—preference always to be given to those who are not procuring it for the purpose of selling for a profit. Should it become necessary to assure low rates for the people, the corporation controlling the Muscle Shoals property is authorized to lease or build transmission lines to carry electric current to towns, communities, or cities. The building of transmission lines by the Authority at Muscle Shoals will depend on the success of efforts first to be made to have it transmitted by firms or companies engaged in the distribution and sale of electricity at fair and reasonable rates.

The surplus power is primarily for the benefit of the people as a whole, particularly domestic and rural consumers, who are given preference over industrial users. By making maximum developments on the Tennessee and its tribu-

taries, industries no doubt will be able to procure power for their use and the cost of developing on a large scale will make the price to the domestic user very much less by reason of this large load factor.

In reviewing recent events and happenings—the activities of Congress and the President—I regret that much valuable and interesting information must be omitted. The purpose of this address is to point out rather than to discuss in detail some of the most important achievements accomplished in the comparatively few months during which Congress has been in session. I trust that you, my fellow citizens, may be able to form some conception of the great aims of the President and all those cooperating with him in one of the greatest battles waged in time of peace.

THE DEMOCRATIC PROPOSAL FOR TARIFF RECIPROCITY

Mr. TREADWAY. Mr. Speaker, since the beginning of this special session of Congress there have been constant rumors of the intention of the President to ask for special authority in regard to the tariff similar to that which he has requested and received in practically every other line of governmental activity. It appears that he desired to have delegated to him, for use in connection with the World Economic Conference, certain general powers enabling him to enter into reciprocal tariff agreements with foreign countries in the hope of expanding the present volume of foreign trade.

One day we would hear that a tariff message was on the way to the Capitol, and the next day that it probably would not be sent up at all. This has been going on for weeks. It is known that a bill granting the necessary authority to the President has been prepared, but its introduction has been withheld pending the receipt of the long-awaited tariff message. Now, as we are approaching what presumably are the final days of the session, it would seem that for once, at least, the courage to ask has been somewhat weakened. The adage says, "Ask and ye shall receive", but asking for special authority over the tariff might result in receiving something entirely different from that asked for.

Notwithstanding the nonreceipt of the expected tariff message, it would seem that the present is an opportune time for an academic discussion of the tariff from the Republican standpoint and for a renewal of the Republican pledge of protection to American industry, agriculture, and labor, at the same time pointing out the fallacies of the Democratic tariff doctrine. Such a discussion would seem to be especially timely in view of the tariff plank in the 1932 Democratic platform and of the expressed sentiments of Democratic leaders, as well as the known views of the American delegates to the Economic Conference who are representing this country abroad today.

THE DEMOCRATIC TARIFF POLICY

Following is the Democratic tariff policy as contained in the platform of the party adopted at the Chicago convention:

> We advocate a competitive tariff for revenue, with a fact-finding Tariff Commission free from executive interference, reciprocal tariff agreements with other nations, and an international economic conference designed to restore international trade and facilitate exchange.

Thus the circumstance that the President during the present session has failed to ask for authority to conclude reciprocal tariff agreements cannot change the fact that the Democratic Party is committed to such a program—a program which the President undoubtedly would have carried out if he had felt that the necessary legislation could have been enacted without jeopardizing other important matters and without throwing the Congress into an extended discussion of this explosive subject. It is well known that he desired to have the Congress out of the way before the opening of the London Economic Conference on June 12.

In proposing to ask for power over the tariff, the President was but carrying out in his own way the tariff plank of his party. He stands committed to that plank, having publicly declared that the Democratic platform represents his program of legislation. This tariff plank also represents the views of 5 out of 6 of the American delegates to the London Conference. It also represents the views of the Democratic leadership in Congress. Therefore, even though the reciprocity plank is not to be translated into legislation immediately, we do know that, from the President down, the leadership of the Democratic Party is desirous that it be done as soon as practicable. No doubt the subject will be brought up at the January session of Congress.

In connection with the Democratic proposal for reciprocal tariff bargaining, it should also be kept in mind that the Democratic platform also calls for a "competitive tariff for revenue only." This means that the Republican principle of protection is to be cast aside, to be superseded by a principle which encourages foreign competition in the domestic market. Undoubtedly this part of the platform will also be given consideration at the next session of Congress. Therefore it becomes doubly important to lay the tariff issue squarely before the people.

DEMOCRATIC PROPOSAL WOULD DESTROY AMERICAN STANDARD OF LIVING

For nearly a century and a half our country has grown and prospered under the protective-tariff system. Every schoolboy knows that one of the first acts passed in the first session of Congress in 1789 was a tariff measure. The tariff has nurtured our early industries and fostered the growth of new ones. It has enabled our workers to receive higher wages than are paid in any other country in the world. It has built up our American standard of living. It has made possible the enjoyment by the common people of some of the comforts and luxuries of life which are unknown to a majority of the people in other countries. Now, the Democratic Party proposes to destroy that system by substituting a so-called "competitive tariff." Such a tariff will not enable us to maintain a great many of our present industries, and will throw thousands of additional workers out of employment. This means reduced wages, reduced purchasing power, a lowering of the standard of living, and a reduction of the domestic market for other home products.

WHAT IS A COMPETITIVE TARIFF?

Now, what is a competitive tariff? We had one in this country during the administration of Woodrow Wilson—the Underwood-Simmons Act—and only by reason of the fact that the European nations were thrown into war just after it was enacted was this country saved from the disastrous effects which otherwise would have followed. The World War made us a large exporting nation and gave us almost complete immunity from destructive foreign competition.

I will let the late Woodrow Wilson tell us in his own words what the competitive tariff is. He said that its theory is "to introduce in every line of industry a competitive basis providing for a substantial amount of importation." Thus, the basic test of a Democratic competitive tariff is to be found in the volume of imports which are allowed to come into this country to compete in the home market with domestic industry, agriculture, and labor. To this kind of a tariff the Democratic Party has again pledged itself, and the President is duty-bound to carry it into execution.

If the tariff had been the sole issue of the last political campaign, the Democratic Party would never have been swept into office on a proposal to substitute a competitive tariff for the Republican policy of protection. It is therefore idle to say that the people have spoken upon this issue. Other issues were predominant. But the people will certainly be heard from if the Democratic Party ever enacts into law its proposed bill letting the other nations of the world write our tariff laws and monopolize our home market, and they will speak in terms that can be understood.

"NO TIME TO REDUCE TARIFF"—RAINEY

My friends, this is no time to talk about reducing the tariff. I say this on the authority of one of the leaders of the administration, the distinguished Speaker of the House. When the Collier tariff measure was before the House in the Seventy-second Congress, the Speaker, then majority leader, said:

> Lower this tariff drastically? You [Republicans] will not do it and we [Democrats] dare not do it with conditions as they are. We do not want this market flooded with the products of cheap labor in other countries.

This statement of the Speaker I commend to you Democrats today. It may have been uttered in an unguarded moment, but I am sure it was spoken from the heart. It is common sense. It is good Republican doctrine. We do not want our market flooded with the products of cheap foreign labor, especially at this time when there are plenty of idle hands in this country that could be put to work.

RECIPROCITY AGREEMENTS WOULD PERMIT INCREASED FOREIGN IMPORTS

Like the competitive tariff policy of the Democratic Party, its reciprocity proposal likewise has no other purpose than to tear down our present tariff and admit increased quantities of foreign merchandise to displace the products of our own farms and factories. I know it is said that its real object is to expand our export trade, but we cannot expect to sell more goods abroad without buying more in return, and under the proposed bargaining agreements we would be expected to sacrifice some great domestic industry in order to sell more of the products of some other domestic industry to foreign nations. That is what reciprocity means—to give and take. In any such exchange with foreign countries I am sorely afraid that Uncle Sam would come out of the conference with the short end of the bargain. It is well known, as someone has said, that we have a habit of winning all our wars and losing all our conferences. There is no reason to think that a tariff conference would be an exception.

FOREIGN TARIFF RATES PADDED FOR BARGAINING PURPOSES

In connection with the matter of foreign trade conferences, I want to utter a word of warning, and this same warning is suggested in the Tariff Commission's recent report to the Senate on Tariff Bargaining Under Most-Favored Nation Treaties. It is common knowledge that foreign countries, especially in the last few years, have frequently revised their tariffs upward with a view, as the Tariff Commission points out, "to including in the revised rates bargaining margins which could be conceded to foreign countries without reducing the rates below those which are considered desirable from the point of view of national policy." In other words, tariff rates are "padded" for bargaining purposes. Now, it is obvious that any concessions made in these so-called "padded rates" would be purely illusory.

The following quotation from the Tariff Commission's report is of interest in relation to this matter:

> At this moment, when so many countries are maintaining emergency tariff rates and trade barriers, care must be taken to avoid the possibility that the United States would obtain in return for its tariff concessions only the abandonment of measures too cumbersome and oppressive, and of tariff rates too high, to outlast the depression. For example, the tariff rates imposed by certain European countries on wheat as measures of price stabilization and to save their producers from the effects of the abnormally low price of the commodity will inevitably be reduced if and when there is a substantial increase in the world price for cereals; and reciprocal tariff agreements by which concessions were made in return for the reduction of such temporary duties might mean the grant of valuable concessions in return for totally illusory concessions.

DEMOCRATS WORSHIP FETISH OF INTERNATIONALISM

Mr. Speaker, the fetish of internationalism is worshipped by the Democratic Party. This has been especially so since the influence of Woodrow Wilson upon its policies. But let me say to my Democratic friends that so far as the American people are concerned they will not stand for any further attempt to entangle us in the affairs of the Old World or to allow foreign nations to become entangled in our affairs by helping to determine our tariff policy. The last Democratic administration is still fresh in the minds of the present generation, and I am sure that the repudiation which was given to Woodrow Wilson's policies of internationalism in the election of 1920 must also be fresh in the minds of the present Democratic leadership.

The adjustment of our tariff duties has always been regarded solely as a domestic function and the home market has been considered the birthright of our own people. Like all other nations, we, as a people, possess the inherent power to limit and control the importation of goods from outside the borders of this country. This power has always been used to promote the general welfare of our citizens. Just as charity begins at home, so it is the duty of the Government to give first consideration to its own people. The tariff is an instrument of national policy, and we do not need any help from abroad in determining what that policy shall be.

DEMOCRATIC ILLUSIONS ABOUT INTERNATIONAL TRADE

The present Democratic administration, influenced by the Secretary of State, is laboring under strange illusions about international trade. It takes the position that if tariff barriers and other trade restrictions are removed we will be able to expand our export business to unprecedented proportions. It overlooks the fact, however, that the old order of things has changed. We no longer have strictly manufacturing countries and strictly agricultural countries. Most of the leading nations of the world are now industrialized and there is not the same opportunity as there formerly was for international exchange. Competition in world markets is becoming keener. There has been a rising tide of nationalism and self-containment. Each nation tries to produce what it needs within its own borders to a large extent, and is a competitor of every other nation in almost every commodity in world markets. Each has very much the same exportable surpluses to sell abroad, and the result is that the old markets have disappeared. We would like to sell our excess agricultural products in foreign markets, but so would all the other nations.

There is one fact in connection with our post-war foreign trade that must be faced frankly, and it is one that is so often overlooked. At the close of the war Europe was prostrate, while our country was rich and prosperous. Our production was geared up to the highest level, and we were able to produce the goods needed by other countries until they should be able to rehabilitate themselves. While these countries needed our goods, they had no funds to buy them, and so we made them loans, both through governmental channels and privately, which enabled our producers to reap a rich harvest in foreign trade. Thus, we financed our own export business. Now these countries are able to supply themselves, but I have no doubt that if we would lend them more money they would gladly buy more of our goods. However, in view of the difficulty we are having collecting the money we have already loaned, I am afraid we will hesitate a long time before again trying to finance a profitable export business.

HEADS THEY WIN—TAILS WE LOSE

The people of this country should not allow themselves to be deluded into thinking that just as soon as our tariff is reduced foreign nations are going to rush to trade with us. The removal of domestic and foreign trade barriers alone will not ipso facto expand our export trade. Naturally foreign nations will be glad to ship more goods into our markets, but how much will they take away with them? That is the important question, and it is also where the uncertainty lies. International trade is absolutely devoid of moral obligation, and we can sell abroad only that which we can furnish cheaper than other countries. If we cannot undersell our foreign competitors, we cannot expect to sell our goods in world markets.

RELATIVE UNIMPORTANCE OF FOREIGN TRADE

It is argued that to increase our export trade we must permit a larger volume of imports. This, of course, is true, but let me call your attention to the fact that in the banner year of 1929 our export trade was approximately $5,000,000,000 and our domestic production of movable goods about $53,000,000,000. Now, if we lower our tariff so as to cut our domestic production, say, 2 percent, or in the neighborhood of $1,000,000,000, then in order to offset this loss in the domestic market we would have to expand our export trade by 20 percent. Thus, by destroying one fiftieth of our domestic production, we would need to expand our foreign markets one fifth to make up the loss to domestic producers. The proposition, therefore, is very one-sided.

In 1931, according to Professor Donham, of Harvard University, our per capita exports were only 4 percent of our per capita income and 6 percent of our per capita produc-

tion. It may well be asked, therefore, how our Democratic friends can expect to find prosperity by increasing 5 percent of our production and neglecting 95 percent.

Normally we consume 90 percent of our domestic production within this country, and anyone with the slightest spark of intelligence should be able to see that our prosperity depends to a much greater extent upon our home trade than it does upon our export business. The economic well-being of this country is based almost wholly upon the consuming power of our own people, and the problem before us today is to restore their buying power, not to decrease it. Let this be understood!

RECIPROCITY WOULD INCREASE UNEMPLOYMENT

It has long been said that the protective tariff never closed a domestic factory nor threw a worker out of employment. If the Democratic proposal to tear down the tariff would create jobs for our unemployed, it might be justified. However, such a program is not calculated to open up possibilities for employment, but rather to reduce them. The price which we have to pay to sell more goods abroad is too great to result in any net benefit to this country. We have everything to lose and nothing to gain. Our rich domestic market, the greatest in the world, would be sacrificed in order to enlarge our relatively small foreign trade. For a chance to increase our present export trade of one and one half billion dollars per year we are asked to throw open our home market to foreign competition—a market which in 1929 produced a national income of approximately $90,000,000,000.

Those who are advocating the reciprocity proposal may try to say that at the present time American workers have nothing to lose by being thrown into competition with labor in other countries. Nothing could be further from the truth. In spite of the fact that millions are out of employment the wage scale of those who still have jobs is above that of any other country in the world, and when prosperity returns, as some day it must, the men who are put back to work will receive this higher wage scale, provided, in the meantime, the maintenance of the American standard of living has not been made impossible as a result of destroying the protective tariff system. But in any event how can buying more textiles from the United Kingdom reopen our own textile plants? How can buying more steel goods from Germany give employment to our own steel workers? How can buying more wheat, milk, and other agricultural products from Canada help our American farmers? How can buying more meats from Argentina be of any assistance to our own cattle raisers? How can buying more shoes from Czechoslovakia put our own shoe factories back on the road to prosperity? How can buying more fruits and vegetables from Caribbean countries put any more money in the pockets of our own orchardists and truck gardeners? How can buying more oil from Venezuela help the domestic oil producers? My friends, such a question answers itself.

AMERICAN WAGES HIGHEST IN WORLD

If American workers think they are no better off than their foreign competitors, let them examine the figures on world wages. The higher scale of wages paid in this country cannot possibly be continued under a Democratic tariff law or under such rates as may be agreed upon by foreign countries. I shall insert in the RECORD at the conclusion of my remarks a table showing comparative wages in selected industries in this country and sundry other nations. (See exhibit A.) For the purpose of emphasizing the tremendous advantage our workers have over those in other countries, I will give the general averages of the industries named for each country, which are based on a 48-hour week:

United States	$26.30
England	11.37
Sweden	10.20
Germany	9.02
France	7.25
Belgium	6.21
Japan	5.37
Hungary	5.08
China	1.31

Among the industries included in this table are the following: Leather and shoes, chemicals, ceramics and pottery, iron and steel, paper making, cotton goods, cement, and woodworking. All of these industries are represented in my section of the country, and I do not hesitate to say that I would be sorry to see our workers forced by Democratic policies to compete with workers in China receiving an average of $1.31 per week or with those in France receiving an average of $7.25. Even the English average of $11.37 is less than half the average wage in this country in the industries named.

WAGES IN NEW ENGLAND INDUSTRIES

In connection with this general discussion of wage scales I should like to call attention to the wages paid in western Massachusetts for making certain products as compared with those paid in foreign countries for comparable articles. In my district we make a large quantity of small tools. The American wage for toolmakers is 60 cents per hour; the German rate, 16 cents. We also produce a considerable amount of wire cloth, which is used in paper making. The American wage in this industry is 56 cents per hour; the French rate, 20 cents. In the case of cutlery, of which my district is also a large producer, the American wage rate is 60 cents per hour, the British rate 17½ cents, the German rate 16 cents, and the Japanese rate only 7 cents.

In the production of darning cotton the American wage is 35 cents per hour; the French wage, 16 cents. In the firearms industry our workers receive 58 cents per hour, as against only 10 cents in Germany. Certain classes of cheap rugs are made by Japanese workers for 6 cents an hour. Sandals are made by Czechoslovakian workers for as little as 5 cents per hour. Now, the reason I mention these wage scales is simply this: Without a protective tariff our workers will have to labor for the same wages paid in competing foreign countries. Otherwise, we will be unable to produce these products in competition with such countries. Thus, the effect of the Democratic tariff proposal upon my district would be to destroy many of our industries, because my people will not, and certainly ought not to be expected to, work for such starvation wages as are paid in many foreign countries. Think of our shoe workers trying to subsist on 5 cents per hour! Imagine them trying to maintain a home, provide themselves and their families with even the ordinary comforts of life, and educate their children on such a wage! Yet that is precisely what the administration proposes to force upon them. It is an outrage, and I protest against it! I appeal to some of my Democratic friends to throw off their party yoke and help us Republicans kill this proposal when it is presented, not only to save our people from its disastrous effects but their own people as well.

NEW TRENDS IN COMPETITION

American workers are constantly being flattered by being told that they produce more than the workers in other countries, and hence that they are entitled to more wages. This is largely true. But let them also understand that with the improvement of machinery, less and less skill is required to produce manufactured goods than has been the case in times past. We have only recently witnessed the industrialization of such countries as Soviet Russia, Japan, and Czechoslovakia, which formerly were not competitors in the manufacturing field.

In this connection, I want to point out that there has been a drift in our import trade during the past few years which I think is rather significant in pointing to the kind of competition our domestic producers are going to have to meet. I refer to the fact that in many lines our imports are no longer coming from countries having living conditions and wage scales which tend to approximate our own, but rather from other countries with standards of living and wage scales known to be much lower than ours. For example, take the case of electric lamps. In 1923, our imports of lamps from Germany totaled nearly 8,000,000 units. By 1930, they had dropped to only a little over 700,000. During this same period, however, imports of lamps from Japan increased from 3,000,000 to nearly 29,000,000 units.

In 1923 we imported 42,000,000 pounds of window glass from Belgium; in 1930, 5,500,000 pounds. In the meantime, our imports from Czechoslovakia increased from 800,000 pounds to 6,000,000 pounds. In 1923, the United Kingdom was our principal source of embroidered and lace linen handkerchiefs—630,000 dozens as against 822 dozen from China. In 1930, the United Kingdom sent us 327,000 dozen and China, 1,271,000 dozen. Between 1926 and 1930, our imports of earthen tableware from England dropped from 2,000,000 dozen pieces to 1,000,000 dozen, while our imports from Japan in the same period jumped from 500,000 dozen to 1,600,000 dozen. I refer to these changes merely to show that competition is increasing from low-wage-standard countries, not alone in world markets but in our own market as well. To place our manufacturers in free competition with these countries means ruin to the home market and to American labor.

INCONSISTENCY OF DEMOCRATIC PROGRAM IN REGARD TO WAGES

Mr. Speaker, the President has just recently requested our employers to increase the wage level of their workers as quickly as they can. The inconsistency of this request with his proposal to destroy the protective tariff is at once apparent. How in heaven's name can we even maintain our American wage standard, let alone increase it, if we are to throw our workers into competition with the cheap labor of Europe and the Orient by reducing existing tariff rates? It cannot be done. Moreover, we cannot expect to find foreign markets for our goods unless we are prepared to meet the world price, and to meet this price we must lower our production costs, not increase them. Thus, the President's proposal for tariff reciprocity is doubly inconsistent with his request for wage increases. Low wages and low prices are necessary to compete in world markets, and this means a lowering of our standard of living, longer instead of shorter hours of employment, and less leisure and comfort.

How can our workers be expected to compete with those of the rest of the world without being reduced to the same wage scales and the same standards of living? How can the American farmer sell his surplus crops abroad except by meeting the price of his Russian, Canadian, or Argentinian competitor? In the domestic market, with a proper tariff, we do not need to be so much concerned with world prices. Our producers receive American prices, they pay their employees American wages, and these wages are spent in maintaining the American standard of living.

DEMOCRATS CHANGE CRY OF "BUY AMERICAN" TO "BUY FOREIGN"

There is now going on in this country a campaign to educate our people to "Buy American." The purpose of this campaign, of course, is to give employment to labor in this country by favoring our own products over those which are imported. The shelves of our jobbing houses and retail stores are crowded with foreign merchandise. Most of the articles could be and are being made in this country. If these shelves were filled instead with domestic goods, employment would thereby be given to American labor, and the workers engaged in producing these merchandise would be able to purchase other domestic products. Now, the administration would have us change the cry of "Buy American" to "Buy Foreign." The Democratic heart goes out to the workers of other countries who are without jobs, but it does not respond to the entreaties of our own workers for an opportunity to produce the merchandise consumed in this country. Instead of putting more domestic goods on the shelves of our retail stores the administration would have us purchase more and more foreign goods and try to sell our own products in the markets of the world at prices that we are unable to meet.

ATTITUDE OF EXPORT INDUSTRIES AND INTERNATIONAL BANKERS

Mr. Speaker, this agitation for tariff reduction and reciprocity in order to attempt to expand our export trade is being given impetus by two great groups in this country. I refer to the so-called "export industries" and the international bankers. As long as the export industries can sell their goods abroad, they do not care a continental about what happens to other domestic industries, and as long as the international bankers can collect the debts which are owed to them by foreign nationals they have no concern about the havoc which would be wrought in the home market by the adoption of their program.

What is it going to benefit us to shut down one industry for the benefit of another? The more we diversify our industries, the less apt we are to produce surpluses in any one of them. Moreover, an industry once destroyed cannot easily be restored; and when we have no domestic production of an article, we are absolutely at the mercy of foreign nations so far as the price of that article is concerned. If we are to have a monopoly, let it be in this country where it can be controlled. A few years ago we witnessed the British rubber producers raise the price of rubber beyond all reason; and sice we had no supply of our own, we could have been made to pay any price they might have asked. This experience should be an object lesson for us.

WHAT INDUSTRIES ARE TO BE SACRIFICED IN TARIFF BARGAINING?

Now, what would the administration do with the power desired? The Executive wishes to secure easier access to foreign markets through reciprocal tariff concessions. In other words, we would agree to reduce our tariff on a certain product or products in return for some other country reducing its tariff on some other product. Foreign nations would be allowed freer access to our market and we would be allowed freer access to theirs.

Knowing that the concessions made will have to be reciprocal, it becomes important for us to know what products would likely be involved in this trading. We have surpluses of almost everything we produce in this country, but of course it will be impossible to find a market for all of these surpluses abroad without granting foreign countries almost complete freedom in our own markets. Only certain products can be singled out for preferential treatment. Some of our domestic industries would have to be sacrificed to compensate foreign countries for the concessions granted to the products of our country singled out for special treatment in their markets.

In order to determine what industries at home would likely be bargained away, we should look to our foreign competitors and see what products they may wish to sell us. The United Kingdom, being a manufacturing nation and having no adequate domestic food supply, will naturally want to sell us manufactured products and in return will be most apt to grant us concessions with respect to foodstuffs. On the other hand, Canada, being an agricultural country, will wish to sell us food products and in return will no doubt be willing to take manufactured products. At the same time, there is no guarantee that the United Kingdom will take our food supplies. She may find it more advantageous to buy from Canada or one of the other Empire countries.

Even if we were able to secure additional trade with these two nations, it would have to be done by lowered tariffs on two of our basic industries, farming and manufacturing. Canada, for example, would expect to sell us more wheat and more dairy products, and the United Kingdom would expect to sell us more textiles. Hence, the rates of duty on these commodities would have to be lowered. Moreover, it may be supposed that there would be more than one product of each country concerned in the proposed reciprocal bargaining. Besides textiles, the United Kingdom produces machinery, iron and steel manufactures, woolen goods, and other products in large quantities. Canada is a large exporter of fish, lumber, and nonferrous metals. France exports large quantities of cotton, silk, and wool fabrics, raw wool, clothing and lingerie, heavy iron and steel products, and other commodities in addition to her perfumes and wines. Germany produces metal products, machinery, textiles, coal, dyes, and other commodities which compete with ours. Italy is a large exporter of cotton fabrics, cheese, fruits and vegetables, olive oil, and rayon.

To give a more complete picture of the export trade of the countries mentioned, I will insert in the RECORD at the con-

clusion of my remarks some tables showing the value of their exports by commodity groups. (See exhibit B.) If the producers and workers of this country will just go over these tables they will at once be able to see what commodities they will have to compete with in the domestic market if this tariff-reciprocity proposal is enacted into law. One important fact to be remembered is that the very circumstance that a country is not at present a particularly large exporter of a certain product does not mean that it is not anxious to expand the market for that product.

Let the administration suggest what industries would be placed upon the bargain counter and what great classes of workmen would be deprived of a livelihood in this mutual exchange of surplus products. Who would be the first victim? What do the other countries of the world propose to offer us, and in exchange for what? Are we going to throw open our home market for agricultural products in order to sell the world more automobiles? Are we going to sacrifice the textile industry of New England and the South in order to sell more apples to the United Kingdom? Are we going to close our steel mills and buy our steel products abroad in order to sell the world more typewriters? Are we going to buy our cotton from Russia and India in order to sell these countries more machinery? These questions must be answered, because if we are going into a trade we must have something to offer.

WHAT PRICE RECIPROCITY?

Those who are going to accept blindly this proposal from the President should stop and ponder the matter for a while. It may be that they have in their own districts some industry that is to be offered up. It may be the dairy industry; it may be the pottery industry; it may be the rayon industry; or some other industry vital to the welfare of their people. We cannot go into this world conference and offer to exchange our wheat for cross-word puzzles, or our cotton for toy dolls. On the other hand, we must sacrifice some large industry to compensate some foreign country for giving some other large domestic industry freer access to its market. Is it worth the price?

While there is still time to stop the enactment of this Democratic proposal, every farmer and every worker in this country should demand that he be told whether he will have to face ruinous competition with the products of other countries in the home market. No farmer and no worker can be sure that his own particular product or products will be spared, because each country has something different to sell; and in order to get freer access to foreign markets, we will have to make different concessions to each country until we have exhausted the whole group of our domestic industries.

SECRETARY HULL'S VIEWS ON THE TARIFF

It seems appropriate that some reference should be made to the man who will largely be responsible for carrying on reciprocity negotiations with foreign countries and who is now the chairman of the American delegation to the World Economic Conference, which will deal, among other things, with the tariff question. I refer, of course, to the present Secretary of State, Hon. Cordell Hull, who for a quarter of a century was a Member of this House and until his elevation to the Cabinet was a Senator from his State.

Mr. Hull has in the past taken the position that we should not produce in this country any commodity the production of which is not economically justifiable. Under such a principle many of our basic industries would be destroyed because we would produce only those things which cannot be produced to a considerably greater advantage in other countries. This theory died with Adam Smith, and all attempts to revise it up to this time have failed. However, it is about to be foisted upon the country at the present time, and it is high time that our people awoke to a full realization of its implications. In my own State of Massachusetts there is very little produced which could not be produced cheaper in Japan, or Czechoslovakia, or Germany, or some other country having a much lower wage scale than is paid in this country. Secretary Hull would apparently make us all fishermen.

As a member of the Ways and Means Committee, Secretary Hull said in his minority report on the tariff bill of 1930 that "every tariff rate is an injury to export trade." Therefore the converse of this proposition would be that in order to enlarge our export business to the utmost we should remove all tariff restrictions. He does not consider what would happen to our domestic industries if this were done.

In the same minority report Secretary Hull emphatically stated that the tariff should be "revised downward", and said that the major effect of tariffs is to "transfer wealth from one class to another without affecting the Nation's total."

On May 19, 1932, Secretary Hull said on the floor of the Senate that tariffs only stimulate production and cause artificial prices to topple to the ground. Taking the tariff off, therefore, would rid us of our surplusage. According to this view, our present wheat surplus would disappear if the duty on wheat were removed. What logic! I will admit that the end which he mentions would be accomplished, but it would be done by making it unprofitable for American farmers and American producers to compete in their own market. This policy would destroy our farming and manufacturing industries.

Secretary Hull does not believe in the yardstick of difference in the cost of production of the foreign and domestic article in fixing tariff rates. Thus, he does not feel that the foreign producer should be put on an equal competitive footing with the domestic producer in our own market, but would leave the foreign producer with a cost advantage. This accords with the Democratic theory of competitive tariffs.

Secretary Hull is always talking about exports. Tearing down the tariff does not automatically result in increased exports, but it does automatically result in increased imports. We are to allow freer access to our own markets in the vain hope that perchance we will be able to expand our export trade.

In referring to the Republican principle that Americans have the primary right to their own market, Secretary Hull said on this floor during the debate on the Tariff Act of 1930:

> Who, here or anywhere, has ever thought of questioning the absolute jurisdiction of every government everywhere over its domestic markets?

My answer to that statement is that he today questions that right by aiding and abetting the movement to commit the United States to a policy of letting foreign nations dictate our tariff rates. Yes, he is even the father of the proposition. If there is any question about this, let anyone who is interested read his public remarks for the past 10 years or so. The resolution which he introduced in the Sixty-ninth Congress calling for a world-trade conference was but the forerunner of the plan sponsored by the Democratic House in the Seventy-second Congress, which was vetoed by President Hoover.

Under the Democratic proposal, we will be asked to place the tariff-making power in the hands of one who is unfriendly to the protective-tariff principle, to place it in the hands of one committed to a downward revision of existing duties. Everyone knows what the result of lowering the tariff will be. I do not need to remind anyone that it will cause a flooding of the domestic market with the products of cheap foreign labor, and make it impossible for domestic producers to compete with such goods; that any slight expansion of our export trade will be more than offset by the damage done to domestic trade and commerce; that workers thrown out of employment in one industry will be forced upon other industries, and a general lowering of wage scales will result; that the vain hope to secure greater world markets cannot be realized without meeting world prices; and that these prices cannot be met without reducing our work-

ers to the status of those in European and Oriental countries. We have the greatest market in the world; let us keep it for our own people.

PAST EXPERIENCES WITH RECIPROCITY

Mr. Speaker, it is true that we have concluded reciprocity treaties in the past, but these treaties have never been successful, nor are they any precedent for such a transfer of power to the Executive as is contemplated in the Democratic proposal. The Canadian reciprocity treaty of 1854 virtually established free trade between that country and the United States. History shows that this treaty was of more benefit to Canada than it was to this country, and it was abrogated by us during the Civil War. The Hawaiian reciprocity treaty of 1875 was concluded for political, rather than economic, purposes. The reciprocity agreements concluded under authority of the Tariff Act of 1890 did not involve any concessions on the part of the United States, since this country only refrained from imposing penalty duties on certain otherwise free imports in return for fair treatment of our agricultural products in foreign markets. These treaties were abrogated by the Democratic Tariff Act of 1894.

The treaties concluded under the Tariff Act of 1897 were limited in their scope, and were concluded by the President under authority given to him to reduce the duties in the case of certain articles, including argols, wines, paintings, and statuary, to a lower rate, which Congress fixed, in return for concessions made to products of this country. The Cuban reciprocity treaty concluded by President Theodore Roosevelt in 1902 is still in effect, and stands, of course, upon a peculiar footing all its own due to our close relationship to that nation.

The 2-schedule set-up of the Tariff Act of 1909 amounted to imposing maximum rates by way of penalty against unequal treatment of American products in foreign markets. The attempt to establish a second reciprocity agreement with Canada in 1910 and 1911 came to naught by reason of the failure of Canada to ratify the treaty drawn up, although the concessions made were mostly on the part of the United States. Finally the provision of the Democratic Tariff Act of 1913 authorizing the President to conclude reciprocity agreements never resulted in a single treaty being made.

In recent years we have abandoned the old method of international negotiation, and have sought to institute in its place a national policy of equal treatment for all nations. To abandon our present policy would, as President Hoover well said in his veto message on the Collier bill in the Seventy-second Congress—

> Start our country upon the road of a system of preferential tariffs between nations with all the trade wars, international entanglements, etc., which we have sought to avoid.

The Democratic platform of 1932 contains the following plank with respect to reciprocity:

> We favor * * * reciprocal tariff agreements with other nations, and an international economic conference designed to restore international trade and facilitate exchange.

Now it is well known who wrote that plank. It was the same man who is the present economic advisor to the President, Hon. Cordell Hull. For years he has preached the doctrine of competitive tariffs and reciprocity agreements. His views are a matter of record, and I have already commented upon them. But in connection with this plank in the Democratic platform, which he wrote, I want to mention a rather curious incident which occurred just about a month before the Chicago nominating convention. In Collier's Weekly for May 21, 1932, there is an article by our distinguished Speaker upon the subject of reciprocity agreements and most-favored-nation treaties. In this article Mr. RAINEY pointed out that it was "utterly impossible", to use his own phrase, for us to think about reciprocity treaties because of existing "most-favored-nation" treaties and agreements. Yet the Democratic convention, disregarding his counsel, 1 month later adopted a platform favoring reciprocity. Both Mr. Hull and the Speaker are acknowledged leaders of the Democratic Party, and have been its counsellors for a quarter of a century. Yet there seems to be some difference of opinion among them as to the possibilities of reciprocity.

EFFECT OF MOST-FAVORED-NATION AGREEMENTS ON RECIPROCITY

We have, as pointed out by the gentleman from Illinois in his article, some 45 trade treaties and agreements with other nations which contain what are known as "most-favored-nation" clauses. Under the terms of these agreements, we are bound to grant to other contracting countries the same favors granted to the most favored nation, and we are granted the same concessions in return. Now there are two kinds of most-favored-nation clauses—conditional and unconditional. Under the conditional type, the concession granted to any one nation is not allowed to other contracting nations unless the same or an equivalent quid pro quo is given in return.

Thus, where a concession is granted to one country in exchange for an equivalent, a country wishing to take advantage of its most-favored-nation agreement is entitled to the same concession only after making a similar compensation. On the other hand, the unconditional clause requires no quid pro quo, and if this country grants a preferential rate to one country, then any other country with whom it has an unconditional most-favored-nation agreement may claim the same rate without even making a compensation in return. Some of our treaties are conditional, others are unconditional.

Now, what does all this mean? I will let our Speaker answer that question by quoting from his article. He says:

> We are practically stopped from negotiating any reciprocity treaties with other countries because we are bound, hand and foot, by the so-called "most-favored-nation" treaties which we have with other countries.

Perhaps the administration will say, "We must get rid of these treaties." But there is an answer to that, too, for in our Speaker's article he says on that point:

> We cannot correct these reciprocity agreements. We cannot get rid of these treaties.

As bearing out the Speaker in this statement, I may say that the treaty with Austria cannot be terminated until 1938, and then only after 1 year's notice. The treaty with El Salvador must run until 1940. Most all the other treaties have several years to run before they may be terminated. Thus the bill now before us seems to be a rather futile thing unless it has for its purpose a lowering of the rates to all countries. At the conclusion of my remarks, I shall insert in the RECORD a list of the countries with whom we have most-favored-nation treaties or agreements. (See exhibit C.)

In order to carry out the purpose of the administration's proposed reciprocity agreements, this Government would have to abandon its existing treaties and agreements and expose itself to worse discrimination than we have been experiencing. Under our policy of equal treatment for all, no nation can have any cause for complaint on the ground of discrimination. At the same time, under an unconditional most-favored-nation treaty, we are not at present obliged to grant any concessions to any other country to secure any benefits accruing to us thereunder, since no country except Cuba has any preference under our tariff, and on account of our close relationship to that country our concessions to it are always excepted from such agreements. Why abandon our present policy and set up in its stead one that will only breed tariff wars, reprisals, and unfair discrimination against us?

CONSTITUTIONAL PHASES OF DELEGATING TARIFF POWERS TO PRESIDENT

Mr. Speaker, I should like for a few moments to refer to the constitutional phase of the Democratic tariff proposal and to the views of some of our Democratic colleagues upon the subject of delegating tariff-making powers to the President.

Under the Constitution, the power to fix customs duties is laid in the Congress. The reciprocity proposal would give the President authority to change tariff rates without restriction. For this reason, it would constitute an unconstitutional delegation of legislaive power. Of course, I know that

since the 4th day of March the administration has closed its eyes to the Constitution, but it is still the law of the land and stands supreme over any act of Congress.

We are told that the proposed delegation of legislative power to the President would be nothing more than was done under the flexible-tariff provisions of the 1922 and 1930 Tariff Acts. It will be recalled that the President is thereby given the power to increase or decrease duties within a range of 50 percent, based upon the Tariff Commission's finding of the difference in the cost of production of the domestic and foreign article. It is not true that the present proposal can be compared with the powers of the President under the flexible provisions. There is quite a fundamental difference between the two propositions. The flexible tariff was sustained by the Supreme Court on the ground that Congress had laid down a definite rule which the President was to follow in fixing the rates, namely, that the duty on a particular article should be such as would make up the difference between the cost of the domestic and the foreign product. The act of the President in proclaiming the rate therefore became purely an administrative function.

Under the proposal to give the President the power to conclude reciprocal agreements, he would have absolute power to fix rates without reference to any rule laid down by Congress. His act in fixing rates would be a legislative, not an administrative, one. The yardstick of difference of cost of production would be thrown out. Carte-blanche authority to fix new duties would be given.

DEMOCRATIC VIEWS ON FLEXIBLE-TARIFF PROVISIONS OF PRESENT LAW

It may seem strange that when the 1922 and 1930 tariff acts were under consideration, the then Democratic minority opposed with all their might this delegation of administrative power under the flexible-tariff provisions, which the Supreme Court has upheld, yet they now come forward with a bill which goes far beyond the delegation of power contained in those acts. They see nothing wrong in granting to a Democratic Chief Executive one of the legislative powers of Congress, but it is utterly wrong to grant a Republican President a purely administrative function to be carried out under rules laid down by the Congress. Let us see what our Democratic friends had to say about the flexible-tariff provisions.

In his minority report on the tariff bill of 1930, our former colleague, the present Secretary of State, referred to this section of the bill as follows:

> The Republican Party would not only retain section 315, the flexible-tariff provisions, but would considerably enlarge and expand it for purposes of broader tariff legislation by the executive department. The President would thereby be enabled to change the whole objects and purposes of the tariff law enacted by Congress. * * * It is clearly unsound, unwise, impracticable, subversive of the plain functions of Congress, and should be speedily repealed.

On May 9, 1932, Secretary Hull, then a Member of the Senate, quoted with approval his own remarks in the House when the flexible-tariff provisions were enacted. It is interesting to note what he said at that time of giving the President the power to change tariff rates. Following is the excerpt from his former speech which he quoted:

> I am unalterably opposed to section 315 of the tariff act and demand its speedy repeal. I strongly condemn the proposed course of the Republican Party, which contemplates the enlargement and retention of this provision with such additional authority to the President as would practically vest in him the supreme taxing power of the Nation, contrary to the plainest and most fundamental provisions of the Constitution.

The Democrats in those days read the Constitution—

> a vast and uncontrolled power, larger than had been surrendered by one great coordinate department of government to another since the British House of Commons wrenched the taxing power from an autocratic king.

To use another of Senator Hull's statements, I say that the present proposal is an "unprecedented and unusual and wholly unjustifiable arrogance of power and authority to the President."

Let us see what the present Vice President had to say about delegating power to the President. During the debate on the 1930 tariff bill, when he was the ranking minority member of the Ways and Means Committee, Mr. Garner said:

> Remember this, gentleman: When the legislative body surrenders its tariff power and its obligations to the Executive—under our system of government a majority can do that, but you can never recover them except by a two-thirds vote of the House and Senate.
>
> Remember that when you surrender this power of taxation you surrender it for all time to come or until the two bodies, by a two-thirds vote, can take it away from the Executive.

The Vice President was then fearful of giving administrative power to the President, who is elected by the people. How much more, then, should he be afraid of giving legislative power to the President and the representatives of foreign nations who are responsible to no one in this country and who are anxious to secure access to our domestic market?

Listen to the eloquence of our former colleague from Georgia, Mr. Crisp, who thus spoke of the flexible-tariff provisions:

> O gentlemen, you are surrendering your right under the Constitution. Our forefathers fought for that right—the right that the elected members of the people, the representatives of the people, should alone have to levy taxes against them. And here you are surrendering it; and when you have surrendered it, do not expect that you will get it back soon.

I particularly want to call to the attention of the House a speech made by the distinguished Chairman of the Ways and Means Committee [Mr. DOUGHTON] during the consideration of the 1930 tariff bill. In referring to the flexible-tariff provisions, he said:

> The fathers who formed the Constitution wisely, in my opinion, left to Congress the initiating and enacting of laws raising revenue. The flexible-tarff provisions giving the President the power to raise or lower tariff rates to the amount of 50 percent renders nugatory in spirit and practical effect this provision of the Constitution.

Continuing, the gentleman from North Carolina said:

> My friends, this is too dangerous and alarming to contemplate. With all this power vested in the President of the United States, he becomes a colossus. It is too much power and authority to lodge in any man who ever has been or ever will be President of the United States.

At that time, of course, the gentleman did not know that the present Chief Executive would be in the White House.

The gentleman concluded with the following warning:

> It seems that the more power men are given the more they are obsessed with a morbid gluttony for increased power. My friends, it is time to pause and call a halt, to stop, think, look, and listen before we go over the yawning precipice just ahead of us.

Mr. Speaker, I commend this language to the gentleman from North Carolina today and to his Democratic brethren. Yes; I even commend it to my Republican colleagues. It is well put. We should "stop, think, look, and listen."

I say to my Democratic friends today that if you opposed with all your might the flexible-tariff provisions of the present tariff law, then, to be consistent, you should be all the more opposed to the present proposal, which goes far beyond that delegation of power and gives the President absolute authority to fix rates without control by Congress. It is the most complete abdication of power that could be made. It is contrary to both the letter and spirit of the Constitution.

OUR FOREIGN TRADE TODAY

Mr. Speaker, we hear much about how this country has suffered in its foreign trade as a result of the enactment of the Tariff Act of 1930. I would remind the House, however, and I would also remind the country that in spite of all that has been said about the Hawley-Smoot Act we are today the leading export nation of the world. It was said that this law would make it impossible for foreign nations to trade with us and that it would cause reprisals against our goods in foreign countries. Instead, we still rank ahead of all other nations in the value of our exports, just as we did when the Hawley-Smoot Act was written. In the volume of our imports we occupy our usual place next to the United Kingdom. It is natural that the United Kingdom should outrank us in imports because she is dependent upon

the rest of the world for her food supply, whereas we are almost completely a self-contained nation.

It cannot be denied that our foreign trade has declined considerably in the past few years, but so has the foreign trade of the world at large. In 1929 the total international trade of all countries was $68,000,000,000, but in 1932 it was only $26,000,000,000. Our share of the world trade in 1929 was $9,640,000,000; in 1932 it was $2,935,000,000. In both years it was 11 percent of the total trade between all the nations of the world. I shall insert in the RECORD at the end of my remarks a table showing the foreign trade of this country from 1913 to 1932, inclusive. (See exhibit D.)

CAUSE OF INTERNATIONAL TRADE COLLAPSE

What caused this tremendous decline in international trade? The answer is that it resulted in the first instance from reduced purchasing power and the contraction of credit. Take this country as an example. Our foreign trade was on the increase up to the latter part of 1929, when the stock-market crash occurred. It was only after that time that our foreign trade began to decline. Imports and exports for September 1929 showed an increase over September 1928 and the 9-month period ending September 30, 1929, showed an increase over the same period in 1928 in both imports and exports. However, in October 1929 our export trade began to fall, but imports still remained ahead of October 1928. The same situation existed in November, with exports taking a still greater slump. In December both exports and imports dropped off from the 1928 figures. From then on the decline in both exports and imports has been steady. Thus the charge that our tariff caused the depression in this country and was responsible for the economic collapse throughout the world is completely refuted. The Hawley-Smoot Act was not enacted until June 1930, and under the Fordney Act of 1922 our foreign trade continued to grow year by year up to the time our internal trade was disrupted in the latter part of 1929.

Another proof of the fact that the present tariff law has had little or nothing to do with the decline in foreign trade lies in the fact that the value of imported merchandise which is free of duty continues to be two thirds of the total value of all imported merchandise. If the tariff act were operating to prevent the importation of foreign products, the decline in dutiable articles would naturally be greater than the decline in free merchandise. Instead the ratio between dutiable and free goods remains practically constant. I shall insert in the RECORD as exhibit E a comparison of our dutiable and free imports for the years 1927 to 1932, inclusive, and call attention to the fact that our trade with foreign countries is proportionately no less in one class than in the other.

With respect to the cause of the trade collapse, I should like to read the following excerpt from an address delivered by Prof. Wallace B. Donham, of Harvard, Dean of the Graduate School of Business Administration, before the Warton Alumni Institute in Philadelphia. He said:

> In my own opinion the collapse of international trade results mainly from serious overproduction of raw materials stimulated by competition among the industrial nations and followed by the sharp fall of commodity prices. The living habits of vast numbers of people have changed. This overproduction and price collapse is the primary fact and trade restrictions are mainly a result. Insofar as this is true, removal of trade restrictions would not only fail to revive foreign trade but would accentuate our domestic difficulties.

Why are foreign countries selling us less coffee, less tea, less rubber, less raw silk, less bananas? These articles are all on the free list. There is no restriction on their importation. Certainly the tariff has nothing to do with the decrease in the volume of the imports of these commodities. The reason is, as I have already stated, that we have less purchasing power. When our purchasing power increases we will buy more of these products again. But buying agricultural products from abroad and manufactured products from abroad is not going to increase our purchasing power. Selling a little more merchandise abroad is not going to offset this loss in our domestic market. My friends, consider the fact that in 1929 our domestic trade produced an income to our people of over $90,000,000,000, while the total international trade of the whole world was only $68,000,000,000.

As purchasing power declines at home it is natural that there should follow a decline in imports. This is just as true of other countries as it is of the United States. To say that foreign trade is responsible for the prosperity of domestic trade is to say that the tail wags the dog. Such is not the case. Of course, there is no question but what tariffs and trade restrictions have tended to hinder international exchange, but they have grown up to a great extent since the depression began. Quotas and direct prohibitions have been imposed by many countries. Depreciation of foreign currencies has made it difficult for gold-standard countries to market their goods and has intensified competition for world markets. Nationalistic movements, such as the "Buy British" campaign, have discouraged foreign purchases. The British policy of giving preference to Empire products has affected the trade of the British Empire with other nations. Thus we cannot lay the blame for all the economic ills of the world on the Hawley-Smoot tariff.

As a matter of fact, the United States Chamber of Commerce suggests that perhaps our domestic trade has declined to a greater extent than our foreign trade. In its publication Our World Trade in 1932, this organization states that by taking carloadings as an indicator of the volume of our domestic trade, it will be found that they declined 25.3 percent in 1932 over 1931 whereas the decline in the quantity of exports was only 22.4 percent and that of imports only 19.4 percent.

OUR CHIEF CUSTOMERS AND SOURCES OF SUPPLY

In order to acquaint the Members of the House and the people at large with the extent of our trade with the respective nations of the world, I shall place in the RECORD two tables, one showing the sources of our imports, the other the destination of our exports. (See exhibit F.)

It will be observed from glancing at these tables that whereas the United Kingdom is our best customer, taking nearly 18 percent of our exports in 1932, it ranks fifth in the value of merchandise sold to us by other countries. On the other hand Brazil is third in the value of merchandise sold to us and fourteenth in the value of its purchases. Thus, we have favorable balances of trade with some countries and unfavorable balances with others. The same situation exists throughout the world. This illustrates the fact that goods are not necessarily exchanged in two directions, but that rather trade tends to run in circles. Our unfavorable balance of trade with Brazil is turned into a favorable balance with the United Kingdom, and the unfavorable balance of the United Kingdom with us is turned into a favorable balance with some other nation.

It is noteworthy that in this interchange of commodities among nations, we have had the balance of trade in our favor continuously since 1894. Immediately prior to that time our imports often exceeded our exports, and in the early period of our history the balance of trade was almost always against us.

Unmanufactured cotton retains its place as our chief export product, amounting to narly 22 percent of the total value of exportations in 1932. Automobiles, which formerly ranked second in value, have been forced into third place by gasoline and related products. Coffee, which formerly ranked second in value of imports to silk, now occupies first place. Cane sugar is third. I shall insert in the RECORD as exhibit G a list of our chief exports and imports in 1932.

Regardless of economic conditions, we will always be forced to import certain articles which we do not produce in this country. On the other hand, foreign countries will find it necessary or advantageous to buy certain articles from us. But if we produce merchandise in this country sufficient to meet our needs, there is no reason why we should buy the same merchandise from some other country. The more different kinds of goods we produce, and the more we diversify our industries, the more we expand our home mar-

ket, because every time a thousand workers are put to work in one industry, they at once become potential purchasers of products manufactured or produced by those engaged in other industries, and at the same time they reduce the number of workers available to the other industries.

Each of the countries of the world has its chief export item. Brazil has its coffee, Cuba its sugar, Japan its raw silk, and so on. International trade in these chief export articles will continue to a certain extent regardless of the state of domestic business in the various countries of the world, and as domestic business increases foreign trade in these articles will increase.

DEMOCRATIC CRITICS OF PRESENT TARIFF RATES

Before concluding, I should like for a few moments to refer to the rates of our present tariff law. Our Democratic friends have referred to the Hawley-Smoot Act as having exorbitant rates. They never say that a particular rate is too high, but the charge is always in general terms. No mention is made of the rates that they think should be reduced. Now, what does all this mean? Simply this, that the allegations which are made against the law are purely for political effect. In the Democratic platform of 1924 the Fordney-McCumber law was denounced as the most "unjust, unscientific, and dishonest tariff tax measure ever enacted in our history"; yet in the Seventy-first Congress, following the enactment of the Hawley-Smoot Act, a Democratic member of the Ways and Means Committee introduced in the House his idea of a tariff bill and stated that it contained the industrial rates of the Fordney-McCumber law and the higher agricultural rates of the Hawley-Smoot Act.

Under existing law the President may raise or lower tariff duties within 50 percent of the rate fixed in the law. Thus, if any duties are too high, the Executive has the machinery at hand to lower them.

This machinery may be put in motion by the President himself, by resolution of either House of Congress, or by the Tariff Commission upon its own motion or upon the application of any interested party. If rates have not been lowered, it is either because no one has requested such action or because a decrease has not been deemed justified.

The Republican yardstick for the determination of proper tariff duties is the difference in the production cost at home and abroad. This differential enables domestic producers to compete upon equal terms with foreign goods in our own market. As President Hoover pointed out in his veto of the Collier bill in the Seventy-second Congress, if the other nations of the world would adopt this principle instead of fixing arbitrary and retaliatory rates, it would automatically remove excessive duties and unequal treatment throughout the world.

Reference is often made to the effect that we have some duties running to 100 percent and more. They are called embargo rates by some critics of the law. But, my friends, if the cost of production of an article in Japan is 1 cent and in this country it is 2 cents, due to higher wage standards, then a duty of 100 percent is necessary in order to place the foreign article on an equal competitive footing with the domestic article. While a duty of 100 percent may sound shocking, it is thus evident that it is not necessarily an embargo rate. If a tariff rate does not at least equal the difference in the cost of production of the domestic and foreign article, there is no benefit to the domestic producer. A Democratic tariff, which disregards the cost of production in fixing the rate, can only mean unfair and ruinous competition for American producers and American workers in the home market.

EFFECT OF DEPRECIATED CURRENCY UPON FOREIGN TRADE

Now, a few words about the depreciated-currency situation. I think every Member realizes the effect of depreciated foreign currencies upon international trade. It is a subject too complicated to give much attention to in a general tariff discussion, and I shall only briefly refer to it in order that we may have the whole picture before us.

With the currency of many leading foreign nations on a depreciated basis, our export trade has been curtailed because our prices are quoted in terms of United States dollars, and the dollar, of course, became dearer in proportion to the depreciation of the foreign currency. Conversely, goods imported into this country are quoted in terms of the currency of the country of exportation. When that currency is debased, the invoice price, translated into United States dollars, becomes less in proportion to the amount of depreciation of the currency of the export nation. The result is that our export trade is hurt because of the artificial increase in our prices when converted into the currency of the foreign nation, and our domestic trade is hurt by the destructive competition of imported merchandise which results from the lowered foreign cost when translated into United States dollars.

Usually, when a currency is depreciated prices rise to offset the effect of the depreciation. However, such has not been the case in the experience of most countries which went off the gold standard. Thus, if a foreign currency depreciates 40 percent, as has the Japanese yen, it follows that the cost of Japanese goods in the United States market has fallen to the same extent. It is quite apparent, therefore, what this means to American industry. Instead of a lowered tariff, it appears that what we really need is a special duty to compensate for the depreciation in foreign currencies, such as France levies against countries which have gone off the gold standard.

Our own recent action in abandoning the gold standard has resulted in a slight depreciation of the United States dollar in foreign countries. However, our prices have shown a tendency to rise as a result of this step, and any depreciation of our currency will probably be offset by higher prices. Thus, the depreciation of our own currency will not aid us much in competing with other depreciated-currency countries whose prices have not risen.

CONCLUSION

In conclusion, I wish to summarize my objections to the Democratic reciprocity tariff proposal as follows:

First. It contemplates an unconstitutional delegation of the power of Congress to lay and collect duties and imposts and to regulate commerce with foreign countries.

Second. It would destroy the principle of the protective tariff and substitute a competitive tariff, or tariff for revenue, which can only result in a flooding of the domestic market with cheap foreign goods with which domestic producers cannot compete.

Third. The granting of reciprocal concessions to foreign countries would result in destroying one domestic industry in an attempt to benefit another.

Fourth. The reduction of our own tariff rates would not insure greater foreign purchases from us because foreign countries will buy in the cheapest market, no matter how much of their goods we import.

Fifth. In order to obtain greater foreign markets, we must meet world prices. To do this we would have to reduce production costs to world levels, which would involve lower wages to labor and longer hours of employment.

Sixth. The purpose of the bill is inconsistent with the present policy to increase wage levels, because without tariff protection our higher standard of living cannot be maintained in competition with the cheap labor of Europe and the Orient.

Seventh. Buying more goods abroad will not help to reopen our own factories producing the same merchandise.

Eighth. The importance of our foreign trade has been overemphasized, since our exports even in normal times only amount to about one tenth the value of our domestic production.

Ninth. What this country needs is more purchasing power, and this cannot be brought about by denying American workmen and producers the right to produce the goods consumed in the home market.

Tenth. To abandon our present policy of equal treatment to all nations would only breed more bitter tariff wars and result in retaliation and unfair discrimination against our goods in foreign markets.

EXHIBIT A

Approximate wages paid in some of the principal industries of the United States and certain foreign countries

Industry	United States	England	Sweden	Germany	France	Belgium	Japan	Hungary	China
Leather and shoes	$21.12	$8.36	$10.59	$8.23	$7.00	$6.00	$8.88	$5.15	$1.35
Chemicals	26.72	11.82	10.20	9.53	[1] 6.27	6.72	5.58	4.89	.92
Ceramics and pottery	[1] 26.68	8.38	11.82	9.31	7.20	6.72	4.74	3.99	1.45
Iron and steel	31.05	16.08	9.24	10.83	[1] 8.11	6.30	6.08	5.54	1.68
Papermaking	25.39	11.35	9.54	10.03	[1] 7.38	5.88	4.38	5.67	1.09
Printing	38.40	11.65	10.32	9.62	8.35	6.72	5.22	7.14	1.79
Silk mills	22.65	8.78	8.64	6.92	[1] 6.09	3.84	2.70	3.61	1.62
Cotton	19.15	8.31	7.78	6.87	[1] 6.09	3.84	2.49	4.14	1.04
Cement	[1] 26.68	13.45	12.48	8.83	[1] 7.62	6.72	5.76	5.29	[1] 1.08
Glass	[1] 25.72	11.26	10.50	9.29	7.68	7.95	7.50	5.80	1.08
Woodworking	25.82	15.62	11.16	9.81	7.96	7.68	5.79	4.71	1.35
General average	26.30	11.37	10.20	9.02	7.25	6.21	5.37	5.08	1.31

[1] Estimates from wages in kindred industries.

NOTE.—The above figures were compiled from Department of Labor and National Industrial Conference Board reports for 1931 and cover a 48-hour week. Since late 1931 most of the above foreign countries have gone off the gold basis, bringing a still further reduction in wage scales, as much as 51 percent.

Source: National Association of Manufacturers, Tariff Facts.

EXHIBIT B

Principal exports of certain foreign countries

[Source: Monthly Bulletin, American Tariff League, December 1932, January 1933]

EXPORTS (EXCLUSIVE OF REEXPORTS) FROM THE UNITED KINGDOM OF ARTICLES WHOLLY OR MAINLY MANUFACTURED, 1931

Coke and manufactured fuel		£2,965,000
Pottery, glass, abrasives, etc.		8,381,000
Pottery	£3,462,000	
Glass and glassware	1,367,000	
Iron and steel and manufactures		30,410,000
Steel	1,447,000	
Plates and sheets	5,531,000	
Tinplate, etc.	6,777,000	
Pipes and tubes	3,741,000	
Railway, etc., material	2,323,000	
Wire and manufactures	1,744,000	
Nonferrous metals and manufactures		6,935,000
Cutlery, hardware, etc.		5,334,000
Cutlery	642,000	
Hardware (except hollow ware)	799,000	
Implements and tools	1,594,000	
Scientific instruments	2,062,000	
Electrical goods and apparatus		7,438,000
Machinery		32,839,000
Agricultural	967,000	
Electrical	4,359,000	
Machine tools	2,062,000	
Prime movers (except electrical)	2,893,000	
Textile	5,281,000	
Manufactures of wood		1,427,000
Manufactures of cotton		56,593,000
Yarns	10,895,000	
Piece goods, unbleached	4,423,000	
Piece goods, bleached	10,727,000	
Piece goods, colored, dyed, etc.	22,173,000	
Thread	4,047,000	
Manufactures of wool		25,150,000
Tops	2,022,000	
Worsted yarns	3,609,000	
Woolen tissues	10,192,000	
Worsted tissues	5,101,000	
Manufactures of silk		1,038,000
Manufactures of other textiles		12,889,000
Artificial silk	3,363,000	
Cordage, ropes of hemp, etc.	1,000,000	
Linen manufactures	5,432,000	
Jute manufactures (except cordage, etc.)	1,980,000	
Wearing apparel		14,015,000
Chemicals, drugs, dyes and colors		17,043,000
Drugs, medicines, etc.	2,659,000	
Dyes, colors, etc.	3,471,000	
Sodium compounds	2,851,000	
Oils, fats, and resins, manufactured		5,306,000
Leather and manufactures		3,314,000
Paper and cardboard		6,323,000
Vehicles		28,418,000
Railway vehicles and parts	4,164,000	
Motor cars, etc., and parts	6,412,000	
Motorcycles, bicycles, and parts	3,187,000	
Rubber tires and tubes	3,237,000	
Ships and boats (new)	9,283,000	
Rubber manufactures (except tires)		2,137,000
Miscellaneous articles		22,618,000
Arms, ammunition, stores, etc.	3,281,000	
Books	3,619,000	
Linoleum and cork carpet	1,048,000	
Musical instruments	1,397,000	
Stationery, other than paper	1,110,000	

PRINCIPAL EXPORTS (EXCLUSIVE OF REEXPORTS) FROM CANADA, YEAR ENDING MAR. 31, 1932

Agricultural and vegetable products		$204,398,000
Fruits	$7,507,000	
Vegetables	5,554,000	
Wheat	115,739,000	
Other grain	17,191,000	
Milled products	22,882,000	
Whisky	11,622,000	
Rubber products	10,988,000	
Seeds	1,992,000	
Tobacco	2,621,000	
Animal and animal products		68,799,000
Living animals	4,367,000	
Fishery products	24,437,000	
Furs	12,218,000	
Leather	3,203,000	
Meats	4,961,000	
Butter	2,363,000	
Cheese	10,594,000	
Fibers, textiles, and products		5,512,000
Binding twine	1,499,000	
Wood, unmanufactured and manufactured		68,255,000
Paper		107,485,000
Newsprint	103,003,000	
Iron and its products		15,463,000
Farm implements and machinery	2,485,000	
Vehicles	4,385,000	
Nonferrous metals and products		69,073,000
Aluminum and its products	3,766,000	
Copper and its products	19,803,000	
Lead and its products	4,441,000	
Nickel and its products	12,109,000	
Zinc and its products	5,262,000	
Precious metals	20,446,000	
Electrical apparatus	1,297,000	
Nonmetallic minerals and products		13,457,000
Asbestos and its products	4,734,000	
Coal and its products	2,422,000	
Stone and its products	3,254,000	
Chemical and allied products		10,535,000
Fertilizer	1,946,000	
Acids	2,093,000	
Inorganic chemicals	3,800,000	
Miscellaneous commodities		13,367,000
Films	4,012,000	

PRINCIPAL EXPORTS (EXCLUSIVE OF REEXPORTS) FROM FRANCE, 1930

	Francs
Cotton fabrics	2,146,000,000
Silk fabrics	1,873,000,000
Rayon fabrics	994,000,000
Wool fabrics	1,572,000,000
Cotton yarns	453,000,000
Rayon yarns	328,000,000
Wool yarns	1,010,000,000
Raw wool, all sorts	1,200,000,000
Clothing and lingerie	1,662,000,000
Millinery, artificial flowers	86,000,000
Iron ore	437,000,000
Iron and steel:	
Heavy	2,433,000,000
Construction	250,000,000
Tools	111,000,000
Copper, crude or rolled	382,000,000
Metal manufactures, n.e.s.	1,372,000,000
Machinery	2,168,000,000
Automobiles	959,000,000
Ships	134,000,000
Aircraft	212,000,000
Rubber tires	368,000,000
Chemicals, dyes, etc.	2,073,000,000
Vegetable oils, fixed	341,000,000
Medicines, prepared	410,000,000
Perfumery and soaps	787,000,000
Coal	550,000,000
Earthenware and china	173,000,000
Glass and glassware	408,000,000
Cement and other building materials	339,000,000
Pearls and other precious stones	858,000,000
Rags, waste paper	122,000,000
Paper and cardboard	622,000,000
Books	253,000,000
Furniture of wood	218,000,000
Hides, skins, furs	959,000,000
Leather	776,000,000
Leather manufactures	434,000,000
Vegetables and fruits	922,000,000
Butter, cheese, and eggs	440,000,000
Wines and spirits	1,419,000,000

PRINCIPAL EXPORTS (EXCLUSIVE OF REEXPORTS, BUT INCLUSIVE OF REPARATIONS) FROM GERMANY, 1931

	Reichsmarks	*Reichsmarks*
Products of lands and forests		834,596,000
Farm products	210,284,000	
Animals and animal products	251,402,000	
By-products of farm industry	216,974,000	
Cultivated forest products	89,668,000	
Mineral and fossil raw materials; mineral oils		786,976,000
Earth and stone	78,535,000	
Ores	20,364,000	
Fossil fuels (coal, coke, etc.)	608,715,000	
Mineral oils and other raw materials	46,719,000	
Coal tar, coal-tar oils and materials	32,643,000	

PRINCIPAL EXPORTS (EXCLUSIVE OF REEXPORTS, BUT INCLUSIVE OF REPARATIONS) FROM GERMANY, 1931—continued

	Reichsmarks	Reichsmarks
Chemical and pharmaceutical products		974, 446, 000
Basic chemical materials	426, 048, 000	
Dyes and dye materials	259, 378, 000	
Varnishes, shellacs, cement	17, 019, 000	
Perfumery and materials, etc	45, 170, 000	
Artificial fertilizers	48, 800, 000	
Textiles		1, 330, 183, 000
Silk and rayon manufactures	302, 058, 000	
Wool and manufactures	375, 933, 000	
Cotton and manufactures	314, 984, 000	
Tracing cloth, prepared-woven goods, etc	34, 163, 000	
Clothing	191, 588, 000	
Leather, furs, and products		465, 311, 000
Leather	179, 547, 000	
Leather products	108, 996, 000	
Furs	174, 029, 000	
Rubber products		93, 076, 000
Products of white rubber	84, 251, 000	
Hard-rubber products	8, 825, 000	
Wood and cork products		93, 077, 000
Paper and manufactures		387, 087, 000
Books, etc		84, 190, 000
Pottery		129, 445, 000
Glass and glass products		189, 487, 000
Nonprecious metals and products		1, 919, 846, 000
Iron and steel products	1, 374, 753, 000	
Aluminum and products	52, 209, 000	
Lead and products	23, 897, 000	
Copper and products	290, 859, 000	
Machinery, electrical products, and vehicles		1, 791, 962, 000
Machines	1, 057, 199, 000	
Electrical products	488, 323, 000	
Vehicles	246, 440, 000	
Firearms, watches, and toys		135, 435, 000
Watches	47, 435, 000	
Toys	81, 503, 000	

PRINCIPAL EXPORTS (EXCLUSIVE OF REEXPORTS) FROM ITALY, 1930

	Lire
Eggs	66, 880, 000
Cheese	368, 391, 000
Rice	276, 165, 000
Potatoes	94, 088, 000
Tomatoes, preserved	195, 016, 000
Other vegetables	234, 764, 000
Oranges	152, 627, 000
Lemons	287, 717, 000
Almonds	221, 787, 000
Other fruits and nuts	499, 890, 000
Oil cake	43, 415, 000
Wine	155, 344, 000
Cattle hides	122, 968, 000
Other hides and skins	95, 228, 000
Leather gloves	96, 729, 000
Hemp and tow	261, 611, 000
Silk, raw	993, 263, 000
Schappe silk	73, 606, 000
Rayon, raw or dyed	466, 393, 000
Cotton yarn	332, 538, 000
Cotton fabrics	1, 041, 504, 000
Wool fabrics	453, 321, 000
Silk and rayon fabrics	669, 598, 000
Hats of felt, men's	190, 893, 000
Hats, other	68, 248, 000
Pneumatic tires	147, 288, 000
Marble	206, 226, 000
Sulphur	114, 817, 000
Precious stones	280, 972, 000
Zinc ore	45, 999, 000
Machinery	240, 730, 000
Automobiles	193, 895, 000
Olive oil	351, 823, 000
Essential oils of citrus fruits	76, 589, 000
Chemicals, medicines, colors	345, 249, 000

EXHIBIT C

List of treaties and agreements containing the most-favored-nation clause

[Source: Department of State, Treaty Information Bulletin No. 43]

TREATIES IN FORCE CONTAINING UNCONDITIONAL MOST-FAVORED-NATION CLAUSE

Country	Date in force	When and how terminable
Austria	May 27, 1931	1 year after notice by either party, but not before Feb. 11, 1935.
China	June 20, 1929	Contains no provision regarding termination.
Estonia	May 22, 1926	1 year after notice by either party, but not before May 22, 1936.
Germany	Oct. 14, 1925	1 year after notice by either party, but not before Oct. 14, 1935.
Honduras	July 19, 1928	1 year after notice by either party, but not before July 19, 1938.
Hungary	Oct. 4, 1926	1 year after notice by either party, but not before Oct. 4, 1936.
Latvia	July 25, 1928	1 year after notice by either party, but not before July 25, 1938.
Morocco	Jan. 28, 1837[1]	12 months after notice by either party.

[1] Date of ratification by the President of the United States; no date is specified in treaty for its going into force and no ratification by Morocco was necessary.

TREATIES IN FORCE CONTAINING UNCONDITIONAL MOST-FAVORED-NATION CLAUSE—continued

Country	Date in force	When and how terminable
Muscat (in force also with Zanzibar).[3]	Sept. 30, 1835[2]	Contains no provision regarding termination.
Norway	Sept. 13, 1932	1 year after notice by either party, but not before Sept. 13, 1935.
El Salvador	Sept. 5, 1930	1 year after notice by either party, but not before Sept. 5, 1940.
Siam	Sept. 1, 1921	1 year after notice by either party.
Turkey	Apr. 22, 1930	1 year after notice by either party, but not before Apr. 22, 1933.
Yugoslavia	Nov. 15, 1882	1 year after notice by either party.
Zanzibar (see Muscat)		

[2] Date of exchange of ratifications; the treaty does not specify the date of its going into force.

[3] Accepted by Zanzibar after separation from Muscat, Oct. 20, 1879.

EXECUTIVE AGREEMENTS IN FORCE CONTAINING UNCONDITIONAL MOST-FAVORED-NATION CLAUSE

Country	Date in force	When and how terminable
Albania	July 28, 1922[1]	Contains no provision regarding termination.
Brazil	Oct. 18, 1923	Do.
Bulgaria	Aug. 18, 1932	3 months' notice by either party or by legislative action of either party.
Chile	Sept. 28, 1931[2]	15 days after notice by either party.
Czechoslovakia[3]	Nov. 5, 1923	30 days after notice by either party.
Danzig, Free City of (See Poland).		
Dominican Republic	Sept. 25, 1924	30 days after notice by either party or by legislative action of either party.
Egypt	May 24, 1930	90 days after notice by either party or by legislative action of either party.
Finland	May 17, 1925	30 days after notice by either party or by legislative action of either party.
Greece	Dec. 9, 1924	Do.
Guatemala	Aug. 14, 1924	Do.
Haiti	Oct. 1, 1926	Do.
Lithuania	July 10, 1926	Do.
Nicaragua	July 11, 1924	Do.
Persia	May 10, 1928[4]	Do.
Poland (in force also with the Free City of Danzig).	Feb. 10, 1925	Do.
Rumania	Sept. 1, 1930	Do.
Spain[5]	Nov. 27, 1927	3 months' notice by either party.

[1] Date of official recognition of Albania by the United States.

[2] Also retroactively, from May 22, 1931, in respect of certain tariff reductions extended to France.

[3] The original agreement was to expire on Jan. 1, 1925, but was continued in force by agreement of Dec. 5, 1924.

[4] Retroactively.

[5] Extending previous regime.

TREATIES IN FORCE CONTAINING CONDITIONAL MOST-FAVORED-NATION CLAUSE

Country	Date in force	When and how terminable
Argentina	Dec. 20, 1854[1]	Contains no provision regarding termination.
Belgium	June 11, 1875	12 months after notice by either party.
Bolivia	Nov. 9, 1862	1 year after notice by either party.
Borneo	July 11, 1853[1]	Contains no provision regarding termination.
Colombia	June 10, 1848[1]	12 months after notice by either party.
Costa Rica	May 26, 1852[1]	Contains no provision regarding termination of covering most-favored-nation clause; 12 months after notice by either party, vis-a-vis other equality-of-treatment provisions.
Denmark[2]	Apr. 26, 1826[3]	1 year after notice by either party.
Ethiopia	Sept. 19, 1914	1 year after notice by either party, but no before Sept. 19, 1938.
Great Britain[4] (In force also with Irish Free State.)	July 3, 1815[5]	12 months after notice by either party
Irish Free State (see Great Britain).		
Italy	Nov. 18, 1871	Do.
Japan	July 17, 1911	6 months after notice by either party.
Liberia	Feb. 17, 1863[6]	Contains no provision regarding termination.
Paraguay	Mar. 7, 1860	12 months after notice by either party.

[1] Date of exchange of ratifications.

[2] Abrogated by notice, 1856; renewed by convention of which ratifications were exchanged Jan. 12, 1858.

[3] The date given is that of signature. Though subject to ratification, the treaty provides that it shall be in force from its date.

[4] Extended by the conventions of Oct. 18, 1818, and Aug. 6, 1927.

[5] The date given is that of signature. Though subject to ratification, the treaty provides that it shall be in force from its date.

[6] Date of exchange of ratifications.

EXECUTIVE AGREEMENT IN FORCE CONTAINING CONDITIONAL MOST-FAVORED-NATION CLAUSE

Country	Date in force	When and how terminable
Portugal	June 28, 1910	Contains no provision regarding termination.

EXHIBIT D

Foreign trade of the United States, 1913–32

[Source: U.S. Chamber of Commerce, Foreign Commerce Department, Our World Trade in 1932]

Year	Exports	Imports	Total trade	Excess of exports
1913	$2,484,018,292	$1,792,596,480	$4,276,614,772	$691,421,812
1914	2,113,624,050	1,789,276,001	3,902,900,051	324,348,049
1915	3,554,670,847	1,778,596,695	5,333,267,542	1,776,074,152
1916	5,482,641,101	2,391,635,335	7,874,276,436	3,091,005,766
1917	6,223,512,597	2,952,467,955	9,185,980,552	3,281,044,642
1918	6,149,087,545	3,031,212,710	9,180,300,255	3,117,874,835
1919	7,920,425,990	3,904,364,932	11,824,790,922	4,016,061,058
1920	8,228,016,307	5,278,481,490	13,506,497,797	2,949,534,817
1921	4,485,031,356	2,509,147,570	6,994,178,926	1,975,883,786
1922	3,831,777,469	3,112,746,833	6,944,524,302	719,030,636
1923	4,167,493,080	3,792,065,963	7,959,559,043	375,427,117
1924	4,590,983,845	3,609,962,579	8,200,946,424	981,021,266
1925	4,909,847,511	4,226,589,263	9,136,436,774	683,258,248
1926	4,808,660,235	4,430,888,366	9,239,548,601	377,771,869
1927	4,865,375,325	4,184,742,416	9,050,117,741	680,632,909
1928	5,128,356,434	4,091,444,394	9,219,800,828	1,036,912,040
1929	5,240,995,202	4,399,361,066	9,640,356,268	841,634,136
1930	3,843,181,282	3,060,908,489	6,904,089,771	782,272,793
1931	2,424,288,588	2,090,634,725	4,514,923,313	333,653,863
1932	1,612,305,818	1,322,745,439	2,935,051,257	289,560,379

EXHIBIT E

Ratio of dutiable and free imports, 1927–32

[Imports for consumption]

Year	Percent free	Percent dutiable
1927	64.4	35.6
1928	65.7	34.3
1929	66.4	33.6
1930	66.8	33.2
1931	66.6	33.4
1932	66.9	33.1

Source: Computed from foreign trade statistics of Bureau of Foreign and Domestic Commerce, U.S. Department of Commerce.

EXHIBIT F

TABLE 1.—*Chief foreign markets for United States exports in 1932*

Rank	Country[1]	Value of United States exports
1	United Kingdom (17.9 percent)	$288,463,000
2	Canada (15 percent)	241,425,000
3	Japan (8.3 percent)	134,537,000
4	Germany (8.3 percent)	133,472,000
5	France (6.9 percent)	111,562,000
6	China (3.5 percent)	56,171,000
7	Italy (3 percent)	49,135,000
8	Netherlands (2.8 percent)	45,407,000
9	Philippine Islands (2.8 percent)	44,987,000
10	Belgium (2.5 percent)	40,350,000
11	Mexico (2 percent)	32,575,000
12	Argentina (2 percent)	31,670,000
13	Cuba (1.8 percent)	28,775,000
14	Brazil (1.8 percent)	28,600,000
15	Australia (1.7 percent)	26,818,000
16	Spain (1.7 percent)	26,688,000
17	British India (1.5 percent)	24,915,000
18	Sweden (1.1 percent)	17,457,000
19	British South Africa (1 percent)	15,979,000
20	Panama (1 percent)	15,609,000
21	Soviet Russia	12,648,000
22	Denmark	11,981,000
23	Colombia	10,670,000
24	Venezuela	10,235,000
25	Hong Kong	9,695,000
26	New Zealand	9,233,000
27	Greece	7,942,000
28	Dutch East Indies	7,816,000
29	Switzerland	7,300,000
30	Poland and Danzig	7,108,000
31	Norway	6,916,000
32	Dutch West Indies	6,476,000
33	Dominican Republic	4,630,000
34	Portugal	4,614,000
35	Irish Free State	4,487,000
36	Honduras	4,474,000
37	Newfoundland-Labrador	4,174,000
38	Haiti	4,005,000

[1] Figures in parentheses following name of a country indicate percentage of total exports taken by that country.

TABLE 1.—*Chief foreign markets for United States exports in 1932*—Continued

Rank	Country	Value of United States exports
39	Peru	$3,965,000
40	British West Africa	3,810,000
41	Chile	3,568,000
42	Uruguay	3,217,000
43	Guatemala	2,820,000
44	Jamaica	2,815,000
45	Finland	2,775,000
46	Bermudas	2,753,000
47	Algeria and Tunisia	2,720,000
48	Egypt	2,707,000
49	British Malaya	2,497,000
50	Costa Rica	2,435,000
51	French West Indies	2,334,000
52	Salvador	2,289,000
53	Mozambique	2,182,000
54	Bolivia	2,160,000
55	Morocco	2,142,000
56	Nicaragua	1,993,000
57	Czechoslovakia	1,872,000
58	Ecuador	1,754,000
59	Palestine	1,673,000
60	Trinidad and Tobago	1,651,000
61	Turkey in Europe and Asia	1,540,000
62	French Indo-China	1,484,000
63	Syria	1,460,000
64	Rumania	1,262,000
65	Kwantung	1,186,000
66	Canary Islands	1,179,000
67	British East Africa	1,148,000
68	Iraq	1,139,000
69	Persia	1,082,000
	All others	15,695,000
	Total exports	1,612,306,000

TABLE 2.—*Chief source of United States imports in 1932*

Rank	Country[1]	Value of United States imports
1	Canada (13.2 percent)	$174,101,000
2	Japan (10.1 percent)	134,011,000
3	Brazil (6.2 percent)	82,263,000
4	Philippine Islands (6.1 percent)	80,877,000
5	United Kingdom (5.6 percent)	74,639,000
6	Germany (5.6 percent)	73,521,000
7	Colombia (4.6 percent)	60,846,000
8	Cuba (4.4 percent)	58,330,000
9	France (3.2 percent)	44,736,000
10	Italy (3.2 percent)	42,433,000
11	Mexico (2.8 percent)	37,423,000
12	British Malaya (2.6 percent)	34,806,000
13	British India (2.5 percent)	33,204,000
14	Dutch East Indies (2.3 percent)	29,825,000
15	China (2 percent)	26,176,000
16	Sweden (1.9 percent)	24,480,000
17	Dutch West Indies (1.8 percent)	24,182,000
18	Netherlands (1.7 percent)	22,448,000
19	Belgium (1.7 percent)	21,927,000
20	Venezuela (1.5 percent)	20,294,000
21	Argentina (1.2 percent)	15,654,000
22	Czechoslovakia (1 percent)	13,020,000
23	Switzerland (1 percent)	12,492,000
24	Chile	12,278,000
25	Spain	11,406,000
26	Norway	10,439,000
27	Soviet Russia	9,704,000
28	Honduras	9,004,000
29	British West Africa	8,932,000
30	Finland	8,179,000
31	Greece	7,550,000
32	Newfoundland-Labrador	7,133,000
33	Ceylon	5,915,000
34	Turkey in Europe and Asia	5,390,000
35	Egypt	4,849,000
36	Australia	4,643,000
37	Guatemala	4,501,000
38	Hong Kong	4,277,000
39	Costa Rica	3,687,000
40	Peru	3,685,000
41	Panama	3,530,000
42	Trinidad and Tobago	3,390,000
43	Dominican Republic	3,380,000
44	Jamaica	3,234,000
45	Portugal	2,798,000
46	Persia	2,764,000
47	Austria	2,616,000
48	Ecuador	2,386,000
49	British South Africa	2,350,000
50	New Zealand	2,158,000
51	Uruguay	2,104,000
52	Nicaragua	1,964,000
53	Iraq	1,905,000
54	British East Africa	1,814,000
55	Denmark	1,328,000
56	Mozambique	1,317,000
57	Poland and Danzig	1,255,000

[1] Figures in parentheses following name of a country indicate percentage of our total imports supplied by that country.

TABLE 2.—*Chief source of United States imports in 1932*—Continued

Rank	Country	Value of United States imports
58	Algeria and Tunisia	$1,211,000
59	Belgian Congo	1,204,000
60	Salvador	1,143,000
	All others	15,584,000
	Total imports	1,322,745,000

Source: U.S. Chamber of Commerce, Foreign Trade Department, Our World Trade in 1932.

EXHIBIT G

CHIEF EXPORTS AND IMPORTS OF THE UNITED STATES IN 1932

TABLE 1.—*Chief exports*

Rank	Commodity	Value	Percent of total exports
1	Unmanufactured cotton	$345,165,000	21.9
2	Gasoline, naphtha, etc	79,081,000	5.0
3	Automobiles, parts, etc	76,274,000	4.8
4	Leaf tobacco	64,983,000	4.1
5	Lubricating oil	48,279,000	3.1
6	Coal and coke	44,543,000	2.8
7	Electrical machinery, etc	43,382,000	2.8
8	Wheat	32,684,000	2.1
9	Lard	31,883,000	2.0
10	Cotton cloth	27,357,000	1.7
11	Crude petroleum	27,106,000	1.7
12	Illuminating oil	23,732,000	1.5
13	Fresh apples	22,417,000	1.4
14	Boards, planks, and scantlings	21,874,000	1.4
15	Wheat flour	18,468,000	1.2
16	Canned fruit	17,526,000	1.1
17	Gas and fuel oil	16,173,000	1.0
18	Refined copper	13,550,000	.9
19	Photographic and projection goods	13,538,000	.9
20	Leather	13,150,000	.8
21	Books, maps, etc	12,441,000	.8
22	Furs	12,119,000	.8
23	Metal-working machinery	12,023,000	.8
24	Iron and steel plates, sheets, etc	10,840,000	.7
25	Agricultural machinery, etc	10,548,000	.7

TABLE 2.—*Chief imports*

Rank	Commodity	Value	Percent of total imports
1	Coffee	$136,812,000	10.3
2	Raw silk	113,882,000	8.6
3	Cane sugar	96,701,000	7.3
4	Standard newsprint paper	84,676,000	6.4
5	Wood pulp	46,838,000	3.5
6	Crude rubber	32,538,000	2.5
7	Crude petroleum	30,424,000	2.3
8	Furs	27,385,000	2.1
9	Bananas	24,701,000	1.9
10	Unmanufactured tobacco	23,026,000	1.7
11	Raw hides and skins	22,492,000	1.7
12	Fish	21,396,000	1.6
13	Cocoa beans	19,676,000	1.5
14	Art works	18,479,000	1.4
15	Gasoline, naphtha, etc	17,286,000	1.3
16	Burlaps	16,908,000	1.3
17	Tin bars, blocks, pigs, etc	16,474,000	1.2
18	Fertilizers, excluding nitrate of soda	16,386,000	1.2
19	Industrial chemicals	14,441,000	1.1
20	Cheese	12,494,000	1.0
21	Tea	12,455,000	1.0
22	Topped petroleum, including fuel oil	11,401,000	.9
23	Refined copper	10,974,000	.8
24	Diamonds	10,401,000	.8
25	Nuts	9,921,000	.8

Source: U.S. Chamber of Commerce, Foreign Commerce Department, Our World Trade in 1932.

FINANCIAL LEGISLATION

Mr. LUCE. Mr. Speaker, the work of the Committee on Banking and Currency in this session has been of high importance. The main issues and the principles involved should have record.

The tradition of this committee is that it should eschew partisanship. Finance is not largely nor often a matter of party opinion. Accepting that view and also wishing to give the President whole-hearted support in his program for renewing confidence and reviving activity, the minority members of the committee have tried to help everything their judgments approved, have acquiesced where they were in doubt, and have opposed only in those particulars where they were convinced that policies were unsound. Such particulars were few, but they involved principles of vital importance to our future and they should be understood.

They did not appear in the first bill to be considered, that which was made imperative by the closing of all the banks in the crisis coincident with the taking over of the Government by the new administration. Before a week had passed what became Public Law No. 1 was reported from the committee, approved by both Houses, and signed. The need of haste was so great that the bill was not even laid before the committee, but presented directly to the House. Members of the committee, while regretting this, gave it their support, and are glad that no ill result seems to have followed. This was the measure that revived the war powers of the President in view of the peace-time emergency, allowed him to prevent hoarding, put banking operations under more strict control, created conservators to aid in the reopening of banks in distress, provided for preferred stock of such banks, and authorized the issue of Federal Reserve bank notes upon United States obligations and commercial paper as security.

Next came the bill to permit direct loans by Federal Reserve banks to State banks and trust companies, which also received unanimous support.

The next banking measure the House considered did not come from the Banking and Currency Committee, but was part of a bill that had been referred to the Committee on Agriculture. The House itself decided, and in our judgment unwisely, that the whole matter of agricultural credits should be taken away from the Committee on Banking and Currency, which had handled it through all the years since the Farm loan system was created. We had lived with its problems, we knew their history. Among them was that of the joint-stock land banks. Perhaps if their interests had been continued in our charge we would not have been as inconsiderate as was the Committee on Agriculture of the bond and stock holders, who had been allowed to believe that their investments in these banks declared to be "instrumentalities of the Government", would have the protection of the Government. Maybe these banks should have been put out of business, but there are those who think it ought not to have been done in so ruthless a way.

That same bill also escaped orderly treatment by the committee supposed to know something about such things, by adding to the powers of the Federal Reserve System, by authorizing the Secretary of the Treasury to issue currency, United States notes, to the maximum of $3,000,000,000, and by authorizing the President to alter the weight of gold and silver dollars, to accept silver in the payment of foreign debts, and to issue certificates against such silver which can be used in payment of any obligations of the United States. The Committee on Banking and Currency may disclaim any responsibility for this legislation.

The currency question did come before the committee in another form, that of the request of the President for unprecedented control over the coinage. On the ground that provisions of public and private obligations purporting to give the obligee a right to require payment in gold, obstruct the power of Congress to regulate the value of money and are therefore contrary to public policy, the resolution declared that such obligations might be discharged in any coin or currency at the time legal tender for public and private debts. This raised the moral issue of the sanctity of contracts and the Republican members of the committee fought as stoutly as they could on the side of national and individual honor.

They recalled the words of the enactment of 1869:

> The faith of the United States is solemnly pledged to the payment in coin or its equivalent of all the obligations of the United States not bearing interest, known as United States notes, and of all the interest-bearing obligations of the United States, except in cases where the law authorizing the issue of any such obligations has expressly provided that the same may be paid in lawful money or other currency than gold or silver.

They quoted the words of the Liberty Loan Acts:

> The principal and interest thereof shall be payable in United States gold coin of the present standard of value.

In the drives to sell these bonds that made it possible for us to help win the World War, hundreds of speakers and the Government itself dwelt on the promise to pay in gold. Millions of our people bought these bonds with this pledge. Whether all gave equal weight to it is irrelevant where honor is involved. The pledge alone counts, though, no more than one man gave it heed.

As a matter of fact, this pledge had been a vital consideration not alone with public securities but also with a great number of corporate borrowings. Their total has been estimated at a hundred billions in par value. Importance has been attached to the gold promise by countless treasurers of universities, colleges, other educational and philanthropic institutions, by all sorts of men who are intrusted with investing the resources that support work for humanity. This includes the officers of our mutual savings banks with their nine billion and more of deposits, the life-insurance companies with more than 120,000,000 policies outstanding, and all other officials who must think of safety first when exercising their trusts. Should the solemn pledge to them be broken?

The good faith of a nation is its greatest asset. We have boasted that in this no nation is our superior. Upon it we have relied in our international relations. On the very eve of a conference that bids fair to be of supreme consequence to the welfare of the world we were asked to replace good faith with bad faith, to tell those with whom we confer that whatever agreements we make may be repudiated next day or next year. If we broke solemn pledges to our own, what might be expected of those to others?

We are asking sundry nations to pay us what they owe. Would they be more likely to make good their promises if we set them the example of repudiation?

That is the right name for it—repudiation—and that bill ought to be known throughout history as "the repudiation bill of 1933."

It was true that legal casuistry in England and in one of our own subordinate courts had recently perverted the plain meaning of language in order to give a color of defense to repudiation. Not all the subtleties of all the lawyers in the world can change the fact that both parties to these contracts understood the words to mean what they said, what it has been hitherto accepted that they meant.

Our Constitution forbade the States to impair the obligations of contracts. For some unknown reason the fathers did not impose the same prohibition on the Nation. But the moral principle involved is the same. The sanctity of contracts is the cornerstone of our civilization. To violate that sanctity is to invite ruin.

The argument fell on deaf ears. Almost to a man the Democrats voted for repudiation; almost to a man the Republicans voted against repudiation.

The pity of it is that the sacrifice of honor was needless. Had the resolution been for a suspension of gold payments for 2 years or the extent of the emergency as the President might decide, it is probable there would have been no opposition whatever. Furthermore, nobody would have importantly objected to prohibiting gold clauses in future issues of securities, public or private, or in any other kind of obligations. Why, without shadow of excuse, this breach of faith should have been made retroactive and permanent is something that those who voted for the bill will doubtless have opportunity to try to explain to the millions of sufferers who relied on what the law said:

The faith of the United States is solemnly pledged.

Another proposal to which the minority took exception was that to give $500,000,000 to the States for relief purposes. The issue was over whether the money should be given or lent. Should the Nation as a whole give to each of its parts? The Nation was to give $1 for every $3 expended for relief purposes. Against this were urged the unwisdom of creating any more Federal bureaus, the administrative difficulties in determining needs, and particularly the danger in clothing charity with a national interest. The House added to the reasons for criticism by an amendment taking the staff of the new bureau out from under the Civil Service laws, therein flouting the President, who has from the start had the authority to determine what Government employees shall and what shall not be chosen by the merit system rather than by the spoils system. By an overwhelming vote the Democratic majority declared their President should have no say in the matter.

Two of the great fiscal measures of the session had the hearty support of the Republicans of the committee and in the House—the home mortgage bill and the bank reform bill, known generally as the "Glass bill" by reason of the long labors of the Senator from Virginia in its preparation.

The home mortgage bill carried further the idea behind the home loan bank bill that President Hoover had fathered. The home loan bank bill was intended to allow building-and-loan associations, savings banks, and insurance companies to rediscount mortgages and thus raise funds with which to meet the needs of depositors having occasion to withdraw their money, and also to provide additional funds for borrowers wishing to build homes. An unfortunate amendment, accepted reluctantly and perforce, had provided for direct loans. It did great harm by leading many citizens in distress to think they could borrow. As most of them could not in any case give the security required, bitter disappointment was inevitable, even if in point of machinery the proposal had proved unworkable.

The end desired by those who a year ago advocated direct loans will be in some measure reached by the home mortgage law. The Home Loan Board, acting as a corporation, will exchange its bonds for existing mortgages up to 80 percent of the value of the property, and will make new mortgages to be amortized—that is, paid up by installments—through 15 years. Where the mortgagee will not take the bonds, the corporation may lend cash up to 50 percent of the value. Dwellings for not more than four families up to $20,000 in value come under the law, and the maximum for exchange of bonds for mortgages is $14,000. No payment on the principal is to be required for 3 years, and the time for payment of interest on any installment of the principal may be extended if deemed by the corporation to be justifiable. The corporation is to use $150,000 for encouraging the formation of thrift and home-financing institutions where they do not now exist. All told, it is a well-framed plan for helping home owners and home building. Fortunately it will not only meet emergency needs but be a permanent addition to our agencies for social betterment.

Likewise the bank reform bill is much more than a measure of temporary advantage. There will be permanent gain through putting an end, after a year, to the affiliated companies that with such injury to the public were used in the flush times to unload securities now of little or no value. Holding companies will be closely regulated. Bank funds will not be so readily diverted from legitimate enterprise to speculation. Banking and stock broking will be kept farther apart.

The three problems over which there was the most controversy were those of deposit insurance, branch banking, and enlargement of the Federal Reserve System. Unhappy experience in States that have tried the guaranty of deposits, with the fear of mulcting well-conducted banks to protect depositors in weak banks, would justify doubt as to national insurance of deposits; but the experiment may be justified by the certainty that it will help to restore the confidence in our banking institutions which is at the moment so sorely needed. If those who are to administer the law will appreciate the need of more thorough examinations and more stringent requirements, the new system may prove a permanent benefit.

Greater safety for depositors is also one of the ends to be accomplished by the extension of branch banking in States where it is already permitted to State banks, now about a fifth of the whole, with the probability that the new law will rapidly lead others to fall in line. This means not only stronger central banks but also safe banks in the smaller communities, with better adjustment of the supply of capital to local and seasonal needs.

It also means progress toward a unified banking system, which the best authorities hold to be essential to our financial welfare. That progress will be helped, too, by the requirement that 3 years from now all State banks not members of the Federal Reserve System, of which there are now perhaps 8,000, must become members if they wish to continue to enjoy the benefits of deposit insurance. Every bank in the country now shares to some degree in the advantages brought by the Federal Reserve System, and it is but fair that sooner or later every bank shall share in its obligations. This may or may not mean the ultimate disappearance of State banks as much but it does mean uniform and strict supervision.

The country should be thankful that in this bill was at last carried out the assurance given to President Hoover on the night of October 6, 1931, that there should be legislation to lessen the cost of receiverships for closed banks and to return more promptly to depositors therein such of their money as could be salvaged. Although this was in part accomplished by the Reconstruction Finance Corporation Act, the full measure of help that might have been given more than a year and a half ago is only now at last provided. Why the party in control of Congress throughout all this time has not earlier made good the pledge of its leaders, they may explain.

Of course, there are some things in the bank reform bill that do not please everybody. No great law can meet that test. But taken as a whole it met the approval of nearly all the Members of the House and already appears to commend itself to the public at large.

One of the wisest of our financial authorities, giving figures to show that business recovery, now beginning to make progress here, has been in progress for about a year in most of the other important industrial countries, points out that our industries joined in the upturn last summer, and carried the gains forward to the close of the year. Then, he says, political dissensions and banking troubles combined to cause a new decline. The records of the other nations suggest to him that an adequate remedy might have been found if the prompt and vigorous actions taken had been directed to restoring full confidence in our banking system, and had refrained from altering our monetary system. In that even our present business upturn and speculation would probably have been less violent, but possibly our genuine recovery more durable.

If that view is right, we may be thankful that the bank reform bill was at last allowed to have a chance, and though escaping further prolonged delay by but a hair's breadth, survived the conference committee in time for a vote at this session. It is the most important achievement of the banking committees of House and Senate in the score of years since the Federal Reserve System was created. It should help the country.

UNIFORM SYSTEM OF BANKRUPTCY

Mr. BANKHEAD. Mr. Speaker, I call up House Resolution 180.

The Clerk read as follows:

House Resolution 180

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 5950, a bill 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, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. BANKHEAD. Mr. Speaker, I understand that the gentleman from Pennsylvania does not ask for any time.

Mr. RANSLEY. While there is considerable opposition to the bill there is no opposition to the rule, it being an open rule.

Mr. BANKHEAD. With that statement, Mr. Speaker, the rule having been read for information of the House, I do not deem it necessary to make any explanation. I yield 10 minutes to the gentleman from Arkansas [Mr. MILLER].

Mr. MILLER. Mr. Speaker, there is no objection to the resolution, since under its provisions the rule provides for amendments to the proposed bill when it is considered under the 5-minute rule.

I want to say this in frankness and candor, while there is a division in the committee on the advisability of enacting this bill into law, I do not think there is any division in the committee as far as the mechanics of the bill are concerned. That is to say, if a bill of this kind is to be enacted into law, it is the belief of members of the committee that the bill is in about as good form as can be written.

The general nature of the bill and the thing that we seek to correct is this: All over this country there are many municipalities, including not only cities, but including taxing districts, improvement districts of every kind and character, that are unable to meet their debts as they mature, their bonded indebtedness, their other indebtedness, and it has become necessary to provide some vehicle whereby those municipalities may go into court and be afforded an opportunity of sitting around the table with their creditors for the purpose of reaching a plan of readjustment. The bill does not provide that any creditor may throw any municipality into bankruptcy at all. Only can the municipality itself go into bankruptcy or go into court with a concrete proposition of settlement, and the bill does not hamper the municipality. It does not hamper the majority of the creditors. The whole theory of the bill is based upon the proposition that such action as is taken must be predicated upon an agreement reached between the municipality and two thirds of the creditors. It deals only with the unwilling minority, with the unwilling 33⅓ percent of the creditors.

That is the only effect that the bill has on the creditors outside of the agreement, but as the law now is, a levee district, an irrigation district, or any other taxing district has no vehicle, no way of coercing or dealing with that unwilling minority, and the result is all over this land today that municipalities are being faced with suits in Federal courts of one nature and another, compelling the levying of taxes and the diversion of funds that ought to be used for other purposes, to the payment of the demands of the minority recalcitrant creditors. The purpose of this is not to hamper the municipality in the discharge of its duty at all, and it only reaches that recalcitrant minority. That is all the bill does.

The bill has been objected to on the ground that this right should not be extended to a taxing district, upon the theory that the bonds or obligations of the taxing district were issued in good faith. The same argument might be made with equal force, that the power of bankruptcy should not be given to an individual or a corporation. I am one of those who believe that all debts are contracted in good faith. In municipalities debts are contracted in good faith, but there are changes brought about by the passage of time, due to the fluctuations in property values which might make it necessary to give to that municipality and to the people within its boundaries the same right that the individual himself may have; but in this case that right does not go that far. The right extends only to giving the municipality the right to go into conference with its creditors and sit around the table. If they can work out a plan, all right; if they cannot work out a plan, no harm is done, and the matter remains just as it is.

How do you get into court? The bill provides that the consent of 30 percent of the creditors must be obtained before a petition may be filed. Then the petition is filed, and the plan is submitted to the court upon a hearing in which any creditor and all creditors are entitled to participate, and upon that hearing the principal question is whether or

not the allegations contained in the petition are true. In other words, whether or not the petition is filed in good faith, whether or not the taxing district is actually in condition and position where it is unable to meet its debts as they mature.

Then, if those facts are found and the plan is approved, not by 30 percent but by 66⅔ percent of the creditors of any particular class, the court has a right to and does enter an order approving the term of readjustment, approving the equities of the parties as set forth in the plan. That decree of the court must be based upon the provisions of the plan. Then, when the plan of readjustment has been agreed on and has been approved by the court, the jurisdiction of the court ends, and the governmental power of the taxing district passes back to its commissioners or to its constituted authority and the district proceeds to function the same as if this procedure had never occurred.

One of the principal contentions against the bill is that the bankruptcy power should not be extended to any municipality that might exercise or that does exercise governmental power. There are two classes of municipalities dealt with here. One class, I admit, may exercise governmental power, such as cities, but the other class exercises only proprietary power; and before any plan is approved or can be approved by the court, the court must find first that the municipality is authorized under the existing law—and that means under its charter or under the State law—to enter into or carry out the agreement. Then, on the last page of the bill, page 16, we have sought to cover that objection to the bill by providing that in those municipalities where their powers depend upon the authority from the State, the State may give that authority, and that the plan of readjustment must be approved by that governmental agency or by that branch of the State government that exercises the powers over the various municipalities.

So that there can be no conflict, there can be no such thing under this bill as interference with governmental powers. If this bill is passed as written, the taxing districts of this country will have a means to readjust their debts in accordance with the ability of the taxpayers to pay and upon the agreement of two thirds of its creditors. The recalcitrant minority can be effectively and honestly dealt with upon a policy of "live and let live." The power cannot and will not be abused. It will afford necessary machinery for these municipalities to readjust their obligations and pay their honest debts. [Applause.]

The SPEAKER. The time of the gentleman from Arkansas [Mr. MILLER] has expired.

Mr. BANKHEAD. Mr. Speaker, I move the previous question on the adoption of the resolution.

The previous question was ordered.

The resolution was agreed to.

EXTENSION OF GASOLINE TAX, ETC.

Mr. DOUGHTON. Mr. Speaker, I present a conference report on 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 I ask unanimous consent for its present consideration.

The Clerk read the title of the bill.

The conference report and statement are as follows:

CONFERENCE 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.

R. L. DOUGHTON,
HEARTSILL RAGON,
SAM B. HILL,
ALLEN T. TREADWAY,
ISAAC BACHARACH,
Managers on the part of the House.

PAT HARRISON,
WILLIAM H. KING,
WALTER F. GEORGE,
DAVID A. REED,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the 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, submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

On amendment no. 1: This amendment strikes out the phrase "for experimental purposes" in the provisions relating to the elimination on July 1, 1933, of the additional rate on first-class matter mailed for local delivery. The House recedes.

On amendment no. 2: This amendment strikes out the provision of the House bill which transfers the electrical-energy tax from the producer to the consumer and substitutes in lieu thereof a provision which exempts from taxation, under the manufacturers' excise tax title of the Revenue Act of 1932 articles sold for use as fuel supplies, ships' stores, sea stores, or legitimate equipment on vessels of war, fishing or whaling vessels, or vessels engaged in foreign trade, trade between the Atlantic or Pacific ports of the United States, or between the United States and its possessions. The amendment also provides that articles manufactured or produced with the use of articles upon which the tax, under the manufacturers' excise tax title has been paid upon importation, if laden as supplies on such vessel, shall be held to be exported for the purposes of allowance of drawback on such articles. The House recedes.

On amendment no. 3: The committee of conference have come to no agreement on this amendment.

R. L. DOUGHTON,
HEARTSILL RAGON,
SAM B. HILL,
ALLEN T. TREADWAY,
ISAAC BACHARACH,
Managers on the part of the House.

The SPEAKER pro tempore (Mr. CANNON of Missouri). Is there objection to the request of the gentleman from North Carolina [Mr. DOUGHTON]?

There was no objection.

The SPEAKER pro tempore. Without objection, the Clerk will read the statement in lieu of the report.

The Clerk read the statement.

The SPEAKER pro tempore. The question is on agreeing to the conference report.

The conference report was agreed to.

The SPEAKER pro tempore. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Amendment no. 3: Page 5, after line 13, insert section 6 (a), as follows:

"SEC. 6. (a) The Revenue Act of 1932 is amended by inserting after section 615 a new section, to read as follows:

"'SEC. 615 1-2. TAX ON ELECTRICAL ENERGY FOR DOMESTIC OR COMMERCIAL CONSUMPTION

"'(a) There is hereby imposed upon electrical energy sold on or after September 1, 1933, for domestic or commercial consumption and not for resale a tax equivalent to 2 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.

"'(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. 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) Section 616 (a) of the Revenue Act of 1932 is amended to read as follows:

"'(a) There is hereby imposed a tax equivalent to 1 percent of the amount paid for electrical energy for consumption other than domestic or commercial and not for resale furnished on or after September 1, 1933, and before July 1, 1934, to be paid by the person paying for such electrical energy and to be collected by the vendor. If any person manufactures, produces, or imports such electrical energy and uses it to the extent of more than 500 kilowatt-hours per month, he shall be liable for the tax under this subsection in the same manner as if such electrical energy were purchased by him, and the tax shall be computed on the price at which such electrical energy is sold, in the ordinary course of trade, as determined by the Commissioner. No tax shall be imposed under this section upon any payment made for electrical energy used (1) in the production of agricultural products or (2) by any religious, charitable, or educational organization, no part of the net earnings of which inures to the benefit of any private shareholder or individual. The right to such exemption under this section shall be evidenced in such manner as the Commissioner, with the approval of the Secretary, may by regulation prescribe.' None of the provisions of this section or of section 615½ shall apply to publicly owned electric and power plants.

"(c) The title of section 616 of the Revenue Act of 1932 is amended by striking out 'tax on electrical energy' and inserting in lieu thereof 'tax on electrical energy for consumption other than domestic or commercial.'

"(d) 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. DOUGHTON. Mr. Speaker, I offer a motion, which I send to the desk.

The Clerk read as follows:

Mr. DOUGHTON moves to recede and concur in Senate amendment no. 3 with the following amendment: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"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. 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. DOUGHTON. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. TREADWAY].

Mr. TREADWAY. Mr. Speaker, this is a conference report presented for the second time. This matter of the charge for electrical energy has been in dispute between the two branches for some weeks. Included in the main bill in conference was the so-called "gasoline tax", and a change of rate in postage. Those two items were not in dispute between the conferees, but there was a marked dispute in relation to the charge for electric energy.

The House conferees took the distinct position that no favor should be shown the different types of manufacturers of electric energy. In other words, the difference of opinion between the two branches is this: The House takes the position that the charge for electric energy should be laid against any corporation selling for domestic consumption. There are two types of corporations which supply electric energy. One, the private corporation; the other, the municipal corporation. The Senate adopted, at the instance of the Senator from California [Mr. JOHNSON], an amendment exempting from this tax municipally controlled electric energy supply corporations, granting a very distinct favor and a preferred method of treatment of the municipal corporation over the private corporation.

The House conferees are distinctly opposed to that attitude, and the Senate conferees agreed with us in the matter. The Senate conferees went back to the Senate and were defeated on the Senate floor. An amendment exempting from taxation the municipal corporations passed the Senate, we are informed, by a vote of 31 to 21. Therefore, the measure is back in conference, and today we have conferred again with the Senate and have reached the conclusion that this branch should vote whether or not it desires to show favor to and exempt from taxation the municipally owned plants.

Mr. Speaker, I repeat, it is very important that this conference should be settled promptly between the two branches. One reason is that the present gasoline tax will expire the 1st of July, and therefore the extension of it must be put into effect very promptly. Also the postal authorities are anxious for the authority conferred by this bill to change, if they so desire, postal rates. Therefore we are asking that the conferees of the House be supported, and that no favor in the form of an exemption of a particular kind of electrical-energy plant should be shown by the House.

We ask that the motion made by the gentleman from North Carolina, the Chairman of the Committee on Ways and Means, receive the support of the House.

Mr. Speaker, if I have not made plain the difference between the two branches of Congress, I would be very glad, if any gentleman desires, to see if I can answer an inquiry.

Mr. DOUGHTON. I believe the gentleman has made a very clear statement.

Mr. GILCHRIST. Mr. Speaker, will the gentleman yield?

Mr. TREADWAY. I yield.

Mr. GILCHRIST. Is there a difference about the time when this bill should go into effect?

Mr. TREADWAY. No. That was agreed upon in conference. The only thing in disagreement between the two branches is whether or not a municipal plant supplying domestic needs should be exempt from taxation. Understand, this is for domestic consumption and not for consumption by the municipality.

Mr. WHITTINGTON. Mr. Speaker, will the gentleman yield?

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Speaker, I yield the gentleman from Massachusetts 1 additional minute.

Mr. WHITTINGTON. Is there not this further difference between the bill as adopted by the House and the proposal adopted by the Senate—that in the other body 1 percent of this tax was transferred to industrial energy, and the amendment adopted in the other body distinctly provides that the tax is to be paid by the consumer?

Mr. TREADWAY. The gentleman is correct. That is one of the differences between the two bodies. Under the House provision the tax is only on the vendor, the producer of the energy.

Mr. WHITTINGTON. The utility company.

Mr. TREADWAY. The only place where the actual producer of the energy is not to pay the tax is when it is sold for resale purposes; for instance, in an apartment house.

Mr. WHITTINGTON. In other words, by adopting this amendment proposed by the chairman of the committee, the provision adopted in the Senate which requires a 1-percent

tax to be paid by the consumer of industrial energy will be eliminated.

Mr. TREADWAY. It will be eliminated; yes.

[Here the gavel fell.]

Mr. SAMUEL B. HILL. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. Mr. Speaker, I yield to the gentleman from Washington.

Mr. SAMUEL B. HILL. Mr. Speaker, I offer an amendment to the amendment offered by the gentleman from South Carolina.

The Clerk read as follows:

Amendment offered by Mr. SAMUEL B. HILL: Mr. HILL moves to amend the amendment offered by Mr. DOUGHTON by inserting after the first sentence of subsection (c) the following: "None of the provisions of this section shall apply to publicly-owned electric and power plants."

The SPEAKER pro tempore. How much time does the gentleman from North Carolina yield to the gentleman from Washington?

Mr. DOUGHTON. Ten minutes.

Mr. SAMUEL B. HILL. Mr. Speaker, in passing the bill (H.R. 5040), the House amended the existing law as to the tax on electrical energy by transferring the 3-percent tax from the consumer to the producer—from the consumer to the power companies.

This provision of the House bill was amended in the Senate by levying a 2-percent tax to be paid by the power company or producer upon electrical energy for domestic and commercial use. It was further amended, by levying a 1-percent tax on energy to be used in industry to be paid by the consumer; and further than that, the Senate amended the House provision by exempting from the operation of the tax publicly owned electric and power plants.

The motion of the gentleman from North Carolina is to concur in the Senate amendment with an amendment. If adopted the effect would be that the 3-percent tax would be restored to its original status in the House bill to be paid by the power companies on energy for domestic and commercial use with no tax at all on energy to be used for industrial purposes. In other words, it would restore the provisions of the House bill.

Now, since the Senate adopted the further amendment exempting from taxation electrical energy produced by publicly owned electric and power plants, we are bringing this proposition back here under my amendment to the motion of the gentleman from North Carolina that the House may have the opportunity of voting upon this one proposition first. It segregates this one proposition of the exemption of publicly owned electric power plants from taxation so that the House may vote exclusively upon it before voting on the motion of the gentleman from North Carolina.

In other words, the question presented by my amendment is whether this House shall instruct the conferees on the part of the House to recede and concur in the Senate amendment exempting from taxation publicly owned electric and power plants. That is all there is in my amendment.

Mr. BACHARACH. Mr. Speaker, will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. BACHARACH. Under the provisions of this bill a private corporation which has received authority from a State and is operating under public-utility or public service laws under the sanction of the governing authority which regulates the rates they may charge for the power they produce must pay a 3-percent tax, whereas a municipality competing against them does not pay a dollar toward this tax. Does not the gentleman think this is eminently unfair? In other words, in my judgment, it would absolutely drive the corporation out of business and the bondholders and stockholders would receive very little for their original investment which they made in good faith. I wish the gentleman would answer this question.

Mr. SAMUEL B. HILL. I may say to the gentleman from New Jersey that the question he asks is, to say the least, a debatable one. I would put it on a different ground, however, or, rather, an additional ground if I were making the argument he presents here, and that is that the people themselves, the consumers who buy their electrical energy from a publicly owned and operated electric and power plant are favored as against people who buy their electrical energy from a privately owned electric and power plant, because ultimately the consumers pay this tax.

No one will deny that the private power companies will pass this tax on to the consumer, if they can do so under the authority of the regulatory bodies of the several States; and if they do this, the consumer will pay the tax just the same. In such case the consumer would be paying the tax to the Federal Government, whereas in the case of the consumer who is getting his electrical energy from a public-owned plant would not pay such tax to the Federal Government.

Mr. BACHARACH. Will the gentleman yield further?

Mr. SAMUEL B. HILL. I yield.

Mr. BACHARACH. It seems to me the gentleman is making an argument in support of my contention, because, if the consumer pays the tax, why should not the municipality charge the additional 3 percent as long as the consumer is the one who is going to pay it?

Mr. SAMUEL B. HILL. Let me say to the gentleman from New Jersey that my purpose in offering the amendment is to bring this question to the House for a vote, so that it may instruct the conferees what its will is and what it would have them do, whether they should recede and concur in this amendment or whether they should insist on their disagreement. This is my purpose in offering the amendment, and it is for you Members of the House to say what your judgment is on the question. The conferees on the part of the House are here asking your instructions upon this matter, and that is why I am bringing the question before you.

Mr. CASTELLOW. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. CASTELLOW. I want to know whether or not the gentleman's amendment would apply to a plant owned by a county, the same as it would apply to one owned by a municipality?

Mr. SAMUEL B. HILL. Unquestionably it would. Any municipal organization or district or any part of a State such as a county, city, or a district organized for the purpose of owning and operating a plant without profit and for the benefit of the users within such district, would come within the provisions of this exemption.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. WHITTINGTON. I should like to have the gentleman's view on this proposition. If the energy that is produced and sold by municipal plants be exempt, would that be an argument to aid the utility companies in asking public-service commissions to increase rates, and thus pass the tax to the consumers? In other words, if we exempt municipally owned plants would that be an argument for the utility companies to go before the utility commissions and get permission to pass the tax of 3 percent on to the consumer?

Mr. SAMUEL B. HILL. I think it would have the opposite effect. They will have to cut down their rates, especially if they are in competition with a publicly owned plant, in order to meet the competition; and if they do that they would have to absorb all or part of the tax in order to meet the competition of the publicly owned plant, where there is such competition between a private plant and a public plant.

Mr. WHITTINGTON. It occurred to me that it might be used as an argument to equalize the returns from the rates. I should like to have the gentleman's views about the matter, because I am interested in this tax being paid by the producer, whether that producer is a municipally owned plant or whether it is a privately owned plant. I am opposed to its being paid by the consumer, and I do not want to take any action that would likely transfer this tax from the producer to the consumer.

Mr. SAMUEL B. HILL. It would probably make little difference whether you exempted the publicly owned plant, so far as the efforts on the part of the privately owned plant to transfer the tax to the consumer are concerned. I think they will try to do this anyway, and if they can they will do it. That is why I said that ultimately the consumer will have to pay the tax, and hence it is a discrimination in favor of one set of consumers as against another set of consumers.

Mr. MURDOCK. Will the gentleman yield?

Mr. SAMUEL B. HILL. Yes.

Mr. MURDOCK. Is not exempting the municipally owned plant the only way you can keep the private utility corporations from passing it on to the consumer?

Mr. SAMUEL B. HILL. That is probably true; at least, it would tend in that direction.

Mr. MURDOCK. As the gentleman says, they would have to absorb it and in that way save it for the consumer.

Mr. SAMUEL B. HILL. Mr. Speaker, my effort here is simply to present the question to you, because we want the House to tell the conferees upon this question whether we shall recede and concur in this Senate amendment to exempt publicly owned and operated electric light and power plants or whether we shall continue to disagree to that amendment.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. WHITTINGTON. As I understand the proposition pending before the House now, there is a motion by the gentleman from North Carolina to insist upon the amendment as adopted by the House, to wit, to transfer the tax of 3 percent from the consumer to the producer.

Mr. SAMUEL B. HILL. The gentleman is correct.

Mr. WHITTINGTON. If the gentleman's amendment is adopted, it simply exempts municipally owned plants from the operation of the amendment offered by the gentleman from North Carolina, which is substantially the amendment I originally proposed.

Mr. SAMUEL B. HILL. That is right. It does not disturb the situation presented by the motion of the gentleman from North Carolina so far as it applies to private companies.

Mr. WHITTINGTON. In other words, the 3 percent would still be paid by the power companies.

Mr. SAMUEL B. HILL. The 3 percent would still be paid by the private power companies and would be confined to domestic and commercial use.

Mr. DOUGHTON. If my friend will yield, it leaves the House bill intact so far as commercial and domestic energy is concerned, but the Johnson amendment proposes to relieve municipally owned plants from the payment of the tax.

Mr. SAMUEL B. HILL. The gentleman is correct about that; and that is the question we are now presenting to you, so you can vote upon that question first and have a clean-cut vote on that one proposition.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. COCHRAN of Missouri. Will the gentleman explain why the conferees have placed paragraph (c) in this amendment, providing that—

> 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.

Mr. SAMUEL B. HILL. Simply because you would not have the constitutional authority to levy such a tax.

Mr. COCHRAN of Missouri. You say we do not have power to levy a tax upon electrical energy sold to the Government, States, or subdivisions thereof.

Mr. SAMUEL B. HILL. You would not have the power to tax electrical energy used for governmental purposes by the States or any subdivision of the State, such as counties or cities. The Congress might exempt or impose a tax upon power used by the Federal Government in its activities, but you could not impose a tax on power used for governmental purposes by a State or the subdivisions of a State.

Mr. COCHRAN of Missouri. I understand that; but if the Government purchases electrical energy for lighting its Capitol from a private corporation you mean to say it cannot be taxed?

Mr. SAMUEL B. HILL. The Congress might tax electrical energy furnished to the Federal Government but not electrical energy furnished to the States or subdivisions thereof.

Mr. COCHRAN of Missouri. That has been decided by the committee.

Mr. SAMUEL B. HILL. That is the present law.

Mr. COCHRAN of Missouri. Cannot the present law be changed?

Mr. SAMUEL B. HILL. No. You have not the constitutional authority to do it.

Mr. COCHRAN of Missouri. I am talking about taxing the corporation that sells to the Government.

Mr. MARTIN of Colorado. Mr. Speaker, will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. MARTIN of Colorado. I want to ask the gentleman a question. As I understand, the adoption of the gentleman's amendment will exempt municipally owned corporations from the payment of the tax.

Mr. SAMUEL B. HILL. The gentleman is correct.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from Washington.

Mr. ZIONCHECK. Mr. Speaker, I was to have some time on this conference report.

Mr. DOUGHTON. Mr. Speaker, I yield 5 minutes to the gentleman from Washington [Mr. ZIONCHECK].

Mr. ZIONCHECK. Mr. Speaker and Members of the House, I sent a letter to every Member of this body last night in which I embodied what I considered the fundamental and basic arguments for the exemption of publicly owned light and power utilities from the 3 percent gross revenue tax.

Apparently my hurried and somewhat clumsy effort was justified, for today we are confronted with the necessity of voting upon this all-important question.

An affirmative vote upon Mr. HILL's amendment in effect means that you are voting to actually put a 3-percent tax upon the producer of power. If you do not exempt the municipally owned utilities and thus create an effective yardstick to prevent an increase of rates, you will merely allow the power companies until September 1 to go to their regulatory commissions and increase their power rates by 3 percent, or more, and thus retransfer this tax upon the consumer. As I stated in my letter today, this would be merely to perform a vicious piece of political jugglery.

In the West we effectively regulate the private power companies in the only real manner in which they can be regulated, that is, by the competition of publicly owned and operated light and power plants. Degree by degree we are dragging the power companies out of politics, out of churches, out of clubs, and out of our schools. Until recently more than 75 percent of our community clubs were under the domination and control of power-company employees and propagandists. In order to break this domination the real sincere and conscientious public-spirited citizens had to start a new group of community organizations known as the North End Federated Clubs. The Puget Sound Power & Light Co. bought some 27 memberships for their employees in the Washington Athletic Club at one time, and all this, among other things, was done in order to manufacture public opinion, or, more accurately stated, to spread their propaganda and lies on the unsuspecting public through these ostensibly respectable organizations.

During the Muscle Shoals fight I detailed the record of Seattle's effective competition against the private power company. In brief it amounted to this: Before our City Light was started Seattle residents were paying 20 cents a kilowatt-hour for their electricity. Three months before our own plant started to sell its current the private company, of its own accord, reduced their rates by 8 cents per kilowatt-hour. Step by step we have forced the rates down to a point where now the average domestic rate for Seattle residents is 2.83 cents per kilowatt-hour, which is 48.21 per-

cent of the Nation's average of the domestic current used in the United States, which was 5.87 cents per kilowatt-hour in 1930, according to the Electrical World, January 3, 1932. If the domestic electric power and light consumers of the city of Seattle paid the average domestic rate paid throughout the Nation, they would pay approximately $11,000,000 more per year than they now pay, and that is more than our total yearly taxes.

Until recently we could not sell beyond our city limits, and you could certainly notice the difference as soon as you crossed the boundary line. The amount of current which would cost one $10 in the city of Seattle cost the consumer just outside the city $15.

I want to emphatically point out that the only effective manner in which we can prevent the private power companies from increasing their present rates and shifting the tax upon the consumer is to exempt our municipally owned power companies from this tax. The private power companies will have to sell at a rate equal to that of the publicly owned organizations, for otherwise their customers will immediately demand that their municipality start a publicly owned and operated light and power system; and there is nothing that they dislike more than that.

Mr. HOLLISTER. Will the gentleman yield?

Mr. ZIONCHECK. Yes.

Mr. HOLLISTER. Is it the purpose of the gentleman to put the private companies out of business?

Mr. ZIONCHECK. It is not a question of putting the companies out of business, but it is a question of actually transferring the 3-percent tax from the consumer to the producer.

Mr. HOLLISTER. The gentleman feels it would be better not to allow the private companies to go out of business?

Mr. ZIONCHECK. I think it would be a blessing to the people if all the private power companies were driven out of the country.

Mr. BOILEAU. Mr. Speaker, will the gentleman yield?

Mr. ZIONCHECK. Yes.

Mr. BOILEAU. In many parts of the country municipalities buy electrical energy from private utilities and then resell it to the consumer.

Mr. ZIONCHECK. That is right.

Mr. BOILEAU. Could there be any tax imposed if this amendment is adopted?

Mr. ZIONCHECK. There would be no tax on the power sold by the municipality to the consumer.

Mr. BOILEAU. Would there be any tax on the original power sold by the utility corporation to the municipality?

Mr. ZIONCHECK. It is my understanding that there would not, but I am not sure on that point.

Mr. Speaker, the letter I sent to every Member of Congress last night was prepared and sent out in a very hurried manner. However, it embodies the arguments, and I ask unanimous consent to insert it as a part of my remarks.

The SPEAKER pro tempore (Mr. CANNON of Missouri). Is there objection?

There was no objection.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., June 8, 1933.

DEAR COLLEAGUE: Allow me to call your attention to conference report on H.R. 5040, extending the gasoline tax, etc.

On page 3 of that report, under the statement of the managers on the part of the House, you will find the following language:

"The House recedes with an amendment imposing a tax on the vendor of 3 percent of the price for which electrical energy is sold for domestic or commercial consumption, effective September 1, 1933, rather than the fifteenth day after the enactment of the act as proposed by the House. The amendment continues the present tax on the consumer until September 1. * * * The section as agreed to in conference also omits the Senate amendment exempting publicly owned electric and power plants."

We will be called upon to vote on the conference report in the near future, which will somewhat differ from this report, due to the fact that the Senate rejected and recommitted to their conferees this whole matter upon the question of exempting publicly owned electric and power plants.

I hope that you will not feel that I am presumptuous in giving you my views on this matter. I come from a district which has one of the outstanding municipally owned and operated light and power plants in the United States, i.e., Seattle, Wash., and this is a vital question with us.

I construe the extension of time from the fifteenth day after enactment until the 1st day of September as nothing more or less than a deliberate grant of time in which the privately owned power companies can make application to their regulatory bodies of their respective States for an increased rate of at least 3 percent, together with a profit thereon, thereby transferring this tax onto the consumer, together with additional burdens.

If my interpretation is correct, and I believe it is, we will be committing the worst kind of legislative trickery if we allow this.

The only effective manner in which to prevent this vicious jugglery is the absolute exemption of publicly owned and operated light and power plants. They will create an effective yardstick which will prevent any increase after the imposition of the 3 percent tax upon the producer. The privately owned power companies know that if they increase their rates, with no corresponding increase in the rates of the publicly owned plants, there will be the greatest wave of effective public sentiment for public ownership, together with its inherent benefits, ever known in the United States.

There is a serious constitutional question whether the Federal Government can tax a governmentally owned and operated light and power plant which does not sell beyond the confines of the State boundaries. Regardless of this constitutional question, it is inherently wrong to tax a publicly owned plant which does not operate for profit. It would be just as logical to tax the municipally owned and operated water systems on the ground that they are not necessarily a governmental function. To carry this argument to its logical conclusion, it would be just as fair to tax the States, counties, and cities for every yard of cement which they put into their roads and highways on the ground that roads and highways are not necessarily a governmental funtion, due to the fact that not many years back one had to pay tollgate keepers for the use thereof.

Whether you have a publicly owned and operated light and power system in your congressional district or not, this question should be of the most vital importance to you and your constituents because of the basic and fundamental principle involved. It is my belief that we cannot afford in these times to further fool the people by transferring this tax upon the producer only to have it in turn retransferred back upon the consumer with an additional penalty.

Sincerely yours,

M. A. ZIONCHECK.

P.S.—Senators JOHNSON, NORRIS, and BONE led the fight for this principle in the Senate. Their pertinent and highly informed remarks appear in the CONGRESSIONAL RECORD of June 6, pages 5085 to 5096. The Senate moved to recommit by a vote of 41 to 31.

Mr. ZIONCHECK. I cannot agree with the viewpoint of many who claim that this exemption would be unfair to the private power companies. In the first place, the private power companies never have been fair, nor do they ever want to be. Further, the private power companies have taken unfair advantage of the American people in the manner in which they have watered their stock on mythical investments.

Our Senator BONE, of Washington, states, and he has never been challenged upon this statement, that the Northwestern Electric Co., in the southern end of our State, filed on the water power of a river in southern Washington known as the White Salmon River. They constructed a dam and plant which cost them $1,230,000, or about $82 per horsepower. Then against the bare water rights, which cost them nothing, they issued more than $10,000,000 in securities, and since that time a recent hearing has divulged that they have been paying from 10 percent to 12 percent a year on the $10,000,000, and have used that highly inflated sum as their basis for rate structure. All this was allowed and sanctioned in a State where we claim to have one of the most foolproof regulatory laws in existence.

Many of the State laws do not allow municipalities or political subdivisions to refund their bond issues when they become due. They must pay the interest and the principal or default. What do the private power companies do? Whenever the interest becomes due, or a principal payment necessary, they merely print some more stocks and bonds and unload them upon the gullible public who had been reading their road signs, newspaper advertisements, and radio announcements that such-and-such a power company's bonds and stocks are a safe investment. Is there any Member of the House who does not readily see that the private power companies have an unfair advantage over the municipally owned and operated plants? Why, then, is it unfair to exempt our public plants as provided in this amendment? Again I want to reiterate, if you actually in-

tend to transfer the 3-percent tax from the consumer to the producer vote for this amendment, for otherwise you will be merely fooling your constituents. [Applause.]

Mr. DOUGHTON. Mr. Speaker, I yield 1 minute to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Speaker, I have been active in trying to get this tax placed where it really belongs, on the producer. I rise to call attention to the statement of the gentleman from Washington, Mr. SAMUEL B. HILL, a moment ago, in reply to my question in regard to paragraph C. The gentleman said that Congress did not have the power to tax the private corporations that sold power to the Government, State, or political subdivisions thereof. I should like to have Mr. HILL, or any Member of this House, regardless of how great a constitutional lawyer he may be, point out where the Constitution or any Supreme Court decision in any way would prohibit the Congress from placing a tax upon electrical energy sold to the Government of the United States. I cannot agree that paragraph C is anything but a little loophole where you are letting the power companies out, insofar as paying the tax for what they are selling to the Government. I admit there is a question as to whether you can tax electrical energy sold to a State or a subdivision thereof, but as to power sold to the Federal Government the Congress has the power to tax.

Mr. DOUGHTON. Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. ELTSE].

Mr. ELTSE of California. Mr. Speaker, the purpose of the amendment of the gentleman from Mississippi [Mr. WHITTINGTON] was stated to be a transfer of the tax from the consumer to the producer. Is not that correct?

Mr. WHITTINGTON. Yes.

Mr. ELTSE of California. Unless you exempt the publicly owned public utilities, which are producers of electrical energy, you are going to make the consumer pay the tax, just as sure as the sun rises. If you want to accept the spirit of the amendment of the gentleman from Mississippi, you will vote for the amendment that has been offered and which is now before you. It seems to me that is as clear as the nose on a person's face. If you want to transfer the tax from the consumer to the producer, you will vote for this amendment, because if you do not the publicly owned public utility has to collect that 3-percent tax from the consumer in the public-utility district. That is all I care to say.

Mr. DOUGHTON. Mr. Speaker, I yield 5 minutes to the gentleman from California [Mr. FORD].

Mr. FORD. Mr. Speaker, to levy a tax of 3 percent on publicly owned power-producing units is, in my judgment, absolutely unfair to the people of the city on which it is levied, and is, I believe, unconstitutional. If we can do that the Congress can pass an act and go into the city of Los Angeles and say to that city that it is going to collect a 3-percent tax on every tax bill that it collects. The power bill that the city of Los Angeles collects from its own people is only another form of taxation. The people of that city built their own power plant. They sold bonds for that purpose. If the revenues of the plant are insufficient, a tax would be levied to make up the deficiency. You would not dare to put a tax on their water bills because everybody says that the water is a natural resource, but we are coming to a point in this country where the cities are producing their own power and where power is recognized as a natural resource. We in Los Angeles are producing today much of our power from our water system, because there is a drop of 3,500 feet from Owens Valley to Los Angeles, and we utilize that and produce 250,000 horsepower of electrical energy. That plant was built by the citizens of Los Angeles. They issued the bonds and paid the principal and the interest on those bonds. It is a purely city enterprise, and to put a 3-percent tax on its production is, in my judgment, violating every form of good, sane governmental practice, and I think it is unconstitutional.

Mr. RANKIN. Would not this all go to the extent of taxing everybody who owns property in a city or town that had a municipally owned plant?

Mr. FORD. It would.

Mr. RANKIN. This would place a burden on the man who owned a little property, even if he might not be able to use electric lights?

Mr. FORD. Yes.

Mr. RANKIN. Whereas the private company could only pass the burden on to the people who used electricity?

Mr. FORD. That is correct. Let me give you some facts. The city of Los Angeles has just made an agreement to borrow from the Reconstruction Finance Corporation $22,800,000 for the purpose of building a power line from Boulder Dam to the city of Los Angeles, and it is this power that is to pass over that line to be marketed in the city of Los Angeles that will ultimately pay back to the Government the $165,000,000 for the building of Boulder Dam. Now, I wish you would get that into your consciousness. If you put another $450,000 or $500,000 on that plant in the form of a tax, it will hamper it in making its payments to the Government of that loan. We have sold bonds. We have paid interest on those bonds. If the Department cannot do it, the city must do it, because it is a city-owned enterprise.

But it is not only Los Angeles that will be adversely affected. Every struggling little municipally owned plant in the country will suffer. The big power companies will go to their State commissions and get the authority to raise their rates to meet this tax, so that in the end the consumer will pay this tax in higher rates. This is unfortunate, but alas! it is true.

Mr. DINGELL. Will the gentleman yield?

Mr. FORD. I yield.

Mr. DINGELL. The gentleman would not say that the city of Los Angeles is getting the short end of the deal on the Boulder Dam proposition, would he?

Mr. FORD. I do not quite understand what the gentleman is referring to.

Mr. DINGELL. We will be glad to take that power in Detroit any time and pay the $165,000,000.

Mr. FORD. But it cannot be transmitted that far.

Mr. DINGELL. I realize that.

Mr. ZIONCHECK. Will the gentleman yield?

Mr. FORD. I yield.

Mr. ZIONCHECK. If this amendment is adopted, it will act favorably for all the Southern States that come within the confines of Muscle Shoals, will it not?

Mr. FORD. Certainly. You are laying up trouble for Muscle Shoals if you do not pass this amendment.

Mr. RANKIN. Will the gentleman yield further?

Mr. FORD. I yield.

Mr. RANKIN. If this amendment is defeated then, as I understand it, all the power generated by any governmental agency in the Tennessee Valley would then have to pay this 3-percent tax?

Mr. FORD. I cannot see any other way out of it.

Mr. RANKIN. I am asking for information.

Mr. DOUGHTON. If it is sold to municipalities, it is exempt. If it is sold for private purposes or commercial purposes, of course it would be subject to taxation.

Mr. RANKIN. But the majority of the power then that would be distributed from the power plants developed in the Tennessee Valley would be subject to this tax?

Mr. DOUGHTON. No; because the majority of it will be sold for industrial use, and that is exempt.

Mr. RANKIN. Then you are putting a burden on the little fellow who is able only to use electric lights or a sewing machine or an electric refrigerator, or something like that.

The SPEAKER pro tempore. The time of the gentleman from California [Mr. FORD] has expired.

Mr. DOUGHTON. Mr. Speaker, the conferees of the Senate and House reached an agreement on all the provisions in the bill save and except the one relating to electric energy. We have had 2 or 3 meetings and have failed to reach an agreement with respect to that tax. The question for the House to determine is one that is easily understood. The Senate has agreed to all of the provisions of the House bill with respect to electric energy except what is

known as the "Johnson amendment." The Johnson amendment provides that electric energy produced by municipally owned plants shall be exempt from the provisions of the tax. In other words, the tax will not apply; whereas my amendment provides that electric energy produced for domestic or commercial purposes, not used for governmental functions, shall stand upon the same footing and be subject to the same tax as electric energy produced by private companies. Now, that is easily understood.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. WHITTINGTON. It was stated a few moments ago, as I recall, that in the event a utility company sold power to a municipality and the municipality in turn sold the power for domestic and commercial use, it would be exempt. That is erroneous. The amendment distinctly provides that if the electric energy is to be resold for domestic or commercial purposes the tax imposed is to be paid by the vendor.

Mr. DOUGHTON. That is correct.

Mr. COLDEN. Will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. COLDEN. If I understood the gentleman's statement correctly, the Muscle Shoals plant can sell to a municipality and be exempt from that tax?

Mr. DOUGHTON. Yes.

Mr. COLDEN. If that is correct, then why could not a municipality construct a plant and sell to its own citizens at cost? What is the difference in principle involved there?

Mr. DOUGHTON. In one case the sale is to a municipality and in the other case it is a sale by a municipality. The gentleman can differentiate between a sale to a municipality and a sale by a municipality. It is a purely governmental function.

Mr. COLDEN. But the municipality is constructing a plant and selling it to its own citizens.

Mr. DOUGHTON. Mr. Speaker, it is not my purpose to get into a discussion of that question.

Mr. MAY. Will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. MAY. Has the gentleman thought about the proposition that all persons who are taxpayers in a municipality must necessarily contribute by the payment of taxes to the cost of construction or maintenance of any municipal plant, and yet a large number of those same taxpayers may not be consumers of electricity. Does the gentleman not think that is the reason why municipal plants ought to be exempted from the provisions of the bill?

Mr. DOUGHTON. It is always regrettable, of course, to have to impose new, burdensome, and onerous taxes, but it was found necessary at the last Congress in order to meet the emergency and to balance the Budget to impose this tax on electrical energy, a tax upon bank checks, increase the rates of postage, and levy a tax on gasoline.

Mr. DOBBINS. Mr. Speaker, will the gentleman yield for a question?

Mr. DOUGHTON. I yield.

Mr. DOBBINS. Has any computation been made of the tax that would be lost to the Government through the adoption of this amendment?

Mr. DOUGHTON. Two million dollars.

Mr. DOBBINS. To that extent the Budget would be thrown out of balance.

Mr. DOUGHTON. By just that much.

Mr. WHITTINGTON. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. WHITTINGTON. I am just wondering if the estimate of $2,000,000 is correct, and, if the gentleman will permit me to interrupt, let me say less than 5 percent of the electrical energy of the United States is produced by municipal plants. If this be true, then the loss to the Government would be about 5 percent of $33,000,000, or $1,500,000. The total revenue at 3 percent is estimated at $33,000,000 for the next current year on energy for domestic and commercial purposes.

Mr. RAGON. Mr. Speaker, if the gentleman will permit, let me say I misunderstood the gentleman's question. It would be about $2,000,000.

Mr. WHITTINGTON. That is more nearly correct. As I understand, it would mean about $1,500,000 loss in revenue by the adoption of the Hill amendment. The fact of the matter is, less than 5 percent of the tax would be received from this particular source—that is, from municipally or publicly owned plants.

Mr. DOUGHTON. So far as I know that is true.

Mr. KELLER. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. KELLER. I notice that the conferees from the Senate and the House have failed to agree on this for several days. Is this correct?

Mr. DOUGHTON. That is correct.

Mr. KELLER. If the Senate committee has refused to agree, what is the use of sending it back again? Why not accept this amendment which is included in the Senate bill?

Mr. DOUGHTON. The Senate conferees not only refused to agree but the Senate, by a roll-call vote, adopted the Johnson amendment. What will transpire if it goes back again I do not know. It is a case for the House to determine what it thinks is the proper and right thing to do.

If a municipally owned plant goes on the market and sells power in competition with privately owned plants, it has not occurred to some of us that preference should be shown the municipally owned plant. If the House thinks a preference should be shown the municipally owned plant, we are but the servants of this House and intend to carry out whatever instructions the House gives us.

Mr. KVALE. Mr. Speaker, will the gentleman yield to me and permit me to make a statement in his time?

Mr. DOUGHTON. I yield.

Mr. KVALE. The House conferees and the Senate conferees met at least six times, according to a statement made in the Senate, and the House conferees did not accept the proposal embodied in the Johnson amendment. The Senate conferees were of the same mind; but when they went back to the Senate, it was adopted by a record vote, and the Senate conferees, therefore, insist upon the retention of the Johnson amendment, and that is substantially what is embodied in the amendment offered by the gentleman from Washington [Mr. SAMUEL B. HILL].

Mr. DOUGHTON. There is nothing sacred about that. We have the same right to refuse to recede from our position. We are in the same situation they are in.

Mr. TREADWAY. Is it not true also that the Senate conferees agreed with the House on this bill?

Mr. DOUGHTON. They did.

Mr. ZIONCHECK. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. ZIONCHECK. Is it not also true that the Senate conferees voted against the Johnson amendment when it came in there?

Mr. DOUGHTON. If they had kept on voting that way, we never would have reached an agreement. Perhaps the gentleman knows more about it than the rest of us do.

Mr. ZIONCHECK. They were very weak-hearted.

Mr. TREADWAY. Mr. Speaker, it is not proper to question the fairness of those who sit on a conference committee?

Mr. DOUGHTON. I think that is entirely improper. The young gentleman did not mean anything wrong by it.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. RANKIN. As I understand this amendment, if the Hill amendment is adopted that ends the controversy.

Mr. DOUGHTON. If the Hill amendment is adopted; yes.

Mr. RANKIN. That will settle the controversy?

Mr. DOUGHTON. Exactly so. We will then be in agreement, and the bill as amended will be ready for the signature of the President.

Mr. DOUGHTON. Mr. Speaker, I yield 5 minutes to the gentleman from Arkansas [Mr. RAGON].

Mr. RAGON. Mr. Speaker, the House conferees have tried to follow what they thought was the will of the House.

We had a great deal of trouble in imposing what we thought was the will of the House upon the Senate conferees.

Now, I want to talk to you gentlemen about this as a practical question, and I want to appeal to you to meet this question as practical men.

The question was finally won by the House conferees sustaining the Whittington amendment putting a 3-percent tax upon the producers of electrical energy. The Senate had amended the bill to provide a 2-percent tax on electrical energy and 1-percent tax on industrial power, or power dedicated to industrial uses. We thought this was far outside the purview of the action of the House. We struggled for two or three meetings upon that question. Finally, in an effort to compromise, there was suggested that we make the tax on electrical power 2½ percent, with the tax upon industrial power one half of 1 percent. After much debate and long-extended meetings we failed to agree upon that. The House conferees trying to follow what this House wanted, we found ourselves in a lot of trouble. We found it had involvements of which the House did not dream or that we did not dream of. But notwithstanding what we thought were some of the inequities, the House conferees stayed by what we thought the House wanted.

Now, let us look into the real facts for a moment. I remember one of the Senators from the West—I do not know whether under the parliamentary procedure I am permitted to call his name or not—a Senator from a small western State, whose name carries respect as that of a fair-minded, liberal-thinking man, who in contending for the provisions of the Senate amendment said that if we put this tax of 3 percent upon the power companies of his State, it would kill the little power plants there owned by one man in little towns that cannot provide their own power plants, and into which the big companies will not come.

I mention this merely as an involvement. Then the question came up of the Johnson amendment. I am sorry I was not here at the beginning of this debate, and I may go over some of the things that have already been brought out. If I do, I beg your pardon; but here is the situation: There is not much involvement to any State of this Union save and except upon the Pacific coast, and let us be frank about that. I have forgotten the exact figures, but perhaps one of the conferees can tell me.

Mr. ZIONCHECK. Will the gentleman yield?

Mr. RAGON. Yes.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Speaker, I yield the gentleman 10 additional minutes.

Mr. ZIONCHECK. Are there not more communities throughout the United States like Chanut, Kans.——

Mr. RAGON. Please ask me your question and do not make a speech.

Mr. ZIONCHECK. Are there not municipally owned plants that not only operate their plants, but with the profits they make, pay all the taxes of the community?

Mr. RAGON. I am just approaching that question, and if the gentleman will forbear his question a moment, I think I will save him the trouble of asking me any further questions. I am glad the gentleman has brought that up.

We find on the Pacific coast the greatest percentage of municipally owned plants, and this question is very acute in southern California and I believe in northern California as well. It seems to be particularly related to that State, due to a fight that has been made there upon the big power companies.

Mr. COLDEN. Just turn that around.

Mr. RAGON. Did I say a fight upon the big power companies?

Mr. COLDEN. Yes.

Mr. RAGON. I meant a fight by the big power companies on the municipally owned plants. The gentlemen from California are much more familiar with that than I.

I think about 14 percent of the municipally owned plants of the entire Union are to be found in California.

Now, in my own State, as a common illustration of what obtains in the South and the East, we have not to exceed 10 municipally owned power plants. We have not to exceed 25 privately owned power plants; that is, plants owned in the little towns and cities. The other plants are owned by the large power companies.

Now, what is the principle involved here? I live in a small town, and I gave this illustration to the conferees, and I think it perhaps furnished the best illustration you could get. I suppose my town is one of 3,500 population. In that town we have a municipally owned plant. This plant was formed and exists by reason of the formation of an improvement district. This improvement district erected this plant. It sent out its lines beyond the city limits and furnished this cotton gin and that coal mine and this creamery out here with power. There is a little plant at Fort Smith, Ark. How large it is I do not know, but it happens to run a line to my town, 60 miles away, and then 10 miles beyond the town. This plant also furnishes power to the coal mines and the cotton gins, because our municipally owned plant there is not large enough to do all the work. There was a conflict between the two companies and the result is that they formed an agreement whereby they both operate in their own respective zones. The people who own the Fort Smith power plant, as I understand it, are people of very small capital. Our power plant there in Clarksville, the last I knew of it, had an accumulated surplus over a period of several years of about $41,000, which was lying in the bank there not drawing a cent.

Now, what are you doing? You are saying to the power plant there that is going out and furnishing this cotton gin with power, the plant that has money in the bank vaults, "You shall not pay any of this tax." Now, here is a private citizen, an American citizen, just as good as you or I, who has put his fortune into the construction of a power plant that would not have been started if it had not been for him. The people in my little city would be suffering from a lack of power if it had not been for this man or for this small group of business men. They have come there and now you say to them, "If you sell power to this cotton gin that is in competition with this other cotton gin over here, you are taxed 3 percent." Then you have the citizen who buys from the tax-free municipal plant paying one rate and the citizen right by his side who buys power from the private plant, who has had this tax passed on, paying without fault upon his part a higher rate.

Mr. Speaker, this brings it down in a nutshell to the point involved here. It is a question, as I see it, that, perhaps, does not amount to so much in the long run except the principle involved. I believe the gentleman from Mississippi [Mr. WHITTINGTON] brought out here a little while ago that it amounted to about $2,000,000, but as a matter of honor and principle and integrity, I say to you that that little man who owns his plant in this little town at the forks of the creek down in North Carolina is entitled to just as much exemption from taxation as the big municipally owned plant out in California.

Mr. ZIONCHECK. Will the gentleman yield?

Mr. RAGON. I yield to the gentleman from Washington.

Mr. ZIONCHECK. Speaking of little power companies, we have one that filed on a river and put up a million dollar dam and power site, and then for the filing, which did not cost them a dime, they put in the water site at $10,000,000 and they have been earning on that valuation 10 and 12 percent ever since, and to show you the difference between municipally owned plants and privately owned plants——

Mr. RAGON. I know them both. I have spent my life among them both.

Mr. ZIONCHECK. When a municipal power company's bonds come due, they have not an opportunity to refund, under State law; but when a private company's bonds become due, they always come out with an armful of soap wrappers and sell them to the public.

Mr. RAGON. Here is the situation: There has grown up in this country the idea that power companies have been abusing the public. Everybody knows that; it is just like the railroad situation used to do. Now, shall we go out here and impose upon these 25 little towns, these 25 little

plants that are owned by private individuals in my State—shall we punish them because perhaps some big power companies have in my State, like yours, abused the public in the past?

Mr. COLDEN. I should like to ask the gentleman a question. Do you think it is fair to compare the little plants in his town with the big plant, say in Los Angeles, that does not sell except to its own investors and own supporters?

Mr. RAGON. That is true—perhaps your plant does not do that. You may not go out beyond the boundaries of your own cities. Your city can own its own plant, but in my State you cannot do that. The only way they get around it is by establishing improvement districts. That brings up a serious question. I have forgotten whether under the Supreme Court decision improvement districts have been considered units of government.

Mr. RANKIN. Will the gentleman yield?

Mr. RAGON. I yield.

Mr. RANKIN. The gentleman speaks of municipal plants making money. I want to say that a great many are losing money. This only throws an added burden on the owners of property in those municipalities.

Mr. RAGON. But when you put the 3-percent tax on the little private power plant what are you going to do?

Mr. RANKIN. I can tell the gentleman what they will do in his State—if his people will wake up, they can get connected with Muscle Shoals within 18 months.

[Here the gavel fell.]

The SPEAKER. The question is on the amendment offered by the gentleman from Washington to the amendment proposed by the gentleman from North Carolina.

Mr. SAMUEL B. HILL. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 196, nays 181, not voting 53, as follows:

[Roll No. 60]

YEAS—196

Allen	Doxey	Jones	Rayburn
Allgood	Drewry	Kee	Richards
Arens	Driver	Keller	Robertson
Beam	Dunn	Kelly, Ill.	Robinson
Beiter	Ellzey, Miss.	Kelly, Pa.	Rogers, Okla.
Berlin	Eltse, Calif.	Kemp	Romjue
Biermann	Englebright	Kloeb	Sabath
Boileau	Evans	Kniffin	Sadowski
Brennan	Farley	Kramer	Sanders
Brown, Ky.	Fitzgibbons	Kvale	Sandlin
Browning	Flannagan	Lambertson	Scrugham
Buck	Fletcher	Larrabee	Sears
Burch	Ford	Lea, Calif.	Secrest
Busby	Foulkes	Lee, Mo.	Shallenberger
Byrns	Frear	Lehr	Shannon
Cady	Fulmer	Lemke	Shoemaker
Cannon, Mo.	Gasque	Lesinski	Sinclair
Cannon, Wis.	Gibson	Ludlow	Smith, Va.
Carpenter, Kans.	Gilchrist	Lundeen	Smith, Wash.
Carpenter, Nebr.	Gillespie	McClintic	Spence
Carter, Calif.	Gillette	McFarlane	Stalker
Cartwright	Glover	McGrath	Strong, Tex.
Cary	Goldsborough	McGugin	Stubbs
Castellow	Gray	McKeown	Sutphin
Chapman	Green	McLeod	Swank
Church	Greenwood	McMillan	Tarver
Cochran, Mo.	Griswold	McSwain	Taylor, Tenn.
Coffin	Guyer	Mapes	Terrell
Colden	Hancock, N.C.	Martin, Colo.	Thomason, Tex.
Collins, Calif.	Hart	Martin, Mass.	Thurston
Collins, Miss.	Hastings	Martin, Oreg.	Traeger
Colmer	Healey	May	Truax
Connery	Henney	Mead	Turner
Cooper, Tenn.	Hildebrandt	Miller	Underwood
Cox	Hill, Ala.	Milligan	Vinson, Ky.
Cravens	Hill, Knute	Mitchell	Wallgren
Crowe	Hill, Samuel B.	Monaghan	Wearin
Crump	Hooper	Moran	Weideman
Culkin	Hope	Morehead	Welch
Cummings	Howard	Mott	Werner
Dear	Hughes	Murdock	West, Ohio
DeRouen	Imhoff	Owen	Whittington
Dickinson	James	Parks	Wilcox
Dirksen	Jeffers	Patman	Wilson
Disney	Jenckes	Peavey	Withrow
Dobbins	Johnson, Minn.	Pierce	Wolcott
Dockweiler	Johnson, Okla.	Polk	Wood, Mo.
Dondero	Johnson, Tex.	Ramsay	Woodruff
Dowell	Johnson, W.Va.	Rankin	Zioncheck

NAYS—181

Adair	Andrew, Mass.	Arnold	Bailey
Adams	Andrews, N.Y.	Bacharach	Bakewell
Bankhead	Dingell	Lehlbach	Rogers, N.H.
Black	Ditter	Lewis, Colo.	Rudd
Blanchard	Doughton	Lindsay	Ruffin
Bland	Duffey	Lozier	Schaefer
Blanton	Duncan, Mo.	Luce	Schuetz
Bloom	Durgan, Ind.	McCarthy	Seger
Boehne	Eaton	McCormack	Simpson
Bolton	Edmonds	McFadden	Sirovich
Boylan	Eicher	McLean	Sisson
Britten	Faddis	Major	Smith, W.Va.
Brown, Mich.	Fiesinger	Maloney, Conn.	Snell
Brumm	Fish	Maloney, La.	Snyder
Brunner	Fitzpatrick	Marshall	Somers, N.Y.
Buchanan	Focht	Meeks	Stokes
Bulwinkle	Foss	Merritt	Strong, Pa.
Burke, Nebr.	Fuller	Millard	Studley
Burnham	Gambrill	Muldowney	Sullivan
Caldwell	Goodwin	Musselwhite	Swick
Carden	Goss	Nesbit	Taber
Carley	Granfield	Norton	Taylor, S.C.
Cavicchia	Gregory	O'Brien	Thom
Celler	Griffin	O'Connell	Thompson, Ill.
Chase	Haines	O'Connor	Tinkham
Chavez	Hancock, N.Y.	Oliver, Ala.	Tobey
Christianson	Harlan	Oliver, N.Y.	Treadway
Claiborne	Harter	Palmisano	Turpin
Clark, N.C.	Hess	Parker, Ga.	Umstead
Clarke, N.Y.	Higgins	Parker, N.Y.	Vinson, Ga.
Cochran, Pa.	Hoidale	Parsons	Wadsworth
Cole	Hollister	Perkins	Waldron
Condon	Holmes	Peterson	Walter
Connolly	Huddleston	Pettengill	Watson
Cooper, Ohio	Jacobsen	Peyser	Weaver
Crosby	Jenkins	Pou	West, Tex.
Cross	Kenney	Powers	Whitley
Crowther	Kerr	Prall	Wigglesworth
Cullen	Kinzer	Ragon	Williams
Darden	Knutson	Ramspeck	Wolfenden
Darrow	Kocialkowski	Randolph	Wolverton
Deen	Kurtz	Ransley	Wood, Ga.
Delaney	Lambeth	Reece	Woodrum
De Priest	Lamneck	Reilly	
Dickstein	Lanham	Richardson	
Dies	Lanzetta	Rogers, Mass.	

NOT VOTING—53

Abernethy	Crosser	Kleberg	Rich
Almon	Douglass	Kopplemann	Schulte
Auf der Heide	Doutrich	Lewis, Md.	Steagall
Ayers, Mont.	Eagle	Lloyd	Sumners, Tex.
Ayres, Kans.	Fernandez	McDuffie	Sweeney
Bacon	Gavagan	McReynolds	Taylor, Colo.
Beck	Gifford	Mansfield	Utterback
Beedy	Hamilton	Marland	Warren
Boland	Hartley	Montague	White
Brooks	Hoeppel	Montet	Williford
Buckbee	Hornor	Moynihan	Young
Burke, Calif.	Kahn	O'Malley	
Carter, Wyo.	Kennedy, Md.	Reed, N.Y.	
Corning	Kennedy, N.Y.	Reid, Ill.	

So the amendment to the amendment was agreed to.

The following pairs were announced:

On the vote:

Mr. Warren (for) with Mr. Hartley (against).
Mr. Young (for) with Mr. Corning (against).

Until further notice:

Mr. Abernethy with Mr. Bacon.
Mr. Steagall with Mr. Doutrich.
Mr. Taylor of Colorado with Mr. Gifford.
Mr. Ayres of Kansas with Mr. Beck.
Mr. Crosser with Mr. Carter of Wyoming.
Mr. Douglass with Mr. Rich.
Mr. McReynolds with Mr. Beedy.
Mr. McDuffie with Mr. Reed of New York.
Mr. Auf der Heide with Mr. Moynihan.
Mr. Montague with Mrs. Kahn.
Mr. Almon with Mr. Reid of Illinois.
Mr. Sumners of Texas with Mr. Burke of California.
Mr. Kennedy of New York with Mr. Marland.
Mr. White with Mr. O'Malley.
Mr. Lewis of Indiana with Mr. Ayers of Montana.
Mr. Kleberg with Mr. Schulte.
Mr. Sweeney with Mr. Utterback.
Mr. Boland with Mr. Williford.
Mr. Eagle with Mr. Brooks.
Mr. Montet with Mr. Lloyd.
Mr. Gavagan with Mr. Hamilton.
Mr. Fernandez with Mr. Kennedy of Maryland.

Mr. ABERNETHY. Mr. Speaker, I did not get into the Hall until after my name was called.

Mr. DOUGHTON. Mr. Speaker, my colleague, Mr. WARREN is absent, on account of illness. If present, he would have voted "aye."

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question now is on the amendment as amended.

The amendment as amended was agreed to.

Mr. ELTSE of California. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

Mr. SUMNERS of Texas. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. SUMNERS of Texas. Mr. Speaker, I desire to ask the Chair if, under the present legislative status, it is not in order to call up the bill H.R. 5950?

The SPEAKER pro tempore. Under the rule just adopted, a motion to go into the Committee of the Whole House on the state of the Union is in order.

Mr. SUMNERS of Texas. Mr. Speaker, I am willing to consent to the present request for 5 minutes, but I desire to give notice that hereafter I shall object to any more unanimous-consent requests.

Mr. SNELL. If the gentleman is going to object hereafter, why not object to them all alike?

Mr. HOWARD. Reserving the right to object, may I ask the gentleman from Texas if I clearly understand that he is going to object to any unanimous-consent request for the passage of other measures today?

Mr. SUMNERS of Texas. I feel, Mr. Speaker, that I must object to this unanimous-consent request.

The SPEAKER pro tempore. Objection is heard.

Mr. SUMNERS of Texas. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 5950) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H.R. 5950, the Bankruptcy Act, with Mr. GLOVER in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Without objection, the first reading of the bill will be dispensed with.

There was no objection.

Mr. SUMNERS of Texas. Mr. Chairman, I yield 10 minutes to the gentleman from Florida [Mr. WILCOX].

Mr. WILCOX. Mr. Chairman, during the first part of the time which has been allotted to me, I hope to explain very briefly the necessity for this legislation and the contents of the bill. During the latter part of the time allotted to me I shall be glad to answer any questions which the Membership may desire to propound. I hope the Membership will withhold questions until the latter half of the time which has been allotted to me.

Mr. Chairman, on Monday of this week this House passed a bill extending the power of the bankruptcy court to corporations. Previously similar provisions had been made for railroads, for the farmers, individuals, and others. That relief was very necessary in order that the country might readjust itself and get itself out of this terrible depression.

The relief afforded by those bills, however, has not been sufficient. There is a more serious problem, a more serious situation confronting the people in many sections of the United States than that which grows out of the troubles of the railroads or the troubles of the corporations or of any other class or group of our citizens.

Since 1920 the bonded indebtedness of our municipalities, counties, and special tax districts has increased at the rate of more than $1,300,000,000 a year. From 1920 to 1931 this enormous increase in the bonded indebtedness of these tax units increased to such enormous proportion that it is now estimated there are outstanding and in the hands of investors more than $18,000,000,000 of municipal, county, and district bonds. In order to meet the annual maturities on this enormous indebtedness it has been necessary to levy taxes at such high rates that the taxpayers in many sections have been unable to meet their tax payments, with the result that there are now in the United States between 1,000 and 1,500 communities which are in default in the payment of their public obligations.

When I give that number I refer only to those communities of 10,000 or more population and only to those communities whose defaults have been actually verified. It is conservatively estimated that when we take into consideration the great number of special tax districts and villages and small towns, that there are today between three and four thousand governmental units in the United States which are in default in the payment of their obligations. This condition is not limited to any one section of the country or to any one class of municipalities. It has extended into 41 States and includes such great and populous centers as the city of Detroit, the fourth largest city in the United States; the cities of Akron, Lorain, and Marion, Ohio; the cities of Miami, St. Petersburg, and West Palm Beach, in my own State; Raleigh, Greensboro, and Asheville, in North Carolina; and so on throughout the United States.

The great problem which grows out of this trouble and the great problem which we have to settle here is that unless some means can be found by which those municipalities, counties, and districts may adjust this indebtedness on the basis of their ability to pay, the local governments in these more than 3,000 communities will collapse and the people will find themselves without local government. After all, Mr. Chairman, we look to the local municipal government for the performance of those functions of government which have to do with the preservation and protection not only of the peace and health of our citizens but the very lives of the people themselves. Unless some means, unless some fair and equitable plan may be evolved by which those debts may be adjusted, we will soon find that in more than 3,000 communities in 41 States in the United States our people will be without the protection of local municipal government, and we will thereby endanger not only the peace of the country but the health and often the very lives of millions of American citizens.

This bill does not do violence to any of our ideas of honesty. It does no violence to any of our preconceived notions of the right thing. This bill, when boiled down into simple terms, when stripped of all unnecessary verbiage and put into the layman's language, does simply this and nothing more: It simply provides that when a governmental unit finds itself with an indebtedness that it cannot carry it may adjust that debt on the basis of its capacity to pay, if it is able to work out a plan which is acceptable to two thirds of its creditors. In other words, the sole purpose of this bill is to give the court jurisdiction to force the recalcitrant minority to come in and accept that which is for their own best interest, and which has been agreed to and accepted by two thirds, in amount, of the outstanding indebtedness.

I am going to give you one example. I think this bill had its inception and grew out of a situation which occurred in my own little city, a city of 25,000 people, and I cited it to you as an example of the necessity of this law. For 3 years my city undertook to work out a plan of adjustment of its debt. It finally secured the consent of more than 90 percent of its creditors to an adjustment plan which was agreeable to the city and to 90 percent of the creditors. One man, holding 2 percent in amount of the indebtedness, brought a mandamus, interrupted, and interfered with, and set aside the agreement which had been entered into by more than 90 percent of the creditors. The result of it was that other creditors joined with him; the mandamus was issued by the court, and a tax levy was put on sufficient to meet the requirement of the bond issue, and that little town today has a tax levy for 1 year's taxes of 425 mills on the dollar, or $425 on the $1,000 of valuation.

A man who had a $1,000 house in that little town finds himself today with a tax rate of $425 for 1 year's municipal taxes. That is the result of being unable, through not having legal machinery, to prevent this one man holding 2 percent in amount of indebtedness being brought into court and forced to accept the provisions of an agreement which had been accepted as fair and equitable by more than 90 percent of the outstanding creditors.

Mr. TERRELL. Mr. Chairman, will the gentleman yield?

Mr. WILCOX. I yield.

Mr. TERRELL. This Government has stood nearly 150 years without the Federal Government going into the States to perform this kind of service. Does not the gentleman think the States could pass laws to remedy this situation without the Federal Government having to do it?

Mr. WILCOX. Not at all, for this reason: Under the Federal Constitution no State may pass any law which impairs the obligation of contracts.

This bill does not permit the Federal Government to interfere in any degree with any of the governmental or political subdivisions of the local municipalities.

Mr. TERRELL. It proposes to scale down debts to a point where they can pay them, does it not?

[Here the gavel fell.]

Mr. SUMNERS of Texas. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. WILCOX. This bill does not permit the bankruptcy court to interfere at all in the governmental functions of a municipality. It does not permit it to take over any of the property of the municipality. No creditor can force a municipality into the court. It must come in voluntarily, freely, of its own accord, and then only for the purpose of submitting to the court a plan of adjustment acceptable to two thirds in amount of the outstanding liabilities.

Mr. BEAM. Mr. Chairman, will the gentleman yield?

Mr. WILCOX. I yield.

Mr. BEAM. Will not the gentleman explain how a municipality will be affected by this bill? Suppose its bonds have sold Nation-wide. How would that affect the matter?

Mr. WILCOX. That is a question that has been asked often by a great many people. I think I can answer it better by stating that by far the greater percentage of the holders of municipal bonds in the United States are anxious that this bill shall be enacted in order when a situation arises where a municipality cannot meet its debts that the holders of the greater amount of the bonds can get together and work out a settlement and make the recalcitrant fellow come in and accept what is for his own best interest. In other words, it prevents the scalper from going out into the market when he finds that a municipality is about to work out an agreement and buying up these bonds at 10 cents, 15 cents, and sometimes as low as 5 cents on the dollar and then holding out and insisting on settlement at 100 cents on the dollar, even though the real creditors are willing to accept some scaling down. It will prevent the Shylocks from demanding their pound of flesh from taxpayers who cannot pay.

Mr. BLANCHARD. Mr. Chairman, will the gentleman yield?

Mr. WILCOX. I yield.

Mr. BLANCHARD. Is there any debt limitation on the cities in the gentleman's State?

Mr. WILCOX. No.

Mr. PETTENGILL. Does the gentleman think a municipality can go through this process and then hope to sell any of its bonds within the next 20 years?

Mr. WILCOX. I do not think it will make any difference at all, because the municipality is not doing anything that has not been consented to by the vast majority of its bondholders and approved by everybody as fair and equitable. I do not know. That is a matter of conjecture.

The mayor of Boston and the mayor of Milwaukee, the two outstanding solvent municipalities of the United States, appeared before the Judiciary Committee and made the statement that unless this bill is adopted, giving a means whereby these bankrupt and wrecked municipalities may work out some plan of adjustment acceptable to the creditors and put themselves in a solvent condition, they will soon wreck Boston and Milwaukee and every solvent municipality in the country, for the reason that there is now outstanding in the hands of the investors more than $1,200,000,000 of these bonds that are in default, on which no interest is being paid.

The result of that situation is they have destroyed the value of all municipal securities, and even the great city of Boston and the great city of Milwaukee, which is known all over the world as the most solvent municipality in the country, cannot borrow money on short-term paper in anticipation of the collection of taxes because of the enormous amount of bonds upon which no interest and no principal is being paid, and upon which no interest and principal can be paid. [Applause.]

[Here the gavel fell.]

Mr. KURTZ. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, unquestionably we are confronted by a very serious situation in America today. Men are thinking of going into bankruptcy and are compelled to go into bankruptcy who have never considered such action before. The same thing is true of corporations. But never in the history of this Nation has any person even dreamed, until within the last few months, of a municipality going into the hands of a receiver, or going into bankruptcy, for the purpose of avoiding or scaling down its indebtedness.

There have been bankruptcy laws for the last 2,000 years, but none of them ever provided for the discharge of any person from bankruptcy and from his debts until 1705, when a law of that kind was passed in England. We find that the original purpose of the bankruptcy laws of the world heretofore have been for the purpose of gathering together the assets of the debtor and dividing them fairly and equitably among his creditors. This was the first and primary object of bankruptcy. This was, in fact, the only motive of bankruptcy. No law provided for the discharge of a debtor until 1705, when such a law was passed in England.

However, at the present time we are having a departure from these old and established rules of bankruptcy, never heretofore tried in any country so far as we have been able to learn. When you find a municipality that went out to sell its bonds, telling investors that back of their bonds was every piece of tangible property within its confines; when you find this municipality saying that every piece of real estate was subject to the payment of these bonds; and that the honor of every person within that community was back of them, it is a strange procedure, Mr. Chairman, to find this same municipality coming here and attempting to get rid of its obligations. Therefore, insofar as I am concerned, I am going to vote against this radical departure from the old and well-established custom of honesty and fair dealing by municipalities heretofore, insofar as debts are concerned.

Let us see what the result is going to be. First of all, you will not be able to sell any bonds in the future. You will find no persons willing to invest in municipal bonds, because they will recall that you promised in the past that all your property would be subject to their claims and now you say that you cannot pay them and neither you or anyone else will know what is going to happen to the validity of the bonds or the value represented by them.

Mr. HEALEY. Will the gentleman yield for a question?

Mr. KURTZ. Yes; for a question.

Mr. HEALEY. What is the situation now with reference to the market for municipal bonds?

Mr. KURTZ. The situation is very serious, but it will be much more serious in the event municipalities can go into bankruptcy and thus get rid of the bonds they have at the present time; furthermore, if they are able to market any bonds in the future, which I doubt very much, the likelihood is they will try to go into a court of bankruptcy again, as they are desiring to do at the present time, and get rid of the obligations which they may make in the future.

Mr. HEALEY. Is it a fact now that the cities are paying an exorbitant rate of interest for short-term loans, where they are able to obtain any loans at all?

Mr. KURTZ. I think they are paying 6 percent for them. I know of none paying more than that, although there may be some, and that is not an exorbitant rate of interest in most of the States of the Union.

Mr. PETTENGILL. Will the gentleman yield?

Mr. KURTZ. Yes.

Mr. PETTENGILL. Will the gentleman agree that the pendency of this legislation has tended to hurt the market for municipal bonds?

Mr. KURTZ. I feel there is no question about it.

Mr. LOZIER. Will the gentleman yield?

Mr. KURTZ. I yield to the gentleman from Missouri.

Mr. LOZIER. The gentleman stated that when these bonds were sold it was represented that all the property of the municipality was behind them. The gentleman well knows that that is not quite accurate, because there are constitutional limits to the amount of indebtedness that municipalities may incur, and there are also constitutional limitations as to the rate of taxation; and when the men buy these bonds, of course, they examine the constitution and the statutes of the State to ascertain whether or not the bonds are issued within constitutional limits.

Mr. KURTZ. Yes.

Mr. LOZIER. And it is an inaccurate statement to say that all the property of the city is behind these bonds because these tax-supported obligations can only be enforced to the extent of the constitutional taxing limits, and the bond buyer buys in the open market with knowledge of that fact.

Mr. KURTZ. Yes; but if under the constitution of a particular State a municipality is permitted to borrow, say, 7 percent on its assessed value, the whole assessed value is bound for that 7 percent; but if you take a State such as Florida, according to what the gentleman from Florida stated just a moment ago, you will find that the municipalities there have no limits upon their indebtedness and there is no constitutional prohibition at all. They can borrow to the very limit of their caprice or desire.

Mr. LOZIER. That is true, perhaps, in some States, but it is almost universal that the State constitutions place limitations upon the amount of indebtedness that a municipality may incur.

Mr. KURTZ. Yes; and in answer to that I wish to say further that any bonds issued in excess of that particular power are invalid. They are not of any account at all, but the principle that I want to invoke here is that in this country all the property embraced within the limits of a municipality has been back of any bond that was legally issued by that municipality and handed out to the public at large. That was the reason for the ability of the municipality to sell the bonds.

Mr. SHANNON. Will the gentleman yield?

Mr. KURTZ. I yield.

Mr. SHANNON. If this will apply to municipalities, then the next move will be to apply it to States and then to the Nation as well?

Mr. KURTZ. Certainly.

Mr. SHANNON. This is a general step in the direction of repudiation. I will ask the gentleman if the passage of this bill does not mean that dozens of cities that are now struggling to pay their debts and making an honest effort to do so, after this bill passes will see an easy way of avoiding the payment of their debts.

Mr. KURTZ. There is no question about that. Many solvent cities will no longer be able to collect taxes, and as a consequence will take advantage of this law if passed.

Mr. SHANNON. And this involves not only those municipalities that are involved at the moment but is an invitation to others to likewise become involved.

Mr. KURTZ. Certainly. There is no question about that being the result in the end.

Mr. HASTINGS. Will the gentleman yield?

Mr. KURTZ. I yield.

Mr. HASTINGS. I wonder if the committee considered including States as well as municipalities?

Mr. KURTZ. They did not. They did, however, consider other subdivisions like drainage districts, irrigation districts, and so forth, and they are embraced in this bill.

Mr. HASTINGS. Why should not States be included?

Mr. KURTZ. There is no reason why they should not. This is the first step in repudiation.

Mr. SHALLENBERGER. Are counties included?

Mr. KURTZ. Only municipalities, including drainage and minor districts.

Mr. GOSS. Can the gentleman inform us whether this bill is an administration measure or not?

Mr. KURTZ. I am not in touch with the administration and would suggest the gentlemen consult the majority chairman.

Mr. FOSS. Cannot the gentleman find out from the chairman of the committee?

Mr. KURTZ. The gentleman might interrogate the chairman.

Mr. FOSS. Will the gentleman yield?

Mr. KURTZ. I yield.

Mr. FOSS. A great many of these bonds are held by State banks and insurance companies. What will happen to the policyholders if these bonds were defaulted?

Mr. KURTZ. It means that every insurance policy in the United States is going to be impaired in value.

Mr. COCHRAN of Pennsylvania. Will the gentleman yield?

Mr. KURTZ. I yield.

Mr. COCHRAN of Pennsylvania. Will not the passage of this bill promote default in municipal bonds?

Mr. KURTZ. Undoubtedly.

Mr. KENNEY. Can the gentleman state whether or not these municipalities are paying current expenses?

Mr. KURTZ. I imagine that most of them are, but I do not know definitely.

Mr. BEAM. During the hearings before the committee, was the fact disclosed as to the amount of these municipal bonds in the country?

Mr. KURTZ. As I understand, there are in the neighborhood of $20,000,000,000 of municipal bonds issued in the United States and less than a billion and a half of them are in default.

Mr. BEAM. Then there will be practically $18,500,000,000 repudiated?

Mr. KURTZ. I do not know about the repudiation, but a scaling down of value to a point that may reach repudiation.

Mr. BEAM. The gentleman asked the question as to the amount of bonds which are pledged as collateral—was it brought out in the hearings before the committee as to the amount of bonds that were put up as collateral in banks and insurance companies?

Mr. KURTZ. That was not brought out in full. But there is this about it.

The banking department of the United States Government said to the banks all over the land that they should be sure to have what is known as a "secondary reserve" and that secondary reserve consisted of bonds, largely municipal, which were considered the finest kind of security they could have. These bonds have, however, depreciated very largely and many banks have been compelled to go into the hands of a receiver by reason of the fact that this secondary reserve has become impaired. If you proceed to impair the secondary reserve further than it is at present, no one knows what the result is going to be to insurance companies and banks.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. KURTZ. Yes. Certainly.

Mr. WEIDEMAN. The gentleman stated that the banks went into the hands of a receiver—they went into the receiver's hands because the Federal Reserve did not fulfill its function.

Mr. KURTZ. That was one of the reasons, but the gentleman knows there were many banks that did not belong to the Federal Reserve and they followed the direction of the banking department and built up what is known as this "secondary reserve", which we all considered good and a most wise policy to pursue.

Mr. WEIDEMAN. These banks that did not belong to the Federal Reserve depended upon the Federal Reserve for the money that they should have had on demand but could not get it, so the Federal Reserve was directly responsible.

Mr. KURTZ. Many banks that did not belong to the Federal Reserve had to get money or credit elsewhere, usually from their city correspondents.

Mr. LAMNECK. Will the gentleman yield?

Mr. KURTZ. I yield.

Mr. LAMNECK. Does the gentleman believe that this bill, if enacted, will not only impair the credit of the municipalities in distress but write a question mark across the credit of every other municipality in the United States?

Mr. KURTZ. I think that is unquestionably true. All municipalities will necessarily suffer in loss of credit.

Mr. FOSS. Will the gentleman yield further?

Mr. KURTZ. I yield.

Mr. FOSS. The passage of this act would affect every trust fund held by every church, every fraternal society, and everyone else that holds bonds as investments?

Mr. KURTZ. Every organization that holds municipal bonds for an investment, in my opinion, will have its investment largely impaired by the passage of this bill.

Mr. KENNEY. Will the gentleman yield?

Mr. KURTZ. I yield.

Mr. KENNEY. Does the gentleman favor loans to municipalities on tax-anticipation warrants?

Mr. KURTZ. I would be much more favorable to that than to this bill.

Mr. KENNEY. If we had a permissive law along those lines, does the gentleman not think that all municipalities would then be eligible for a loan, and even though they never get a cent it would tend to have them reduce their expenses and do away with extravagances such as we have known in the past?

Mr. KURTZ. Unquestionably. On that point I desire to say that when the mayor of Boston and the mayor of Milwaukee were before our committee, as I recall their testimony, they did not favor, necessarily, a bill of this kind. What they did favor was permission to borrow from the Reconstruction Finance Corporation or some other governmental agency on anticipated taxes or upon tax warrants that existed at the time and were unpaid. That was the theory on which they came before our committee, as I recall.

Mr. KENNEY. The gentleman means on tax-anticipation warrants where the credit of the community was good?

Mr. KURTZ. Exactly.

Mr. WILCOX. Will the gentleman yield?

Mr. KURTZ. I yield.

Mr. WILCOX. With reference to what the mayors of Boston and Milwaukee said to the committee, the gentleman recalls that those gentlemen filed with the committee a written statement of their positions?

Mr. KURTZ. I did not see that. I only heard their statements.

Mr. WILCOX. The gentleman has examined the transcript of the proceedings?

Mr. KURTZ. I have not examined the transcript.

Mr. WILCOX. On page 141 of the proceedings the gentleman will find a copy of the statement of those gentlemen, giving endorsement to this measure, in which they used this language:

> The enactment of the Fletcher-Wilcox bill is necessary for the relief of many cities that today are hopelessly insolvent and, in the opinion of the members of the executive committee of the United States Conference of Mayors, presents a method not only of relief but of adjustment of one of the most critical problems today confronting American municipalities.

That is what the mayor of Boston and the mayor of Milwaukee said.

Mr. KURTZ. Right there I want to ask the gentleman whether they did not say in their testimony that they favored the privilege of borrowing money on their tax warrants.

Mr. WILCOX. Will the gentleman permit me to answer that?

Mr. KURTZ. Certainly.

Mr. WILCOX. They said they favored two measures. One was the power to borrow money on behalf of solvent cities like Boston and Milwaukee, and they favored this bill in order that the "bankrupt wrecks", as the mayor of Boston termed them, might be cleaned up and gotten out of the way. If the gentleman will recall, he used this statement. He said that these bankrupt municipalities are like a rotten apple in a barrel; it will soon rot the whole barrel if it is not taken out; and he used the further illustration that they are like a row of bricks, and if you take one out of the middle, the whole wall will fall.

Mr. KURTZ. Well, I do not know what they put in their written statements. I only heard their testimony before the committee, which was as I have stated.

Mr. DOBBINS. Will the gentleman yield?

Mr. KURTZ. I yield.

Mr. DOBBINS. Is it not true that this bill simply provides that any city which has been prodigal in its expenditure, with the consent of two thirds of its creditors, can repudiate its obligations to the other one third?

Mr. KURTZ. That is unquestionably true.

Mr. DOBBINS. And keep on issuing obligations while it is doing it?

Mr. KURTZ. There is also no question about that.

Mr. DOBBINS. In other words, this differs from the ordinary bankrupt in that a city which is getting the advantages of bankruptcy has none of the disadvantages, but continues to incur debts?

Mr. KURTZ. Exactly. I desire to say that in bankruptcy proceedings heretofore the bankrupt was always compelled to give up all the property which the bankrupt possessed. In this case the city gives up nothing at all, and tries to get out of its indebtedness.

Mr. EVANS. Will the gentleman yield?

Mr. KURTZ. I yield.

Mr. EVANS. What percentage of municipalities are now in default on their obligations?

Mr. KURTZ. There are 189 municipalities of over 50,000 population that were notified, I believe, of this pending legislation or questioned concerning it, or asked whether they were in default in their indebtedness, and only 12 of them answered.

Mr. EVANS. Only 12 States in the United States are in default?

Mr. KURTZ. I think the gentleman will find the exact number in the report of the minority. Only 12 replied, as I recall.

Mr. EVANS. In the minority report?

Mr. KURTZ. I think the gentleman will find the exact amount there.

Mr. SUMNERS of Texas. Will the gentleman yield?

Mr. KURTZ. I yield.

Mr. SUMNERS of Texas. May I ask the gentleman if there is anything in the hearings or anywhere connected with this bill that would indicate that two thirds of the people who had claims against the corporation would consent to a repudiation of their two thirds in order to see to it that one third were repudiated?

Mr. KURTZ. Not whole repudiation, but they could agree and coerce the objecting one third without limit excepting the court decree.

Mr. SUMNERS of Texas. Does not the gentleman, as a matter of practical common sense, believe that the requirement of the consent of two thirds of the creditors of any corporation is pretty fair security that a good deal will be entered into?

Mr. KURTZ. That may be true if the municipality is absolutely bankrupt, but what I fear is that solvent cities that have been issuing bonds within the law will go into the bankruptcy courts, if this bill is passed, just the same as these other insolvent cities, if such exist. Politicians who are anxious to get into office on any issue will have as their slogan repudiation of municipal debts and a consequent lowering of taxes. It is the opening wedge which may finally admit wholesale repudiation. It is highly dangerous in my opinion. It seems to me it will be a football of politics before we get through with it, from one end of the United States to the other.

Mr. SUMNERS of Texas. Will the gentleman yield further?

Mr. KURTZ. I yield.

Mr. SUMNERS of Texas. My friend is a man of sound judgment. I will ask him as a matter of direct horse sense if he does not know that the provision in this bill which

requires the consent of two thirds of the creditors to any agreement itself protects the agreement?

Mr. KURTZ. This bill provides that 30 percent of the creditors of a particular class and 30 percent of the whole may give their consent to the municipality to exercise its right to go into bankruptcy or to go into a court for adjudication at any time.

[Here the gavel fell.]

Mr. KURTZ. Mr. Chairman, I yield myself 10 additional minutes.

Two thirds of the creditors of a municipality, then, can agree to repudiate the rights of the other one third. In other words, they can coerce the other one third into doing what the two thirds wants them to do if the municipality can control them.

Mr. HOLMES. Mr. Chairman, will the gentleman yield?

Mr. KURTZ. I yield.

Mr. HOLMES. I just want to make an observation with respect to the rates of interest. The gentleman stated that 6 percent was the average rate of interest for municipalities.

Mr. KURTZ. Yes.

Mr. HOLMES. May I state that the treasurer of the Commonwealth of Massachusetts just sold $2,000,000 worth of bonds at par, maturing May 15, 1934, which bear interest at the rate of $1.38 with a premium of $13. He also sold another issue of $175,000 of bonds at par with an interest rate of 84 cents.

Mr. KURTZ. That is a splendid state of affairs. We would not like to see any municipality of that kind go into bankruptcy, and we were somewhat alarmed by the statement of the mayor of Boston.

Mr. HOLMES. That was the Commonwealth of Massachusetts, not a municipality.

Mr. KURTZ. I beg the gentleman's pardon. I am mistaken. I thought it was the city of Boston to which he was referring.

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. KURTZ. I yield.

Mr. HEALEY. Does the gentleman know of any law that would prevent a municipality from settling with its creditors now, providing it could get its creditors around the table to make an equitable composition between themselves? Does the gentleman know whether or not there is any law that would intervene to prevent this sort of settlement being made?

Mr. KURTZ. If the debts were due, I do not think there would be any consideration. If the debts were not due, anticipation of payment, I think, might constitute a consideration in some cases, but there would always have to be a consideration.

Mr. HEALEY. Does the gentleman think it would be fair to force these creditors to accept a composition or settlement made in accordance with the ability of the municipality to pay?

Mr. KURTZ. I think that when there is only a little over $1,000,000,000 out of $20,000,000,000 of bonded indebtedness of American cities that is in default we are anticipating things we ought not to anticipate in this bill.

Mr. McKEOWN. Mr. Chairman, will the gentleman yield?

Mr. KURTZ. I yield.

Mr. McKEOWN. While the minority creditors are bound to the plan, as I understand the gentleman, the majority can make the minority take the same amount.

Mr. KURTZ. Certainly.

Mr. McKEOWN. Does the gentleman understand this to be the provision of the bill?

Mr. KURTZ. Two thirds can control the entire creditor class.

Mr. McKEOWN. That is as to the terms and the plan?

Mr. KURTZ. Certainly.

Mr. McKEOWN. The bill requires that the plan must provide for the option of the dissenting creditors to accept.

Mr. KURTZ. But two thirds of them can coerce the remaining one third.

Mr. McKEOWN. To the plan.

Mr. KURTZ. Yes.

Mr. CASTELLOW. Mr. Chairman, will the gentleman yield?

Mr. KURTZ. I yield.

Mr. CASTELLOW. Is the two thirds calculated on the face value of the securities held? In other words, if a municipality had $300,000 obligations and a certain individual should buy $200,000 of them for $150,000, he would only have invested 50 percent of the face value of the total obligation. Would the two thirds be estimated on the face value of the securities or the actual investment in the securities?

Mr. KURTZ. On the face value of the indebtedness of the city.

Mr. CASTELLOW. If that be true, then he could buy $200,000 for $100,000?

Mr. KURTZ. For $100 perhaps.

Mr. CASTELLOW. Then he could force those who held the other third to accept this plan. In other words, having but 50 percent in the investment, he can force this composition on those who have 25 percent of the investment?

Mr. KURTZ. There is no question about that being the case.

Mr. MILLER. Mr. Chairman, will the gentleman yield?

Mr. KURTZ. I yield.

Mr. MILLER. In reference to the confirmation of the plan, after two-thirds majority have agreed to the plan, calling the gentleman's attention to section (f) of the bill, on page 13, which prescribes the things the court must find exist in reference to the plan before it can be confirmed. Among other things, the court must find that the plan as agreed upon by the two thirds of the creditors is fair and equitable and to the best interests of all the creditors and does not discriminate unfairly in favor of any class of creditors.

Mr. KURTZ. Oh, there must always be equality in all bankruptcy matters. Every person who has no preferred claim would share equally or pro rata in every bankruptcy proceeding.

Mr. MILLER. In other words, under this provision can the gentleman suggest anything that is any fairer to the minority creditors than this bill?

Mr. KURTZ. I suggest at the present time this legislation be held up until we see whether or not America is going to come out of the terrible depression in which she now finds herself. We are now seemingly on the upward grade; and being seemingly on the upward grade, why should municipalities perfectly solvent in themselves, who never dreamed of taking advantage of a law of this kind, be invited or tempted to go into bankruptcy or settle with their creditors below the amount of the indebtedness which they have contracted to pay?

Mr. MILLER. In that connection, does the gentleman think it is possible for a municipality to go into bankruptcy or to obtain, in other words, the consent of two thirds of its creditors, if there is not a serious financial problem confronting not only the municipality but the creditors?

Mr. KURTZ. There are cases where a serious financial problem is confronting the municipalities, where they issued bonds and got good money from people who bought them honestly and with the best intentions. These same municipalities will in the future, if they get rid of these particular bonds by bankruptcy, perhaps do the same thing and be just as reckless in speculation as they have been in the past. They will probably be limited only by the disinclination to invest by persons who have money in the future. Investors will shy at a municipal bankrupt.

Mr. MILLER. The gentleman overlooks the fact that this bill, by its specific terms, only operates for 2 years. It gives us 2 years in which to clear up these financial wrecks.

Mr. KURTZ. You can clean up a good deal in 2 years. It seems to me a 2-year breathing spell would clean up a good many municipal derelicts along the line of indebtedness.

Mr. STUDLEY. Does the gentleman think these cities that go through such bankruptcy proceedings will be able to borrow any more money?

Mr. KURTZ. Well, if I had any money I would not lend it to them.

Mr. STUDLEY. Neither would I.

Mr. THOMASON. Will the gentleman tell us what is the status now of the pending legislation to enable cities to borrow from the Reconstruction Finance Corporation on tax delinquent warrants and anticipated tax warrants?

Mr. KURTZ. Thus far, there has been no such legislation passed. I am told there is a bill providing for that, but it has not come before us, and I do not think it is going to be presented to us at this session; I think, however, that would be a solution of the problems confronting certain American cities today that are solvent.

Mr. THOMASON. My information is that the distinguished Senator from New York [Mr. WAGNER] has such a bill pending, and I was anxious to know its present status.

Mr. KURTZ. I do not know about that, but I favor such a bill.

Mr. THOMASON. I agree with the gentleman in what he states.

Mr. FOCHT. Will the gentleman yield?

Mr. KURTZ. I yield.

Mr. FOCHT. I think the ranking minority member of this committee has quite well covered the whole situation in one brief sentence when he said that ordinarily, when an individual goes through bankruptcy, he surrenders everything he has, whereas a municipality merely cancels its debts.

[Here the gavel fell.]

Mr. KURTZ. Mr. Chairman, I yield myself 5 more minutes.

Mr. FOCHT. Now, let me ask the gentleman a question. I have been voting here right along in support of the general proposition that we are going to have inflation, and I should imagine that the difference between the dollar of 1914 or 1920 and the inflated dollar that we are to get would make up the difference in these debts; and looking forward hopefully, as I am, and with the prospects I have held out to everyone about being able to pull out of this depression, this is the most cheerless bill I have known to be presented to the Congress in the 20 years I have been a Member of this body, and I think, for the credit of the administration and for the credit of the municipalities, it ought to be withdrawn. [Applause.]

Mr. KURTZ. It is a cheerless bill to the investor and the holder of bonds. It may be a very cheerful bill to some of these communities that wish to give up no property with which to pay their debts.

Mr. EVANS. Will the gentleman yield?

Mr. KURTZ. I yield.

Mr. EVANS. What is the source of the demand for this legislation? Does it come from the cities or from the holders of obligations of the cities?

Mr. KURTZ. I have known of no holder of such obligations that has appeared before our committee clamoring for this bill. [Laughter.]

Mr. EVANS. Where does the demand for this legislation come from?

Mr. KURTZ. It comes largely from Florida and from Detroit.

Mr. EVANS. From what organizations or what body of citizens in Florida or in Michigan?

Mr. KURTZ. Well, the mayor of Detroit was here and advocated it. He is now, I believe, in the Philippines as Governor General of those islands.

Mr. EVANS. The mayor of one city appeared.

Mr. KURTZ. He appeared and also the mayors of two other cities, but they did not say they were in any great financial trouble at that time.

Mr. EVANS. There are organizations all over the country representing a large number of cities on the Pacific coast and in the Middle West known as "municipal executives organization." What is the attitude of this organization toward this legislation?

Mr. KURTZ. None of them is clamoring for it, so far as I know.

Mr. EVANS. What is their attitude; are they for or against it?

Mr. KURTZ. I do not know any of them that are for this legislation except some few who appeared before the committee and said that if we had to have legislation at all they would rather have this than the McLeod bill, which was before the committee, and which, in my opinion, is a very dangerous measure.

Mr. HANCOCK of New York. Will the gentleman yield?

Mr. KURTZ. I yield.

Mr. HANCOCK of New York. The gentleman undoubtedly has received communications, just as I have, from the American Bankers Association and the American Bar Association and the United States Chamber of Commerce strongly opposing this legislation.

Mr. KURTZ. There is no question about that, but I understood the gentleman was asking about persons representing municipalities and bondholders. There is no question about the fact that the American Bankers Association and the other organizations just mentioned by the gentleman from New York are against this measure.

Mr. EVANS. Then, so far as the gentleman knows, no representative organization in the United States has asked for this legislation?

Mr. KURTZ. I cannot recall any at this time. There may be some, but I know of none.

Mr. WILCOX. The gentleman has made the statement that nobody appeared for the investors that appeared to be enthusiastically for it. Does not the gentleman recollect that the association of life-insurance-company presidents unqualifiedly endorse it; that the association of life-insurance companies unqualifiedly endorsed it, and is not it true that you received unqualified endorsement from the American Municipal League, representing all of the municipalities in the United States, and is it not also true that the chairmen of the great trust companies endorsed it, and did not your committee receive endorsements unqualifiedly from Los Angeles, Kansas City, Philadelphia, New York, Boston, and other large centers, also from several large banks in the United States endorsing the bill unqualifiedly? And also, did not the Prudential Life Insurance Co. endorse it?

Mr. KURTZ. I want to say that they objected to the McLeod bill most strenuously, and when they came to the pending bill they said that if they had to have anything they would prefer this to the McLeod bill.

Mr. WEARIN. Will the gentleman yield?

Mr. KURTZ. I yield.

Mr. WEARIN. Do I understand it to be the case that the municipalities that go through bankruptcy will continue to issue bonds?

Mr. KURTZ. That was not a question before the committee. I do not know what the local situation would be, but I imagine that they would not have much standing in the financial market.

Mr. WEARIN. I would not think so.

Mr. KURTZ. I want to say that this bill provides for 30 percent of the creditors to agree with the city or municipality in a petition to scaling down its indebtedness. It requires two thirds of the holders of the securities in amount to carry out any plan, be it a postponement or scaling down of debts. That is very serious because many of these bonds can be bought for a song down South. I know myself that there are drainage bonds that can be bought for 10 cents on the dollar. A man will buy these bonds, get a controlling interest, and then go to the municipality and frequently work a great hardship upon other investors. There will also, in my opinion, be much harm done to the municipalities of America by the passage of this bill. I ask for its defeat. [Applause.]

Mr. SUMNERS of Texas. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. HEALEY].

Mr. HEALEY. Mr. Chairman, this bill has been before the Judiciary Committee almost since the special session of Congress came in. The gentleman from Florida [Mr. WILCOX], who presented such an able argument for the passage of this bill, has labored incessantly for this legislation, and

has finally convinced a majority of the members of the Judiciary Committee of the necessity for this legislation.

In order to give this bill proper consideration we must consider the plight that many municipalities are in today.

Municipal governments have to furnish police protection for safety of life and limb, for the protection of property, to furnish education for the children, and care for the sick and indigent. Many municipalities are in default of municipal bonds, as the gentleman from Florida has stated. There are many solvent municipalities that have not had the money to pay their policemen or the firemen or the school teachers, because the market for municipal bonds has been so dried up that the municipal authorities have been unable to borrow money for their current expenses, unquestionably due in large measure to the fact that confidence in municipal securities has been shaken because of the defaulting cities and taxing districts.

Practically every city in this country has to exist for about a period of 8 or 9 months on borrowed money. Taxes are assessed in April of each year, and before the tax bills go out it is September or October, and the taxes do not begin to come in until the month of October. So from the period of January, when the municipal budgets are made up, until some time in the tenth month—October—the city has to exist on borrowed money. There was always a very free market for municipal bonds, and the cities were in the habit of borrowing this money at an average rate of 2½ percent interest. There are many cities that are absolutely solvent that find it almost impossible to borrow money on their tax-anticipation warrants and have to go out on the market and pay as high as 6 and 7 percent for that money, providing they are able to borrow these funds at all.

A great social problem has been thrust on the cities as a consequence of wide-spread unemployment everywhere, and the municipalities have been required to maintain and care for thousands on their public-welfare lists. In my own State the amount of welfare payments jumped from $5,000,000 to about $30,000,000 in a period of 2 years, and the cities and their taxpayers have been sorely tried in caring for this great problem.

In the State of Florida cities sprang up overnight, mushroom growths, and many of them built large sanitary systems, roads, and other improvements in anticipation of an unnatural growth. Roads were built out into the wilderness, and all that sort of thing. They are now confronted with a situation where they are absolutely bankrupt, and if a writ of mandamus were secured in order to levy taxes to take care of their bonded indebtedness the property of everybody who had the misfortune of living in those municipalities would be confiscated. Something has to be done for the taxpayers and the home owners. The mayors of several of our large cities came before the committee and said if something were done to take care of those cities that were hopelessly bankrupt it would ease the situation for the cities that are solvent and they would find a market in which to borrow money which they need to actually exist.

Any city that desires to take advantage of this legislation will eventually have to secure the approval of the State legislature. I do not think the legislature of any of our States is going to approve of this sort of an arrangement unless the legislators are absolutely convinced that the situation warrants it. I am satisfied that this provision will act as a safeguard requiring that the petition of any municipality will have to have the final approval of the legislature, and the legislature will probably have a hearing, and before its approval is given it will have to be convinced of the absolute necessity for the application of the city for this relief. [Applause.]

Mr. KURTZ. Mr. Chairman, I yield 10 minutes to the gentleman from Rhode Island [Mr. CONDON].

Mr. CONDON. Mr. Chairman, the gentleman from Florida [Mr. WILCOX], the author of this bill, made a most appealing and attractive argument in its behalf, and I assure the Members of this House that if the minority members of the committee could have seen their way clear to do it, they would have gladly accorded unanimous approval to the gentleman's bill, because they appreciate most sincerely the serious predicament in which the communities of Florida find themselves. But, Mr. Chairman, that is not the question. You cannot consider this legislation only upon the humanitarian side, as it affects the taxpayers in the cities of Florida, because as against that picture which was painted by the distinguished gentleman from Florida, I can paint the picture equally appealing of the thousands and hundreds of thousands of men and women in this country whose incomes depend absolutely and entirely on municipal bonds. Every college, every hospital, every charitable and benevolent institution which you can recall largely depends for its financial support upon this character of security.

If we could do it, it would not be well that we should do it, because looked at from another point of view this legislation cannot but be an invitation to those cities of the country that are not striving to meet their just obligations to avoid them in the way provided in this bill. It has been said on this floor that the municipal corporations are now being accorded the same character of relief that we accorded a few days ago to private corporations. Every lawyer in this body knows that that is not so. Private corporations have been the subject of bankruptcy legislation from almost the very beginning of that legislation. What we did the other day was to provide a new system of adjustment and relief, but under that act there was no such carte blanche power given to the debtor to ask his creditors to give up everything they had in order to accept the plan that the city proposed. Can you imagine any other plan but the plan of the city will be accepted under this bill? Of course, it is an invitation to the taxpayers in the cities not to do their full duty, and it has not been conclusively proven, it has not been demonstrated, even by the experience of this depression, that the people of the cities now in difficulty have done all they can and should do. Bear in mind, my friends, that back of every municipal bond is a promise to pay, and that promise was given when the obligation was entered into by the city on only one security to the man or woman who loaned his or her money, and that was the security of the city as a governmental body to tax its citizens until they were able to raise the necessary revenues to pay their bonded obligations.

Have they done that in every instance? It is true that in the State of Florida they might have done it, but bear in mind, Mr. Chairman, that the situation in Florida is a very special situation. As someone on the floor has said, it is the result of boom conditions in Florida. Are we now in the Congress of the United States, in this hour, going to put our stamp of approval upon the financial manipulations and upon extensions of municipal areas and territory that was done in Florida in boom days, which even the people of Florida do not now desire to recall? If you pass this bill you will, in my humble judgment, put the stamp of approval upon the widest kind of expansion and extension of municipalities without any regard to the ultimate ability of those communities to pay their obligations.

Mr. BEAM. Will the gentleman yield?

Mr. CONDON. I yield.

Mr. BEAM. Is it not a fact that practically every orphanage, every infirmary, every charitable almshouse in the metropolitan areas of the large cities is floated absolutely upon these municipal bonds?

Mr. CONDON. Of course that is true.

Mr. BEAM. And would not the enactment of this measure absolutely repudiate and invalidate the bonded indebtedness and contractual obligations of the purchasers of those bonds in anticipation of this agreement?

Mr. CONDON. There is no question about it.

The passage of this bill will have a very serious effect, in my opinion, upon the bond market. Some of the proponents of this bill have said that the bond market now is in a bad condition, but can you imagine medicine of this kind curing that condition?

It is true the mayors of Boston and Milwaukee came before our committee and gave a sort of tacit approval to this

bill. It is true that representatives of insurance companies came before our committee and gave approval to this bill, but as the distinguished gentleman from Pennsylvania [Mr. KURTZ] said a few moments ago, they gave their approval in the nature of an acceptance of an alternative. They said, "Do not give us the McLeod bill, but if you are going to pass bankruptcy legislation, this is better than the McLeod banking bill."

I want to say to my good friend from Massachusetts we did have this bill with us from the very outset of this session. Beyond that, in the Seventy-second Congress, we had it in the form of the McLeod bill, and the Committee on the Judiciary on that occasion, in a moment of little deliberation, and upon the appeal of the mayor of Detroit, reported out the McLeod bill, but on sober second thought and more deliberate judgment the chairman of the committee did not call up that bill because he realized, and the leaders of this House must have realized, that we were embarking upon legislation that had no precedent in the history of this country; that we were embarking upon legislation that had no precedent in all the reported cases of the Federal courts, including the Supreme Court of our country; that it had no precedent in all the debates that have been carried on in this great Chamber whenever a bankruptcy bill was in course of consideration.

Mr. Chairman, we are pioneering today, and I fear we are not pioneering in a way that we will look back upon with credit to ourselves and to the country. I wish I could have gone along with the majority of my committee. I am not in a pleasant position arguing against this bill today, but I am arguing against it because I firmly and sincerely believe it is a wrong step; that it is a step that every man and woman who votes for it will rue, because it can be but an unfortunate condition into which we will plunge the country when these $20,000,000,000 of municipal obligations will be at the mercy of those who seek to use this bankruptcy law to get out of their just debts and obligations.

Mr. PETTENGILL. Will the gentleman yield?

Mr. CONDON. I yield.

Mr. PETTENGILL. Would it not be possible for a group of men to buy the defaulted bonds of a municipality at 10 cents on the dollar, make a corrupt agreement with the city officials at 50 cents on the dollar, and force the owners of one third to take a 50 percent loss while they made a 400 percent gain?

Mr. CONDON. Of course. The question answers itself. It is a simple question of arithmetic. Any person in this House will understand that can be done; and if we remember the financial depredations of men who deal in this kind of thing, it will be done, and cities and towns that are in difficulties now will find that this bill has been used as an engine of fraud and skullduggery rather than as a weapon of relief on behalf of its citizens.

Mr. CANNON of Wisconsin. Will the gentleman yield?

Mr. CONDON. I yield.

Mr. CANNON of Wisconsin. What is the gentleman's opinion as to the effect of the passage of this bill upon approximately 60,000,000 policyholders?

Mr. CONDON. It is a serious question.

Mr. CANNON of Wisconsin. Hundreds of millions of dollars have been invested in municipal bonds by insurance companies.

Mr. CONDON. I will say that it is a serious question; and when Mr. Brigham, of the National Life Insurance Co. of Vermont, appeared before our committee, representing his insurance company, he was asked the question whether or not insurance companies in the future would have the same carte blanche right and authority to invest in these bonds as they have had in the past, and if it would be necessary to have the express approval of the insurance commissioners of the various States, and he said, "Very likely." Of course that is true. No longer will it be possible to accept these bonds as we have accepted them in the past, because you will have made possible a repudiation of these bonds through the door of bankruptcy.

Mr. SNELL. Will the gentleman yield for a question?

Mr. CONDON. Gladly.

Mr. SNELL. What was the definite information before the Committee on the Judiciary that led the majority to report out this legislation?

Mr. CONDON. I think the information that was before the committee was no different in the last few weeks than it has been from the very beginning, but I think the majority of the committee were persuaded that this legislation ought to be tried at this time. I think that it is a policy of trial and error that the majority is following in this matter.

The CHAIRMAN. The time of the gentleman from Rhode Island [Mr. CONDON] has expired.

Mr. KURTZ. I yield the gentleman 2 additional minutes.

Mr. CONDON. I do not want to take up any more time. I do want to call to the attention of every lawyer in this House the opinion of the Attorney General, which appears in the hearings, wherein the Attorney General expressly says that there is no authority in law, in his opinion, for the passage of this kind of a bill, except insofar as it relates to municipal corporations, and that solely with regard to their proprietary functions, and on condition that the municipal corporation should obtain the prior consent of the legislature of its State.

There is no prior consent required here. If the gentleman from Massachusetts will read the last section to which he referred, he will find that in the first place consent there is not antecedent; it is not a condition precedent but is something that may take place after the city has attempted to go into bankruptcy. There is not anything in this bill that supports the limited opinion that the Attorney General gave in favor of municipal corporations, insofar as their proprietary functions were concerned, going into bankruptcy.

Mr. Chairman, in conclusion may I say that while I know this bill is going to pass, while I know it has got great power and influence behind it, I cannot for one moment believe that it ought to pass as a matter of constitutional law and wise governmental policy. [Applause.]

[Here the gavel fell.]

Mr. SUMNERS of Texas. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. OLIVER].

Mr. OLIVER of New York. Mr. Chairman, I listened to the argument of my very eloquent friend the gentleman from Rhode Island [Mr. CONDON] with a great deal of attention. I think his eloquent apprehensions on this occasion could be answered very well by a speech that was even better that he made at the time of the pendency of the railroad-reorganization bill. At that time he said to the House:

> Why, it was argued when the bankruptcy bills were originally introduced that this would destroy business in the country, men would not invest in corporations that could go into bankruptcy, they would not deal with them. But those apprehensions have been proven by history to be false, and it has been shown that when we have wiped out the wrecks through bankruptcy we have given greater power and confidence to the credit of those that remain.

Therefore, the gentleman concluded, the passage of the bankruptcy bill for railroads was an assurance to the country. So I say to him now that his eloquent apprehensions in this speech are answered by his still more eloquent assurances delivered on that occasion.

This bill is modeled on the railroad-reorganization bill. The bill now before us was shaped and framed on that.

I listened to my distinguished and able friend from Pennsylvania. He is apprehensive. We do not know why municipal bonds cannot be sold now. Banks are filled up with Peruvian bonds, German bonds, and all kinds of foreign bonds. They are loaded up and nobody in the banks will buy any kind of bonds, and, of course, we have an apprehension about the general condition of the country, and the banks would not loan money on a $10 bill. Everybody knows that if you go into a bank to buy a mortgage, you are looked upon as somebody who is trying to rob the depositors of their money. We cannot tell all of the reasons right here and now for that state of mind, but we know one sure thing, that in over a thousand cities bonds have been defaulted on in their interest. Is not this destructive of municipal credit?

Mayor after mayor in the mayors' conference pleaded for this bill.

Oh, they say the cities will rush to the bankruptcy courts. God forbid! The cities cannot rush into any bankruptcy court under this bill. I differ with my good friend the gentleman from Rhode Island. This bill requires the consent of the sovereign State, if that consent be necessary, before any city can go into this bankruptcy court. What does this mean? The mayor must go before his legislature, before his Governor, and give an account of the financial standing of his city. Oh, what a humiliation that is. Let some demagogic mayor run around and tell the taxpayers, "I am going to take the city into the bankruptcy court and you won't have to pay taxes any more."

Mr. FISH. Mr. Chairman, will the gentleman yield?

Mr. OLIVER of New York. I yield.

Mr. FISH. Is this measure on the emergency program of the President?

Mr. OLIVER of New York. I do not know.

Mr. SUMNERS of Texas. I may say that it is.

Mr. OLIVER of New York. I do not know. I do not care about that; we are arguing it out here. I agree with the gentleman from Pennsylvania [Mr. COCHRAN] that really this is not a whoopee bill, this is not something to gloat about, this is something to weep about. But I am not going to throw into it any partisanship as he has done. I am not even going to make any reference to the fact that these are wrecks and disasters that are the inheritance of the present administration that we want to cure. He wants to insinuate that this administration brought this calamity upon the entire country. But let us turn right back to history and see the fallacy of that.

Let us see what will happen when a demagogic mayor pleads with his taxpayers, "Let us run into the bankruptcy court." First, the demagogue has got to go up to his Governor and to his legislature and get permission to go into the bankruptcy court. That is a hard thing to do. Then he has got to get the consent of 30 percent of the bondholders—did you ever know a more cold-hearted set of people in the world than bondholders? The demagogue has got to get 30 percent of the bondholders before he can go into the doors of the courthouse. Then, when he gets in there, he has to get up a plan satisfactory to two thirds of the bondholders. Bondholders are not the class of people with which a demagogue can plead. They are not the taxpayers. They are the creditors. He must get two thirds of them. Then there is a judge on the bench. He hears the protesting creditors, and every one of them has got the right to come in and say that this city is extravagant, this city could pay; this plan is inequitable, unfair, and confiscatory of our rights.

I think the gentleman from Indiana suggested that some corrupt group could get hold of two thirds of the bonds and go to court with the mayor and a delegation with a petition to be signed. If their corruption is discovered, they should be adjudged in contempt of court for daring to put before an honorable judge an iniquitous and corrupt bargain unworthy of the prestige and dignity of any municipality in America.

I am not worried about its constitutionality. The gentleman from Rhode Island, in his eloquent and effective way, is worried about that. There is not any way to decide it now. No lawyers can agree as to whether a municipality has the right to come into a bankruptcy court or not. All we can do is to say, "Let us go in and put the question up and argue it out and have it decided and let us be informed." At any rate, the bill says that the sovereign power of a State be respected and protected and the State must give its consent. There is no State in this Union that is going to humble and shame itself by consenting that a municipality that can pay shall be allowed to repudiate even under the auspices of a court, or will consent to a corrupt bargain or yield to a demagogue's plea that defeats bondholders and shames taxpayers and degrades government.

But I say to you, Mr. Chairman, we have got to defend municipal government. We cannot let it go on the rocks. You cannot turn it over to bondholders. We have got to maintain it intact, and this bill has such fine balance that it gives municipal government a chance for its life. It gives bondholders their day in court. It gives the Federal Government no power of coercion over local municipal government. It merely gives the power that is necessary as a function of the bankruptcy court, a power to say to a minority that does not consent, "You are now in a bankruptcy court and as the United States Government we are clothed with full power of bankruptcy and, therefore, your consent is not necessary; but the public interest requires that this composition be carried out in accordance with the terms of fair and honorable play."

Mr. DOBBINS. Will the gentleman yield?

Mr. OLIVER of New York. Yes; I yield.

Mr. DOBBINS. The gentleman does not mean to insist upon his claim that this act provides that before any municipality can avail itself of the benefits of the act it must first secure the consent of the legislature?

Mr. OLIVER of New York. I made no such claim. If consent is necessary it must be obtained under the bill; if it is not needed, of course, only the State, by law, can make it necessary.

Mr. SUMNERS of Texas. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Chairman, at the beginning of the discussion of this bill I was inclined to be opposed to it; but we must be realists, we must be practical, and when some 1,000 communities and municipalities are in default on their bonds and are having the greatest amount of difficulty in meeting their obligations, we must be sufficient realists to come to their aid and assistance. If we do not, we may get into a sort of state of anarchy in these municipalities. The holders of the obligations of these units have the right, and it is so denominated in the bond, as it were, to go into these communities and compel, on mandamus, the officials to increase taxation on their various forms of real and personal estates, and thus to further increase the overwhelming burdens of the taxpayers or the denizens of these communities.

We cannot increase taxation to any appreciable degree in these cities now in default. Most of them have all they can do to take care of the ordinary government functions in operating their fire departments, their police departments, and taking care of their schools. They cannot oppress their taxpayers any further. They have been bled white. Nothing more can be squeezed out of these cities.

Suppose the bondholders avail themselves of the right to mandamus and compel the officials of the city to levy more taxes or seize property of the city and hold it for the benefit of the holders of the securities. There would be riots and mob rule. The citizens would not sit idly by and see their property taken from them. Considering the temper of the people and these perilous times, they would rebel.

It is charged that these defaulting cities should retrench and balance their budgets. Mayor and mayor came before us, from large cities like Boston, Detroit, and New Orleans, and from many small cities, and pleaded that they had come to the end of the rope. They had cut expenses to the bone, were giving starvation wages to firemen and policemen, had failed to pay school teachers, had allowed their streets to go into utter disrepair, had cut to next to nothing appropriations for relief of the poor—in fact, they had done everything in their power to prune expenses and balance their budgets, but they had all they could do to get enough money from taxes to pay interest on their bonds. They could do nothing more. They held the passage of this bill to be imperative. I want to help them.

[Here the gavel fell.]

Mr. KURTZ. Mr. Chairman, I yield 3 minutes to the gentleman from Wisconsin [Mr. CANNON].

Mr. CANNON of Wisconsin. Mr. Chairman, I understand there was a statement made here to the effect that the insurance companies are in favor of the passage of this bill.

In my home State we have probably the greatest insurance company in the world, the Northwestern Mutual Life Insurance Co., and I have just received a letter from one of its

counsel, and I think the Members of the House should hear it. It is dated May 18, 1933:

In connection with the Wilcox municipal insolvency measure I have heretofore sent you some material which I trust may prove helpful. It occurs to me that all of that material considered the matter from the standpoint of the municipality rather than from the standpoint of the insurance company and other investors. For this reason I take the liberty of writing you once more on the subject.

As you know, an insurance company is required by law to invest its assets at a specified rate of interest. Moreover, an insurance company such as this one naturally seeks rather long-term investments and looks more to the safety of the investment than to the large interest rate. Municipal bonds have been purchased with this idea in mind. An insurance company is not a bank and cannot convert its long-term investments into cash as readily as banks. Moreover, the interest yield is depended upon to build up the reserves which insurance companies are required by statute to maintain.

If the interest rate upon investments of insurance companies are to be cut off through farm-mortgage moratoria, railroad bankruptcies, and municipal bankruptcies, it makes it increasingly difficult to obtain the revenue with which to comply with our policy contracts. In connection with various moratoria and bankruptcy suggestions too little consideration has been given to the situation confronting the mortgage holder and bondholder.

Last January I prepared for the company a pamphlet upon the subject of moratoria in connection with real-estate mortgages. While the pamphlet was prepared with the real-estate mortgage situation in mind, nevertheless, the principles discussed therein are also present in many ways in connection with municipal insolvencies.

I have also a letter here dated May 16 that I consider of some interest, and I think the Members of the House should hear it.

Following up my letter of a few days ago, I am sending you herewith some material which will be of interest to you.

Assuming, however, that the proposed measure would have some constitutional basis, then there are many objections to extending the provisions of the Bankruptcy Act to municipalities.

In the first place, it is a misnomer to refer to the bill as a bankruptcy measure. In the bankruptcy courts the assets of a bankrupt are turned over to a trustee and disposed of for the benefit of the creditors. Under the Wilcox bill and other bills of the same character this is not done. The bill merely amounts to a moratorium permitting the municipality to avoid payment upon its bonds and to divert the revenue to other purposes.

The proposal is a wide-open invitation to city officials to suspend payment of the debts. The whole purpose back of the scheme is to divert the revenue from debt service. A municipality obtaining relief from debt-service charges is not even required to accept a program of economy. The door is open to wholesale deferments. Political groups bent upon default might even campaign upon a platform favoring default.

Repudiation by municipalities via the bankruptcy court would remove its bonds from the list of legal investments of most savings banks, life-insurance companies, and other investors. This closes to the municipality one of the best markets for bonds in the future. The credit of the municipality is ruined.

The bill does not authorize the court, or its "comptroller", to place any limitation upon the expenditures of the municipality while in the bankruptcy court. If an era of extravagance is to be restrained power must rest somewhere outside of the municipality to curtail expenditures.

The whole scheme overlooks the fact that the State and Federal Constitutions place limits beyond which debts may not be incurred, and a court of bankruptcy is powerless to modify constitutional limitations. Any court purporting to readjust municipal finances must work within such limitations, and any plan for the issuance of new securities may be enjoined if such issue exceeds the constitutional limitations. This restriction must be recognized in connection with any refunding operation.

The bill does not sufficiently recognize the rights and priorities of bondholders of different classes. Moreover, certain specific revenues are usually pledged to take care of certain bonds, and the taxing authorities may be compelled by the bondholders to levy the necessary taxes to secure such pledged revenue.

The distinction between classes of bondholders is not sufficiently recognized in the general direction to apply remainder after payment of expenses to the claims of creditors.

Impairment of the municipal bond market is bound to result in the increased rates of interest and thus impose additional burdens upon well-managed municipalities.

Many other objections to the measure will readily suggest themselves to you. The foregoing are merely mentioned as an indication of the tremendous possibilities for evils that lie back of the Wilcox measure.

If municipalities must have assistance from governmental authority in the handling of municipal debts, that assistance could come with far more propriety from the State government of which the municipality is a constituent part. In Massachusetts and other States, plans have been worked out whereby the State steps in through its own courts and supervises the reorganization of municipalities without permitting a repudiation of the debts. A plan might be evolved whereby the State might obtain from the Federal Government funds with which to purchase municipality bonds to be amortized over a long period of time and possibly at a reduced rate of interest. Necessary assistance could thus be rendered the city under strict laws and regulations which the State is in a position to administer much better than the Federal Government or the Federal bankruptcy court.

This letter is from the chief counsel of the Northwestern Mutual Life Insurance Co.

Mr. KURTZ. Mr. Chairman, I yield 4 minutes to the gentleman from Pennsylvania [Mr. FOCHT].

Mr. FOCHT. Mr. Chairman, a few moments ago when I asked the ranking minority member of this committee some questions concerning the bill I was not aware of its import insofar as its geographical relationship is concerned, otherwise, out of respect for my association and fond memory of my dear old friend Frank Clark, possibly, I should not have been so drastic in my remarks. However, Mr. Chairman, in the few minutes I have I may say that I have seen many communities in the far West helped during my service here, when we furnished them with seed to plant their fields through appropriations by the National Government, and I think this matter should have been brought up in some other way, and if, instead of this bill applying to every community in practically the whole of North America, it had applied only to Florida, I am sure every Member on the floor of this House would be willing to vote a gratuity, as we have in many instances this session, of $50,000,000 if necessary, to rehabilitate your cities down there where the people from Pennsylvania go in the wintertime to visit this great pleasure ground and to revive fond memories of the romance woven around Ponce de Leon and our grand old statesman, Andrew Jackson.

However, we are called here in extraordinary session for one purpose, and that is to try to pull the country out of a depression and rehabilitate the entire country and divide the dollar so it will go around.

Here you are looking into the dark chasm of despair, instead of recognizing the sunlight of the future. Let me tell you gentlemen to turn your faces the other way, follow the guidance of your leader, look to the future instead of looking into the hole of despair which you are doing by a bill of this kind, contemplating repudiation, which is a word we are trying to abolish at this session. If a corporation can pay it ought to pay; it ought to pay all it has the same as an individual does.

But the thing that strikes me most forcibly is that we ought to be looking in another direction, and I, as a Republican, come here and vote with the Democratic President to get out of the hole, and you want to turn my face around in another direction, and I refuse to go. [Applause.]

Mr. KURTZ. Mr. Chairman, I yield the balance of my time to the gentleman from Connecticut [Mr. MALONEY].

Mr. MALONEY of Connecticut. Mr. Chairman and members of the Committee, I have the same unpleasant feeling expressed by the gentleman from Rhode Island when he said that he felt badly about being in opposition to the majority of his committee. I also have the same feeling of apprehension that he has as I see the probable passage of this bill. For the past several weeks we have been devoting considerable time to the protection of banks and insurance companies and similar institutions in this country, and now with the passage of this bill we will bring about the very thing that we have endeavored to avoid, a weakening of the assets of those institutions. I think this bill will be harmful to the humble taxpayers. I think this bill, if it passes—and I assume it will pass—will protect the people who are well provided with funds with which to pay.

Someone has stated here that the insurance companies and other financial institutions appeared before the committee and announced that they favored this kind of legislation. I think they felt that they were threatened with either chickenpox or smallpox and they elected to take chickenpox.

That leads me to the further thought that because one small portion of the country, the communities of one or two States, are threatened with a serious situation as a result of overexpenditure and overexpansion we have no right to

jeopardize the welfare and interest of the taxpayers in States that have been well administered.

Mr. Chairman, I hope Members will try to understand that in passing this bill they are further threatening those whose money is in the savings banks and those who are the policyholders of insurance companies. They are not helping the unemployed of this country, because much of the means for relieving unemployment is provided through the sale and purchase of municipal bonds. If the insurance companies and banks are unable to buy municipal bonds, and if the municipalities cannot sell their bonds, the unemployed may be denied relief.

Mr. SUMNERS of Texas. Mr. Chairman, I have no interest in this bill other than the interest which every legislator has who is conscious of the fact that he has come to responsibility in a very serious time in the history of this country and is compelled to deal with new and difficult problems. I want the attention of everybody, because, if we make a mistake on either side of this proposition, it will be a serious mistake under the conditions which exist in the country.

The railroads were in bad condition financially, and the creditors and owners of the railroads had the common sense—and I mean just common sense—to come in and get permission from Congress to sit around a table and adjust their differences and make their adjustment effective against a minority of highbinders who were holding out for 100 cents on the dollar, regardless of the assets and regardless of what anybody else got. This Congress gave that permit, and by the giving endorsed that sort of arrangement. Many corporations found themselves in a similar situation. They wanted the same privilege. The creditors of these corporations, in the main, favored this arrangement. Congress—this House—amended the bankruptcy law for each of these groups of debtors and creditors. You know that when you have found one of your debtors in a bad condition, as a practical person the most helpful thing was to sit around the table and talk things over with him, give him courage, and if you found him honest and what he owed beyond his ability to pay, make concessions, give him time, and help him along, and, if possible, keep him with the pride of not getting into the class of defaulters. There is not a man here who has practiced commercial law that business concerns follow this as a practical procedure, but the chief difficulty has come from a greedy minority of creditors, who want to take advantage of the situation and play the role of highjackers. That fact was recognized in the railroad amendment and also in the corporation amendment to the bankruptcy law, and these minorities were shorn of the ability to coerce the rest of the creditors.

There is another large group of creditors who have been borrowing money and buying things. They are the municipalities, improvement districts, and so forth. There are some thousands of them that cannot pay their debts now, just as the railroads could not, just as these corporations could not, according to their terms. You say that your city is all right, and I think that my city is all right. We have had confidential reports from some of the biggest cities in the United States that they do not know whether they are all right or not. They do not want their names in the RECORD. My friends of the minority will not controvert that statement. What would good, old-fashioned commonsense people do? They would do as the insurance companies did, which came before the Committee on the Judiciary in favor of this bill; they would do as the holders of these municipal bonds have done, in support of this bill; they would do as the holders of securities for women and children and orphans did, who came before us in support of this bill, asking only that the Federal Government do in this situation what the States would evidently do but for the denial to them of the right to insure contracts and the inclusion in the Federal Constitution of the character on bankruptcy provision which we have. That is the finest sort of sense. It has the right to sit at the head of every conference table. Many of these subdivisions are not now paying a cent on their indebtedness, and there is danger of many others falling into that class. There is not a man who has practiced commercial law who does not know that the thing most to be desired is to keep the debtor from quitting.

One of my friends of the opposition got up here and said somebody might go around and buy up a hundred thousand dollars' worth of bonds for so much under this bill, come in with a crooked administration, arrange for their payment at a higher figure, and then get a crooked Federal judge to pass favorably on the equity of that sort of an arrangement. Remember, under this bill two thirds of the creditors would also have to agree to this. What these holders of these securities want to do is to stop just that sort of transaction and to make ineffective the attitude, not only of this minority, but of any other minority that has not sense enough to know they are crowding these people to the quitting point, these cities and other such debtors. They want to keep these cities this side of repudiation, this side of default. They are trying to put courage into these concerns by exactly the plan approved by this House to keep railroads and corporations this side of default. These cities that are absolutely unable to pay their obligations according to their full value, back into the effort to do the best they can and to keep those on the verge this side of actual default. That is what our clients used to do when we practiced commercial law. That is what every wholesale man wants to do if he has any common sense. When he had what he called a "lame duck", we got the creditors together and they sat around the table and talked things over with the debtor and arrived at a plan. If the debtor could not pay his debts when they were due, then they extended the debt. If he could not pay in full, we scaled down until we brought him within the stimulating influence of hope. That is all this bill proposes to do. Our greatest difficulties in working out a fair, workable plan were the Shylocks. That is exactly the difficulty of these situations with regard to which these cities and their creditors have to deal. The big things of life are only little things multiplied. The same natural laws, the same human nature, the same necessities are not changed in the multiplying.

Mr. McKEOWN. Is it the moving purpose of this bill to grant extension and not to scale down?

Mr. SUMNERS of Texas. Of course it is, and to give people who have an interest as debtors and creditors a chance to sit around the table and figure it out; and when they do that, then they want the power of the court to make that arrangement effective and to prevent, if I may say so to my friends who are talking about somebody going around and buying up bonds, highbinders who get these securities, from coming in and saying, "I won't come in on that basis; you have got to give me 100 cents on the dollar." That is all there is to it. There is a lot of talk about the Federal Government's extending powers over governmental subdivisions of States. That is not true at all. It is the duty of the Federal Government to provide for these subdivisions the permissive agency which this bill provides and which the Federal Constitution denies to the States the power to provide. Besides, under existing law Federal courts, at the instance of a nonresident bondholder, may send to jail an officer of these State subdivisions. From what you hear from some of my friends in opposition to this bill you would think that the Government would by this bill underwrite a scheme for repudiation. The Government by this bill would simply do what you did with reference to railroads and with reference to corporations, and for exactly the same reason. They were passed not to destroy but to reestablish railroad and corporate credit. These cities owe debts, just as the railroad companies did, and they cannot pay them according to their terms.

I hold in my hand telegrams from insurance companies, investment houses, and fraternal associations, the investments of widows and orphans, and from eleemosynary institutions. Some of them have every cent invested in these bonds. They ask for this bill. They want a chance now to come in and sit around a table with these corporations and say to them, "Now, don't quit. We will give you a little extension. We will work with you."

Mr. ELTSE of California. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. ELTSE of California. The question was asked if the sole purpose of this bill was not to grant an extension. I should like to ask the gentleman to refer to this language in section 80:

May file a petition stating that the taxing district is insolvent or unable to meet its debts as they mature, and that it desires to effect a plan of readjustment of its debts upon the basis of its capacity to pay.

Mr. SUMNERS of Texas. That is right.

Mr. ELTSE of California. It is a tearing down?

Mr. SUMNERS of Texas. Well, of course. Any creditor who has got half sense, who sees that his debtor cannot pay 100 cents on the dollar and is liable to quit and leave the country, would be willing to tear down a part of his debt; but he does not have to. This just gives the debtor and creditor the right to do what the situation requires. It does not force them to agree, but it gives them a chance to make an effective agreement. I thank the gentleman for asking the question. In the first place, under this bill, a municipality would have to go to the courthouse door with the consent of one third of its creditors. It could not get started without that. Do you think that one third of the creditors of the average municipality are blank fools? Now, let us use common sense about it. Do you not think they know as much about it as you do? That is not all. Before that agreement can be effected, two thirds of those creditors must agree to it. Are you going to sit up here with your superior judgment and knowledge and say that two thirds of those creditors need a guardian and do not have sense enough to know what is for the best interest of the creditors of the municipality that is threatened with bankruptcy?

Mr. DEEN. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield to the gentleman.

Mr. DEEN. The gentleman made the statement that any creditor who realized the debtor could not pay, if he had half sense or good sense, would be willing to yield to a scaling down?

Mr. SUMNERS of Texas. That is right.

Mr. DEEN. Does the gentleman mean that the United States Government, the officials in charge of the crop-production loans——

Mr. SUMNERS of Texas. I cannot yield for the gentleman to make an argument about crops.

Mr. DEEN. Does the gentleman mean——

Mr. SUMNERS of Texas. I mean exactly what I said; 100 percent what I said. I have had a little business experience, and so has the gentleman. If the gentleman had a debtor that could not pay 100 cents on the dollar, and he knew it and was afraid he was about to become discouraged and quit, he would like a chance to sit around the table and talk it over with him, and if he could pay 75 cents on the dollar instead of 100 cents on the dollar, I think the gentleman would be glad to take that.

Mr. DEEN. I have not asked the question yet. Why does not the Government scale down the debts of the farmers all over the United States?

Mr. SUMNERS of Texas. Does the gentleman think I should take my 20 minutes on this bill in discussing the farm proposition now?

Mr. COX. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. COX. If I understand the purpose of the bill, as stated by the gentleman, it is merely to accommodate a situation that presents any emergency?

Mr. SUMNERS of Texas. That is right.

Mr. COX. That is the inability of a municipality or some subdivision of government to pay its obligations, and the inability of its creditors to collect. The gentleman, however, would not favor, I take it, the laying down of this principle as a fixed policy?

Mr. SUMNERS of Texas. It is for 2 years. Two years to get rid of these wrecks that lay across this country. Let the debtors and creditors get together and get them out of the way; get the rotten apples out of the barrel. That is what we want a chance to do.

Mr. MOTT. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. MOTT. I think this is a very good bill, but I should like the gentleman's reaction a little further to the objection raised by the gentleman from Pennsylvania [Mr. KURTZ], and I will give a specific instance, so that the gentleman can explain it, if he will. I know of a municipality that has outstanding about four or five million dollars of bonds. Many people paid 100 cents on the dollar for those bonds. Many others bought them for 10 cents on the dollar. Is there anything that will prevent those who bought municipal bonds at 10 cents on the dollar coming in——

Mr. SUMNERS of Texas. Nothing at all.

Mr. MOTT. Nothing to prevent that?

Mr. SUMNERS of Texas. Nothing at all. Now, the gentleman from Pennsylvania, whom I love, made the statement that if you do pass this bill that gives the creditors and the municipality the privilege of talking over their affairs, two thirds of the creditors and the municipality agreeing, the gentleman said that would prevent your being able to sell any more bonds. On that theory, the passage of the bankruptcy law would have destroyed all credit except that of railroads and corporations, and the two acts of this Congress which included railroads and corporations destroyed their credit. We know, however, no such result happened.

Mr. McKEOWN. Will the gentleman yield to me that I may answer the gentleman from Oregon?

Mr. SUMNERS of Texas. I yield.

Mr. McKEOWN. The court examines into all questions, and, of course, the court would examine into the question as to what the man had paid and what the amount was. They could not get by the court.

Mr. SUMNERS of Texas. But I stand by my answer; you could come in and talk it over, but the court has to decide as to the equities.

Mr. KURTZ. Will the gentleman yield?

Mr. SUMNERS of Texas. I gladly yield to my friend.

Mr. KURTZ. I want to ask the gentleman whether or not it is possible for any person, after he has gone through bankruptcy, to borrow much money?

Mr. SUMNERS of Texas. No. It is impossible to do it also if he is lying around and paying nobobdy anything, whether he has gone through bankruptcy or not. Is that not right?

Mr. KURTZ. That is true.

Mr. SUMNERS of Texas. But is he not in better shape to borrow money if he has gone through bankruptcy and cleaned up than if he is hopelessly insolvent and everybody knows it?

Mr. KURTZ. That may be true in certain instances.

Mr. SUMNERS of Texas. Every one of them, too.

Mr. GOSS. Mr. Chairman, will the distinguished chairman of the Committee on the Judiciary yield?

Mr. SUMNERS of Texas. I yield.

Mr. GOSS. Will the gentleman inform the Committee as to whether or not this bill has the support of the administration?

Mr. SUMNERS of Texas. It has.

Mr. GOSS. It has?

Mr. SUMNERS of Texas. Yes. May I say this, the attitude of the administration, so far as I can understand its mind, is that we need to clean up the wreckage, get rid of situations such as the Railroad Bankruptcy Act took care of, the Corporation Act took care of, and now the Municipal Act will take care of.

Mr. GOSS. The administration really is in support of this bill and favors it?

Mr. SUMNERS of Texas. That is true; yes. It believes it is necessary to follow up with this bill, and I say it is necessary to follow up with this bill if I may venture my own opinion. Rearrange our matters and get rid of stagnation. Get people where they can see their way out, if with energy and economy they apply good judgment to their efforts.

Nobody gets anything from a bankrupt creditor who has quit. It is better to get 25 cents on the dollar than to get nothing and leave a derelict to give discouragement when courage is needed.

Mr. McLEOD. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. McLEOD. There was one point I wanted to clear up. It is not the opinion of the gentleman that municipal bonds in the hands of insurance companies and banking houses will be in a more healthy condition with the passage of this legislation than without it?

Mr. SUMNERS of Texas. Of course. For instance, there are many situations in which a municipality has been unable to pay on its bonds for 3, 4, or 5 years. If a way can be found to extend the time within which those bonds can be paid and get them in shape to keep on struggling with their indebtedness, the value of their bonds will increase.

Let me make a prediction of what may happen in this country and it will disclose the reason for these innumerable telegrams which have come in to the Committee on the Judiciary from insurance companies, from the holders of these bonds. The National Chamber of Commerce originally was opposed to this measure, but just day before yesterday the Assistant Secretary of the National Chamber of Commerce told me they were in favor of the bill. Here is what they are afraid of, I surmise: One of these days one of the Federal courts by its mandamus is going to put in jail some of these officers of a municipality; that matter is coming to the Supreme Court of the United States.

It is going to be shown that the municipality has got to choose between paying interest on bonds and taking care of a necessary fire department, necessary police protection, necessary sanitary protection, the necessity of taking care of people thrown upon cities now by reason of this depression, people who must be fed or starve. In the case of these cities that are in this situation, with these innumerable people that have to be fed by the cities or allowed to die, and the necessity to educate the children, and so forth, the Supreme Court is going to hold that their duty as officers of a governmental agency is to spend that money in giving people police protection, fire protection, sanitary protection, and so forth. And, if I may be permitted to express a judgment, the most sensible of the people who hold these defaulting bonds do not want that test. They want a chance to cure this situation. They want to sit around a table and adjust matters and have the benefit of the Court to coerce the minority, whose greed will not permit their consideration of the judgment of the majority of the creditors, the ability to pay, or the necessities of the public interest.

Let me give you this in a nutshell. The only coercive power in this bill is upon an unwilling minority. Do not forget that. I want to repeat that you cannot compel a municipality to come in. It can come in of its own free will, but you cannot compel a municipality to come in, and then 30 percent of the creditors have got to come in right along with the municipality. Then, if there is any agency of the State government which exercises control over the fiduciary or financial affairs of the municipal corporation, the municipality has got to get the consent of that agency of the State; and then before anything is effected, two thirds of the creditors must agree, and further, the Court must find the new plan agreed upon is equitable to all, including the minority, of course. Do you want to tell me that you want to put your judgment up against the judgment of two thirds of the people who hold those debts and deny them the privilege of coming in and effecting an adjustment which they feel is necessary for them to have in order to take care of the money of the widows and the orphans of people whose lives are insured?

Mr. McKEOWN. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. McKEOWN. Apropos of what the gentleman had to say in regard to what the Supreme Court of the United States would hold in one of these emergencies, is it not true that we are all alarmed and afraid that blood will be shed?

Mr. SUMNERS of Texas. I am not scared of blood.

Mr. McKEOWN. Does not the gentleman know that in these——

Mr. SUMNERS of Texas. Never mind; I am not afraid of blood being shed. Maybe I ought to be afraid of it, but I am not scared a bit.

Mr. McKEOWN. I want to tell the gentleman what the condition is. Does not the gentleman think police protection and fire protection are necessary, and that there is danger if these protective agencies have to be curtailed?

Mr. SUMNERS of Texas. Yes; I do.

I believe as certainly as I believe anything that the Supreme Court is not going to force the cities to the point where they cannot maintain the police protection necessary to protect the lives of their people, and for this reason these sensible bondholders want this chance provided by this bill. And you tell me that in a free government, where there is no other agency except that which the Federal Government can afford, this Congress will sit up here with its superior wisdom and deny two thirds of the creditors of a municipality the right to sit around the table with them and do that which will, in their judgment, help them to protect the investments of widows and orphans for which they are trustees. [Applause.]

Mr. McLEOD. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. McLEOD. Is it not a fact that the insurance companies, in accordance with State laws, are compelled when they own and hold defaulted municipal bonds to drop them from their portfolios of trust funds?

Mr. SUMNERS of Texas. Yes; that is what is putting these insurance companies in the shape they are. They would much rather have such a bond, even though they have to make some adjustments or give them some more time, than to have a bond in the shape that these municipalities are putting them in when they quit paying.

It is human nature when you face a proposition that is insurmountable, when you have an indebtedness you know you cannot pay, when you owe money at a time you know you cannot meet it, to lay down on the job; and these municipalities that are proud of their credit, if you make them default once, then they are across the line. They have defaulted and they no longer have the pride of not having defaulted. When you keep them struggling to the limit of their ability, it is still this side of the point of default, and everybody that has any sense knows it, and this bill proposes to give them a chance.

Why there is any argument against this bill I cannot understand. I may be dumb, but I cannot understand how intelligent people can take any other position, and I know I have some of the most intelligent ones on my committee, but I just think they lapse sometimes.

Mr. DONDERO. Will the gentleman yield for a short question?

Mr. SUMNERS of Texas. Yes.

Mr. DONDERO. Is it not true that the municipal bondholders of this country have got to go along and absorb a part of the shock with the rest of the country, and take less than 100 cents on the dollar?

Mr. SUMNERS of Texas. Yes; and if they have got to cut, they would rather cut to 75 percent than to nothing. They have as much sense as anybody else. This is why they have been fighting for this bill. This is why the municipalities have been fighting for this bill, and this is the reason the administration wants this bill.

Mr. BEAM. Will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. BEAM. I should like to direct the chairman's attention to page 5 of the bill.

The term "securities" shall include evidences of indebtedness, either secured or unsecured, and certificates of beneficial interests in property.

Mr. SUMNERS of Texas. It gives them the privilege of a clean-up.

Mr. BEAM. What I am interested in is this: In several municipalities throughout the country there are millions of dollars in condemnation in street-widening cases and street elevations and eminent-domain cases——

Mr. SUMNERS of Texas. I have got your point; what is the question?

Mr. BEAM. I want to know whether this indebtedness or these certificates of judgments are to be included and limited by your bill in this instance?

Mr. SUMNERS of Texas. In my time I cannot go into detail, but I would say this: This bill contemplates that the indebtedness of the city may be brought in under this plan. This is as far, I believe, as I can go. It contemplates that the creditors of the cities may come in, and I cannot repeat this too often, because it is all there in the bill: The only coercion in this bill is against the one third who are not willing to come in. You can read the bill from cover to cover. We do not try to force the cities in, and there is no extension of Federal power. Why, under existing Federal power today a nonresident holder of a bond can go into a sovereign State and by the mandamus of a Federal court send to jail an agent of a municipality that cannot wring out of its people enough blood to satisfy its indebtedness.

Mr. MOTT. Will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. MOTT. That has never been done, has it?

Mr. SUMNERS of Texas. Yes; they have undertaken to exercise that power, and, as I said a moment ago, they hold that over the heads of these people, but these holders of bonds do not believe in the year 1933 they can keep them in jail, and if they cannot make them go to jail, what can they do to force settlement with them?

Mr. MOTT. When I asked the question I meant whether the court of last resort has held that.

Mr. SUMNERS of Texas. I have not examined that, but I do not want to go too far into a legal discussion.

Mr. MOTT. I had understood the reason that such a mandamus had not been carried to the court of last resort is the opinion of the insurance companies that the Supreme Court would hold against them.

Mr. SUMNERS of Texas. Maybe so, but I know this: They are getting "scareder and scareder" of the power.

You gentlemen understand this. Here are these cities that cannot pay their present debts, and here are these holders of municipal indebtedness; they come to this Congress. We know the States cannot grant the relief because of the Federal Constitutional provision referred to. Only the Federal Government can provide the forum. The Federal Constitution denies that power to the States, and I repeat the statement in conclusion. Everybody knows, in dealing with a large number of creditors, there is a little handful of bloodsuckers that will stand out for more than they are entitled to. This bill is leveled against them and against them only, and at the same time protects them by imposing upon the judge to give them equitable protection. I yield for anybody to point to any provision in the bill to the contrary. Then why will you not grant this right to the creditors and to the cities, and so forth, to try to work out this matter by mutual agreement, get rid of these derelicts, keep others from defaulting, just as this session of Congress has given this power and this privilege to railroads and to corporations and to their creditors? [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read the bill, as follows:

Be it enacted, etc., That the act of July 1, 1898, entitled "An act to establish a uniform system of bankruptcy throughout the United States", as approved July 1, 1898, and acts amendatory thereof and supplementary thereto be, and they are hereby, amended by adding thereto a new chapter to read as follows:

"CHAPTER IX

"PROVISIONS FOR THE EMERGENCY TEMPORARY AID OF INSOLVENT PUBLIC DEBTORS AND TO PRESERVE THE ASSETS THEREOF AND FOR OTHER RELATED PURPOSES

"SEC. 78. Declaration of policy: There is hereby found, determined, and declared to exist a national emergency caused by increasing financial difficulties of many local governmental units, which renders imperative the further exercise of the bankruptcy powers of the Congress of the United States.

"SEC. 79. Additional jurisdiction: Until the expiration of 2 years from the date this chapter takes effect, in addition to the jurisdiction exercised in voluntary and involuntary proceedings to adjudge persons bankrupt, courts of bankruptcy shall exercise original jurisdiction in proceedings for the relief of debtors, as provided in this chapter of this act.

"SEC. 80. Municipal-debt readjustments: (a) Any municipality or other political subdivision of any State, including (but not hereby limiting the generality of the foregoing) any county, city, borough, village, parish, town, or township, unincorporated tax or special assessment district, and any school, drainage, irrigation, levee, sewer, or paving, sanitary, port, improvement or other districts (hereinafter referred to as a 'taxing district'), may file a petition stating that the taxing district is insolvent or unable to meet its debts as they mature, and that it desires to effect a plan of readjustment of its debts upon the basis of its capacity to pay. The petition shall be filed with the court in whose territorial jurisdiction the taxing district or the major part thereof is located. The petition shall be accompanied by payment to the clerk of a filing fee of $100, which shall be in addition to the fees required to be collected by the clerk under other chapters of this act. The petition shall state either (a) that creditors of the taxing district holding not less than 30 percent in amount of its bonds, notes, or certificates of indebtedness, excluding bonds, notes, or certificates of indebtedness owned, held, or controlled by the taxing district in a fund or otherwise, have consented in writing to the filing of the petition, signifying their willingness to have a plan of readjustment prepared and submitted to the court for confirmation; or (b) that a plan of readjustment has been prepared, is filed and submitted with the petition, and that creditors of the taxing district owning not less than 30 percent in amount of the bonds, notes, or certificates of indebtedness of the taxing district affected by the plan, excluding bonds, notes, or certificates of indebtedness owned, held, or controlled by the taxing district in a fund or otherwise, have accepted it in writing. In either case the petition shall be accompanied with such written consent or acceptance and with a list of all known creditors of the taxing district, together with their addresses so far as known to the taxing district, and description of their respective claims showing separately those who have either consented to the filing of the petition, together with their separate addresses, if no plan is submitted, or have accepted the plan of readjustment, together with their separate addresses, if one is submitted with the petition, the contents of which list shall not constitute admissions by the taxing districts in a proceeding under this chapter or otherwise. Upon the filing of such a petition the judge shall enter an order either approving it as properly filed under this chapter, if satisfied that such petition complies with this chapter and has been filed in good faith, or dismissing it. If creditors holding 5 percent in amount of the bonds, notes, or certificates of indebtedness shall, within 90 days after the first publication of the notice provided for in subdivision (c), clause (1), of this chapter, appear and controvert the facts alleged in the petition, the judge shall determine as soon as may be the issues presented by the pleadings, without the intervention of a jury, and unless the material allegations of the petition are sustained by the proofs, shall dismiss the petition.

"(b) A plan of readjustment within the meaning of this chapter (1) shall include provisions modifying or altering the rights of creditors generally, or of any class of them, secured or unsecured, either through the issuance of new securities of any character or otherwise; and (2) may contain such other provisions and agreements, not inconsistent with this chapter, as the parties may desire.

"No creditor shall be deemed to be affected by any plan of readjustment unless the same shall affect his interests materially and adversely, and in case any controversy shall arise as to whether any creditor or class thereof shall or shall not be affected, the issue shall be determined by the judge after hearing upon notice to the parties interested.

"The term 'securities' shall include evidences of indebtedness, either secured or unsecured, and certificates of beneficial interests in property. The term 'creditors' shall include for all purposes of this chapter and of the readjustment plan, its acceptance and confirmation, all holders of claims of whatever character against the taxing district or its property or revenues, including claims under executory contracts and for future rent, whether or not such claims would otherwise constitute provable claims under this act, but excepting claims for salaries and wages of officers and employees of the taxing district. The term 'claims' includes debts, securities, liens, or other interests of whatever character, but excepting claims for salaries and wages of officers and employees of the taxing district.

"In case any executory contract shall be rejected, the same shall be deemed to have been breached, and the holder shall be entitled to file, in the proceeding taken and pending under this chapter, a

claim for damages for such breach, and such claim may be allowed, provided such contract shall not have been terminated by forfeiture, reentry, or otherwise. In the case of secured claims, the value of the security shall be determined in the manner provided in section 57, clause (h) of this act, and if the amount of such value shall be less than the amount of the claim, the excess shall be classified as an unsecured claim.

"For all purposes of this chapter any creditor may act in person or by a duly authorized agent or committee. Where any committee, organization, group, or individual shall assume to act for or on behalf of creditors, such committee, organization, group, or individual shall first file with the court in which the proceeding is pending a list of the creditors represented by such committee, organization, group, or individual, together with a statement of the amount, class, and character of the indebtedness held by each such creditor, and shall accompany the same with a copy of the contract or agreement entered into between such committee, organization, group, or individual and the creditors represented by it or them, which contracts shall disclose all compensation to be received directly or indirectly by such agent or committee.

"(c) Upon approving the petition or at any time thereafter the judge (1) shall require the taxing district to give such notice as the order may direct to creditors, and to cause publication, to be made at least once a week for 3 successive weeks, of a hearing, to be held within 90 days after the approval of the petition, for the purpose of considering the plan of readjustment, if any, filed with the petition or which may be thereafter proposed, and of any changes therein or modifications thereof which may be proposed; (2) if a plan of readjustment is not accepted and approved within such reasonable period as the judge may fix, or, if accepted and approved, is not confirmed, the judge may, after hearing, either extend such period or dismiss the proceedings as the interests of the creditors may equitably require: *Provided, however*, That if no plan is submitted with the petition and no plan is proposed, in the manner provided in subdivision (d) of this chapter, within 6 months after the date of the filing of the petition, the proceedings shall be dismissed, and if a plan shall not be accepted and approved within 1 year from the date of the filing of the petition, the judge, in his discretion, after hearing, may continue the proceeding for not exceeding 2 years from the date of the filing of the petition, with the written consent, filed in the proceeding, of creditors of the taxing district holding more than one half in amount of all claims affected by the plan; (3) shall require the taxing district at such time or times as the judge may direct, and in lieu of the schedules required by section 7 of this act, to file such schedules and submit such other information as may be necessary to disclose the conduct of the affairs of the taxing district and the fairness of any proposed plan; (4) shall determine a reasonable time within which the claims and interests of creditors may be filed or evidenced, the manner in which such claims and interests may be filed or evidenced and allowed, and, for the purposes of the plan and its acceptance, the division of creditors into classes according to the nature of their respective claims and interests; and may, for the purposes of such classification classify as an unsecured claim the amount of any secured claim in excess of the value of the security thereof, such value to be determined in accordance with the provisions of chapter 57, clause (h), of this act; (5) may, with the authorized written approval of the taxing district, direct the rejection of contracts of the taxing district executory in whole or in part; (6) shall cause reasonable notice of such determination and of all hearings for the consideration of any proposed plan, or the dismissal of the proceedings, or the allowances of fees or expenses, to be given creditors by publication or otherwise; (7) may require the taxing district to open its books, records, and files to the inspection of any creditor of the taxing district during reasonable business hours, upon application to the taxing district; (8) may allow a reasonable compensation for the services rendered and reimbursement for the actual and necessary expenses incurred in connection with the proceeding and the payment of special masters, readjustment managers, and committees or other representatives of creditors of the taxing district and the attorneys or agents of any of the foregoing; and appeals may be taken from the orders making such allowances to the circuit court of appeals for the circuit in which the proceeding under this chapter is pending, independently of other appeals which may be taken in the proceedings, and such appeals shall be heard summarily: *Provided, however*, That no fees, compensation, reimbursement, or other allowances for attorneys, agents, committees, or other representatives of creditors shall be assessed against the taxing district or paid from any revenues, property, or funds except in the manner and in such sums, if any, as may be provided for in the plan of readjustment; (9) in addition to the provisions of chapter II of this act for the staying of pending suits against the taxing district the court may enjoin or stay the commencement or continuation of suits against the taxing district, or any officer or inhabitant of the taxing district, on account of the indebtedness of such taxing district, until after final decree; and may, upon notice, and for cause shown, enjoin or stay, until after final decree, the commencement or continuance of any judicial proceeding to enforce any lien or to enforce any levy of taxes for the payment of any of the indebtedness of said taxing district: *Provided, however*, That in case a plan has been accepted, in writing, by the holders of not less than 30 percent in amount of the total outstanding bonds, notes, and certificates of indebtedness of the taxing district, affected by the plan, and has been accepted and approved in writing by the taxing district, and such plan, together with such acceptances and approvals, has been filed in the proceeding under this chapter, the judge may enter an interlocutory decree providing that such plan shall be temporarily operative with respect to all indebtedness affected thereby, and that the payment of the principal or interest, or both, of such indebtedness shall be temporarily postponed or extended or otherwise readjusted in the same manner and upon the same terms as if such plan had been finally confirmed and put into effect, and upon the entry of such decree the principal or interest, or both, of such indebtedness which has otherwise become due, or which would otherwise become due, shall not be or become due or payable, and the payment of all such indebtedness shall be postponed during the period in which such decree shall remain in force; and such decree shall remain in force until either the proceeding under this chapter shall be dismissed, or, in case a plan is confirmed and put into effect, until the entry of the final decree, unless such decree shall be earlier terminated, after hearing, by the judge: *Provided, however*, That if the taxing district shall have adopted, or shall thereafter, during the period in which such decree shall remain in force, adopt, its budget for its current or succeeding fiscal year, in accordance with the plan as accepted, as above provided in this paragraph, the proceeding shall not be dismissed, nor shall said decree be terminated until the expiration of the year for which said budget shall have been adopted; and (10) may refer any matters to a special master, for consideration and report upon specified issues; but (11) shall not, by any order or decree, in the proceeding or otherwise, interfere with (a) any of the political or governmental powers of the taxing district, or (b) any of the property or revenues of the taxing district necessary for essential governmental purposes, or (c) any income-producing property, unless the plan of readjustment so provides. The taxing district shall be heard on all questions. Any creditor shall be heard on the question of the proposed confirmation of any plan, and, upon filing a petition for leave to intervene, on such other questions arising in the proceeding as the judge shall determine.

"(d) A plan of readjustment which has been approved by creditors of the taxing district, whose claims would be affected by the plan, being not less than 10 percent in amount of any class of creditors, and not less than 10 percent in amount of all the creditors of the taxing district, may be proposed by any creditor, or without such approval of creditors by the taxing district, at a hearing duly noticed for its consideration or for the consideration of the plan of readjustment, if any, filed with the petition in the proceeding, or for the consideration of any other plan of readjustment similarly proposed.

"(e) A plan of readjustment shall not be confirmed until it has been accepted in writing, filed in the proceeding, by or on behalf of creditors holding two thirds in amount of the claims of each class whose claims have been allowed and would be affected by the plan, but excluding claims owned, held, or controlled by a taxing district, in a fund or otherwise, and has been accepted and approved by the taxing district in a writing filed in the proceeding, signed in its name by an authorized authority: *Provided, however*, That such acceptance shall not be requisite to the confirmation of the plan by any creditor or class of creditors (a) whose claims are not affected by the plan, or (b) if the plan makes provision for the payment of their clams in cash in full, or (c) if provision is made in the plan for the protection of the interests, claims, or liens of such creditors or class of creditors.

"(f) After hearing such objections as may be made to the plan, the judge shall confirm the plan if satisfied that (1) it is fair, equitable, and for the best interests of the creditors, and does not discriminate unfairly in favor of any class of creditors, and is fairly based upon the reasonable capacity of the taxing district to pay, and is feasible; (2) complies with the provisions of subdivision (b) of this chapter; (3) has been accepted and approved as required by the provisions of subdivision (e) of this chapter; (4) all amounts to be paid by the taxing district for services or expenses incident to the readjustment have been fully disclosed and are reasonable; (5) the offer of the plan and its acceptance are in good faith; and (6) the taxing district is authorized by law, upon confirmation of the plan, to take all action necessary to carry out the plan. Before a plan is confirmed, changes and modifications may be made therein by any party, with the approval of the judge after hearing upon notice to creditors, subject to the right of any creditor who shall previously have accepted the plan to withdraw his acceptance, within a period to be fixed by the judge and after such notice as the judge may direct, if, in the opinion of the judge, the change or modification will be materially adverse to the interest of such creditor, and if any creditor having such right of withdrawal shall not withdraw within such period, he shall be deemed to have accepted the plan as changed or modified: *Provided, however*, That the plan as changed or modified shall comply with the provisions of subdivision (b) of this chapter and shall have been or shall thereafter be accepted and approved as required by the provisions of subdivision (e) of this chapter, and the provisions of this subdivision (f) shall have been complied with in respect thereof.

"(g) Upon such confirmation the provisions of the plan and of the order of confirmation shall be binding upon (1) the taxing district, and (2) all creditors, secured or unsecured, whether or not affected by the plan, and whether or not their claims shall have been filed or evidenced, and if filed or evidenced, whether or

not allowed, including creditors who have not, as well as those who have, accepted it.

"(h) In the event the judge shall disapprove the plan he shall file an opinion stating his reasons for such disapproval. If he approve the plan, the final decree shall discharge the taxing district from those debts and liabilities dealt with in the plan except as provided in the plan; and upon the entry of such decree the jurisdiction of the court in such proceeding shall cease.

"(i) A certified copy of the final decree or of an order confirming a plan of readjustment, or of any other decree or order entered in a proceeding under this chapter, shall be evidence of the jurisdiction of the court, the regularity of the proceedings, and the fact that the decree or order was made. A certified copy of an order directing the transfer of any property dealt with by the plan, shall be evidence of the transfer of title accordingly, and if recorded as conveyances are recorded shall impart the same notice that a deed, if recorded, would impart.

"(j) In proceedings under this chapter and consistent with the provisions thereof, the jurisdiction and powers of the court, the duties of the taxing district and the rights and liabilities of creditors, and of all persons with respect to the taxing district and its property, shall be the same as if a voluntary petition for adjudication had been filed and a decree of adjudication had been entered on the day when the petition of the taxing district was approved.

"(k) This chapter shall take effect and be in force from and after the date of the approval of this amendatory act and shall apply as fully to taxing districts and their creditors, whose interests or debts have been acquired or incurred prior to such date, as to taxing districts and their creditors, whose interests or debts are acquired or incurred after such date.

"(l) Nothing contained in this chapter shall be construed to limit or impair the power of any State to control, by legislation or otherwise, any political subdivision thereof in the exercise of its political or governmental powers, including expenditures therefor, and including the power to require the approval by any governmental agency of the State of the filing of any petition hereunder and of any plan of readjustment, and whenever there shall exist or shall hereafter be created under the law of any State any agency of such State authorized to exercise supervision or control over the fiscal affairs of all or any political subdivisions thereof, and whenever such agency has assumed such supervision or control over any political subdivision, then no petition of such political subdivision may be received hereunder unless accompanied by the written approval of such agency, and no plan of readjustment shall be put into temporary effect or finally confirmed without the written approval of such agency of such plans.

"(m) If any provision of this chapter, or the application thereof to any person or circumstances, is held invalid, the remainder of the chapter, or the application of such provision to other persons or circumstances, shall not be affected thereby."

During the reading of the bill the following occurred:

Mr. GOSS. Mr. Chairman, I ask unanimous consent that the further reading of the bill be dispensed with and the bill be printed in the RECORD.

The CHAIRMAN (Mr. GLOVER). Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. MALONEY of Connecticut. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Mr. MALONEY of Connecticut moves that the Committee now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

Mr. MALONEY of Connecticut. Mr. Chairman and members of the Committee, a few moments ago I asked the minority leader of the committee for time to address the House on this bill. The scarcity of time only permitted me to talk for 3 minutes, and I was denied the opportunity to make one point that I would bring to the attention of the Members of the House before they are called upon to vote on this important measure. I hope you will treat this very seriously, for in my opinion it is going to come before you seriously within the next month or two.

As the gentleman from Massachusetts pointed out, municipalities are compelled during part of each year to finance the municipalities by borrowing money in anticipation of the payment of taxes. I wonder what is going to happen to those municipalities which go out into the market after the passage of this bill, if it becomes a law, in an attempt to borrow money to finance municipal projects. I wonder how many Members of this House would put their money in any such speculative venture as that would prove to be.

I cannot believe that you are going to put the municipalities you represent into the unfortunate plight of such a position to save perhaps one twentieth of the population.

I appreciate the seriousness of the situation in which some of the towns find themselves, and something should be done about that particular condition, but I do not think it is any business of the House of Representatives to say to the entire country that it shall operate under a bankruptcy law in order to protect these few stricken places.

I know the first thing that is done when a person is bitten by a mad dog is to apply a cure for rabies, but we do not inoculate the whole community because one or several persons are bitten.

I would like to point out that when a municipality finds it difficult to collect taxes they have the opportunity of foreclosing properties, but in times such as this they do not foreclose on the property of poor people, and instead, in many instances, very properly issue refunding bonds.

Refunding bonds would permit the taxpayer to pay taxes at some future time, but if you pass this law, and these municipalities endeavor to sell refunding bonds to aid the unfortunate taxpayers, they may find that there is no market for them. I am hopeful that you will take into consideration the fact that the large part of the success that we have enjoyed through the seriousness of these times has been due to the patriotism of these people in the small towns. They have carried the burden and many of us have sometimes wondered how and why. In an attempt to continue taking care of the unemployed through relief projects of the municipalities bonds must be issued. Destroy the bond market by the passage of this bill and by the enactment of this law and you are going to see a situation in thousands of well-managed communities in this country that you have not dreamed of up to the present time. I think before legislation such as this is enacted we should take into consideration the entire subject. I have the same feeling of sympathy for these southern cities and towns as their own Representatives have, but I do not choose to vote for a measure that would make uncertain the proper operation of every municipality in this country.

Much has been said about charitable institutions and benevolent societies, savings banks, and insurance companies, which would suffer as a result of this law. Much has been said about the countless policyholders whose protection would be threatened; the very life savings of people who have created their estates, or endeavored to do so, by buying life insurance down through the years.

The CHAIRMAN. The time of the gentleman from Connecticut has expired.

Mr. McKEOWN. Mr. Chairman, before this committee ever took a step in this kind of legislation, it was advised by the secretaries of the municipal associations in the country that the legislation is very much needed. My distinguished friend refers to the cities in the southern part of the country. That is not where the trouble is that we are trying to meet. There is some of it in Florida of course, but some of the larger municipalities through the other parts of the country are involved in this proposition. They talk about the insurance companies and how they are shaking and quaking in their shoes about this bill. The insurance companies endorse this bill, and, besides that, we, the Congress of the United States, gave the insurance companies the right to borrow money from the Reconstruction Finance Corporation, and yet you want to deny the taxpayer, who is about to lose his home, the small privilege of an extension on his taxes.

Mr. CONDON. Does the gentleman happen to know whether or not the insurance companies have put up any of their municipal bonds as collateral for these loans?

Mr. McKEOWN. I suppose they have, and if they have not they will, because they are trying to get some money. All this talk about what we are going to do to the bond market is just a lot of "boloney." There is nothing to it. This bill is not going to hurt the bond market. If a town cannot pay, they know it in the bond market now. The fellows who buy bonds know more about these towns and cities than anybody else. If this was a bad bill, you would have a lot of protests. Not a one of you, I dare say, in the last 10 days has received any protest. This bill will permit

the people who pay the taxes in the cities to have a little more postponement of the onerous burden of taxation, and thus save their homes.

That is what this is proposing to do by agreement. We are agreeing to postpone it, and they can postpone the sinking fund that is bearing down so hard. If you do not pass this bill, what is going to happen? The Federal judges all over this country will be putting mandamus proceedings on the officials of the cities and making them levy enough taxes to break every man in town. That is what will happen. We do not want that to happen. This is a law fashioned after the English law. For 50 years in England all creditors and debtors have a forum, and they come into the forum and try to compose their differences and settle their troubles, sign up, and go their way, and so we provide in this bill, not as a permanent law, but only for 2 years, and we say, come into this forum and agree with your creditors for an extension of time and an adjustment of your debts, and then go your way and pay it out under this new plan. They say that the bond market is going to be hurt. We had the opinion of one of the best financiers of the country, who went into the heart of the financial districts in this country to ascertain if this bill would hurt it. I advised that this would not impair the market.

Mr. HASTINGS. Will my colleague permit me to ask him a question?

Mr. McKEOWN. Yes.

Mr. HASTINGS. Would my colleague favorably consider the purchase of any municipal bonds in the State of Oklahome if this bill passes?

Mr. McKEOWN. I certainly would. I would rather have them with this bill in force than not, because if a city cannot meet its obligations now, how will this bill hurt? It will help, in my judgment.

Mr. HASTINGS. What effect would it have upon the gentleman bidding on bonds?

Mr. McKEOWN. It would not have any, because I know that if they cannot pay it I would lose my money. If they would default and could not pay it, I would know that.

Mr. HASTINGS. Most municipal bonds in the State of Oklahoma draw 5 percent, and they are not taxable. They have been selling around par. Would my colleague now, for the average municipal bond in the State of Oklahoma, bid par, if this bill passes?

Mr. McKEOWN. I would absolutely bid par, if they are worth par to me. They are just as good after this bill passes as they are now.

The CHAIRMAN. The time of the gentleman from Oklahoma [Mr. McKEOWN] has expired.

The question is on the motion offered by the gentleman from Connecticut [Mr. MALONEY] to strike out the enacting clause.

The question was taken; and on a division (demanded by Mr. MALONEY) there were—ayes 92, noes 106.

Mr. MALONEY. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed Mr. SUMNERS of Texas and Mr. MALONEY to act as tellers.

The Committee again divided; and the tellers reported there were ayes 117 and noes 117.

The CHAIRMAN. The Chair votes "no."

So the motion was rejected.

Mr. SHOEMAKER. Mr. Chairman, I offer an amendment, which I have sent to the desk.

The Clerk read as follows:

Amendment offered by Mr. SHOEMAKER: Page 16, line 25, after the word "thereby", strike out the period, insert a colon, and add the following: "*Provided further*, That such provisions as apply to bankruptcy in this section may be available for the use of the United States Government."

Mr. McKEOWN. Mr. Chairman, I make a point of order against the amendment that it is not germane. In the first place, the National Government is not being dealt with in this bill.

The CHAIRMAN (Mr. GLOVER). The Chair is ready to rule. The amendment is evidently subject to a point of order, and the Chair sustains the point of order.

Mr. HASTINGS. Mr. Chairman, I offer an amendment, which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. HASTINGS: Page 2, line 20, after the word "any" where it appears the first time in the line, insert the word "State" and a comma.

Mr. McKEOWN. Mr. Chairman, I make a point of order that the amendment is not germane on this section of the bill, because the State is not included. It applies only to municipalities. The States are not included in the class included in the bill.

Mr. SNELL. Mr. Chairman, may the amendment be again reported?

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

There being no objection, the Clerk again reported the amendment offered by Mr. HASTINGS.

Mr. McKEOWN. Mr. Chairman, I make the point of order that the amendment is not germane for the reason that we do not deal with the States in any manner in this bill. We deal only with municipalities and units of the State, but we are not in any way dealing with States, and it is not in order on this bill.

Mr. SNELL. Mr. Chairman, I desire to be heard. As long as this pertains to any municipality or any political subdivision of the State it pertains to general subjects and general localities, and I cannot see any objection, as far as the parliamentary situation is concerned, to including the whole State. It certainly is germane.

Mr. HASTINGS. Mr. Chairman, I desire to be heard on the point of order. Section 80 provides that—

Any municipality or other political subdivision of any State, including any county, city, borough, village, parish, town, or township, unincorporated tax or special assessment district, and any school, drainage, irrigation, levee, sewer or paving, sanitary port, improvement or other district——

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. HASTINGS. I yield.

Mr. SNELL. As I understand the gentleman's proposition it is that whereas the legislation presented includes practically every subdivision of a State, all the subdivisions together making the entire State, he believes it should apply also to the agency including all of them; that there being a dozen different kinds of subdivisions provided for in the bill he would not be out of order to add another including them all.

Mr. HASTINGS. The gentleman is exactly right. It could include every county of a State.

The CHAIRMAN. The Chair is ready to rule. The bill covers every division of a State. The Chair holds that the amendment is germane and overrules the point of order.

Mr. HASTINGS. Mr. Chairman, I want to earnestly direct the attention of the Members of the House to this bill (H.R. 5950) to amend the Bankruptcy Act through an invitation to municipalities or other political subdivisions of any State, any county, city, borough, village, parish, town, or township, unincorporated tax or special assessment district, and any school, drainage, irrigation, levee, sewer or paving, sanitary, port, improvement, or other districts to take advantage of it.

The amendment which I offered included the word "State." Of course, if all political subdivisions are to be accorded the privileges of the bill, I do not see why it should not be extended, first, to the State, and, second, to the United States.

If a county, municipality, or other political subdivision may have its financial obligations adjusted, why, on principle, should not the State or the United States do this?

In my judgment, if this bill is enacted, it will destroy the credit of every county, municipality, or other political subdivision referred to in the bill.

Most of the municipalities and counties in my State of Oklahoma and a very large number of school districts have outstanding obligations evidenced by bonds or warrants which have been sold to the investing public.

In offering these bonds for sale, representations were made as to the financial strength of the county, municipality, or other political subdivision, and upon these representations individuals, banks, insurance companies, and other institutions were induced to purchase the obligations. Other bonds will be offered from time to time, either as new issues or to refund existing obligations. Let me say to you it is my firm conviction that if this bill is enacted no county, municipality, or other political subdivision mentioned in this bill may successfully induce anyone to invest money in this class of bonds or other obligations.

It is generally known that most of these bonds bearing a rate of interest from around 4½ to 5 percent sold at or near par. The investing public has heretofore regarded them as safe. Those purchasing the bonds investigated the financial strength of the county, municipality, or other political subdivision and invested in long-time securities.

This bill is an invitation to the people of these respective political subdivisions to discontinue the payment of taxes, which will result in the holders of the bonds petitioning the court and stating that the political subdivision is insolvent and unable to meet its obligations. It is said, by way of apology for the bill, that it is to run for only 2 years. Everyone knows that if the bill is enacted that before the expiration of the 2-year period an effort will be made to make it permanent law. If it is to be passed, why not make it permanent law at this time? It is acknowledged that this bill is an experiment. I am not in favor of destroying the credit of every political subdivision throughout the country, and for this reason cannot support this bill.

It is urged that the petition may further state that the taxing district is insolvent or unable to meet its debts as they mature, and that it desires to effect a plan of readjustment of its debts upon the basis of its capacity to pay.

This is the same argument that was made on behalf of the foreign governments a few years ago and which is being used now to scale down the indebtedness of the foreign governments to us. These foreign governments owed the United States the sum of $11,522,354,000, and in our settlements with these foreign countries the taxpayers of our own country lost, principal and interest, the sum of $10,705,618,006.

This same argument will be continued to be used by these foreign countries. If a county, municipality, or other political subdivision is permitted to scale down its indebtedness in accordance with its capacity to pay, why not, on principle, extend the same privilege to the several States of the Union, and to the United States. If the argument be sound as to them, why would it not be sound as to the foreign governments? I voted against every one of these foreign-debt settlements. Every dollar remitted to these foreign governments must be borne by the taxpayers of our own country.

In my State, and I am sure this applies to many of the other States throughout the Union, taxes are not being collected in sufficient amount to pay school warrants during the last half of the school term, and the teachers are compelled to sell their warrants to individuals, merchants, banks, and others. Unfortunately, many of them are being disposed of at a discount. If this bill is enacted it will seriously affect the market for these warrants. In fact, I do not believe that any of them could be sold except at an enormous discount.

In my judgment, this legislation is not justified and would not be in the interest of the political subdivisions mentioned in the bill, but would destroy their credit. [Applause.]

Let me repeat that it is an invitation to every such political subdivision not to meet the payment of its obligations, but to default, and then take advantage of the provisions of the bill. If such a political subdivision induces the investing public to purchase its obligations, I do not believe we are justified in the enactment of legislation which would result in an invitation to all such political subdivisions to repudiate their indebtedness.

It is urged that no readjustment shall be confirmed by the court until it has been accepted by creditors holding two thirds in amount of the claims against the particular political subdivision. This is true, but if the political subdivision declines to levy and collect taxes, it will result in a very short time in those holding the obligations discounting and selling them upon any terms. Then the credit of the political subdivision will have been destroyed and no future obligation issued by it will find any market with the investing public. Being of the opinion that this legislation is unsound and not in the interest of the county, municipality, or other political subdivision, I deeply regret that I am not able to give it my support. [Applause.]

Mr. SUMNERS of Texas. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, whatever may be the opinion of Members of Congress with regard to this bill, I want to say to you that no member of the Committee on the Judiciary advanced any such proposition as proposed by the gentleman from Oklahoma, and I suggest, with all deference to my friend from Oklahoma, that it is not proposed as a thing he favors. The gentleman from Oklahoma will understand I do not mean to be offensive and I think he will agree with me that his amendment is not proposed as something he favors. I am sure he does not want a bill enacted with this provision in it. I yield the gentleman from Oklahoma sufficient time to tell me if this is not true.

Mr. HASTINGS. I did not hear the gentleman's question.

Mr. SUMNERS of Texas. I say the gentleman from Oklahoma does not want this bill enacted with this provision in it.

Mr. HASTINGS. Why?

Mr. SUMNERS of Texas. Let me answer the gentleman's question by asking him if he would vote for the bill with this provision in it.

Mr. HASTINGS. I am not going to vote for the bill one way or the other.

Mr. SUMNERS of Texas. Of course the gentleman is not.

Mr. HASTINGS. I think as a matter of principle, if you are going to extend the benefits of this bill to counties and municipalities, they should also be given to States.

Mr. SUMNERS of Texas. Mr. Chairman, I cannot yield further. Now, I think it is agreed by the members of the committee, by my friend from Pennsylvania, my friend CONDON, by every member of the committee, that if we are going to pass a bill we ought to pass one that reflects some credit upon the American House of Representatives.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. SNELL. Does the gentleman think it reflects credit upon the American House of Representatives to pass a repudiation bill?

Mr. SUMNERS of Texas. No; and this is not a repudiation bill either.

Mr. SNELL. I should like to know what it is, if it does not recognize the right to repudiate debts.

Mr. SUMNERS of Texas. It does not. It recognizes the right of two thirds of the creditors, who have a debtor who cannot pay its debt, to sit around the table and try to work out a solution. That is what it does. It is a bill to prevent widows and orphans, whose savings are held by these trust companies and insurance companies, from losing everything they have got and give these people a chance to sit around a table and work out a solution. That is what it does. [Applause.]

I may say to my friend, the gentleman from Oklahoma, that if we do not stop this increasing bankruptcy of municipalities, he will have to be legislating with reference to some such proposition as he has now offered with regard to this bill. You have got to give these people a chance to work out new plans to work out their difficulties and make them effective. Why, the idea of the statement being solemnly made that if we pass a bill of this kind you could not sell a municipal bond. You might just as well say that because of the passage of the bankruptcy bill dealing with corporations you cannot sell the obligations of corporations.

Now, in all seriousness, Mr. Chairman, I believe with all earnestness that this bill must be passed or we are going to

have municipality after municipality going into bankruptcy, and I think the record before the Committee on the Judiciary shows this.

It may be a pretty good thing to twit the administration. I did not say anything about the administration wanting this bill until somebody asked me to do it. I did not bring this bill in here as an administration bill, but the administration, charged with the responsibility by the American people of trying to deal with the greatest crisis the Nation ever had, has asked for the privilege of passing this sort of law and the mayors have asked for it——

Mr. GOSS. Will the gentleman yield?

Mr. SUMNERS of Texas. No; I cannot.

Bondholders have asked it. Investors in these securities have asked it, and why should we not give it to them? [Applause.]

[Here the gavel fell.]

Mr. McKEOWN. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma [Mr. HASTINGS].

Mr. SHOEMAKER. Mr. Chairman, I offer a substitute amendment.

The Clerk read as follows:

Amendment offered by Mr. SHOEMAKER: Page 2, line 19, after the word "municipal", strike out the hyphen and insert the words "and Federal"; line 21, after the word "including", add "the Federal Government"; line 22, after the word "any", add the word "State."

Mr. HASTINGS. Mr. Chairman, I make the point of order that that is not a substitute. That is an additional amendment to the provision rather than a substitute.

The CHAIRMAN. The point of order is sustained.

Mr. SHOEMAKER. Then, Mr. Chairman, I offer it as an amendment to the amendment.

Mr. GOSS. Mr. Chairman, a parliamentary inquiry. The gentleman from Minnesota has stated that he is now offering the amendment as an amendment to the amendment, and in my opinion the amendment would be in order.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. SHOEMAKER to the amendment offered by Mr. HASTINGS: Page 2, line 19, after the word "municipal", strike out the hyphen and insert the words "and Federal"; line 21, after the word "including", add "the Federal Government"; line 22, after the word "any", add "State."

Mr. HASTINGS. Mr. Chairman, I make the point of order that that is not an amendment to the amendment which I offered.

The CHAIRMAN. The point of order is sustained.

Mr. GOSS. Mr. Chairman, I would like to be heard on the point of order.

The CHAIRMAN. The Chair has ruled.

The question is on the amendment offered by the gentleman from Oklahoma [Mr. HASTINGS].

Mr. GOSS. Mr. Chairman, I appeal from the decision of the Chair.

The CHAIRMAN. The question is, Shall the decision of the Chair stand as the judgment of the Committee?

The question was taken; and on a division (demanded by Mr. Goss) there were—ayes 184, noes 49.

So the decision of the Chair stood as the judgment of the Committee.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma [Mr. HASTINGS].

The amendment was rejected.

The CHAIRMAN. Under the rule the Committee automatically rises.

Accordingly the Committee rose; and the Speaker pro tempore [Mr. CANNON of Missouri] having resumed the chair, Mr. GLOVER, Chairman of the Committee of the Whole House on the state of the Union, reported that the Committee having had under consideration the bill (H.R. 5950) 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, pursuant to House Resolution 180, he reported the same back to the House.

The SPEAKER pro tempore. Under the rule the previous question is ordered.

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

Mr. KURTZ. Mr. Speaker, I move to recommit the bill to the Committee on the Judiciary.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. KURTZ. I am.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. KURTZ moves to recommit the bill to the Committee on the Judiciary.

The question was taken; and the Chair announced that the noes seemed to have it.

Mr. KURTZ. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 172, nays 191, answered "present" 1, not voting 66, as follows:

[Roll No. 61]

YEAS—172

Adair	De Priest	Jenkins	Powers
Allen	DeRouen	Kahn	Ransley
Andrew, Mass.	Dirksen	Kee	Richardson
Andrews, N.Y.	Ditter	Kelly, Ill.	Robertson
Arens	Dobbins	Kelly, Pa.	Rogers, Mass.
Arnold	Dowell	Kinzer	Rogers, N.H.
Bakewell	Drewry	Kocialkowski	Sandlin
Beam	Durgan, Ind.	Kopplemann	Schaefer
Blanchard	Edmonds	Kurtz	Schuetz
Bland	Eicher	Kvale	Schulte
Boehne	Eltse, Calif.	Lambertson	Secrest
Bolton	Englebright	Lamneck	Seger
Britten	Evans	Lanzetta	Shannon
Brumm	Farley	Lehlbach	Shoemaker
Buck	Fiesinger	Lehr	Simpson
Burch	Fish	Lewis, Colo.	Sinclair
Burke, Nebr.	Flannagan	Luce	Smith, Va.
Burnham	Focht	Ludlow	Snell
Cannon, Wis.	Foss	McCarthy	Spence
Carpenter, Kans.	Frear	McCormack	Stalker
Carter, Calif.	Gibson	McFadden	Stokes
Carter, Wyo.	Gilchrist	McGugin	Strong, Pa.
Castellow	Gillespie	McLean	Studley
Cavicchia	Gillette	Maloney, Conn.	Sutphin
Chase	Goodwin	Maloney, La.	Swick
Claiborne	Goss	Mapes	Taber
Clarke, N.Y.	Granfield	Marland	Thompson, Ill.
Cochran, Mo.	Gray	Marshall	Thurston
Cochran, Pa.	Griffin	Martin, Mass.	Traeger
Coffin	Griswold	Martin, Oreg.	Truax
Colden	Guyer	May	Turpin
Cole	Haines	Meeks	Wadsworth
Collins, Calif.	Hancock, N.Y.	Merritt	Waldron
Condon	Hastings	Millard	Walter
Connery	Hess	Mitchell	Watson
Connolly	Higgins	Morehead	Wearin
Cooper, Ohio	Hollister	Muldowney	Whitley
Crowther	Holmes	Musselwhite	Wigglesworth
Culkin	Hooper	O'Brien	Wilson
Darden	Hope	Parker, N.Y.	Withrow
Darrow	Hughes	Parsons	Wolfenden
Dear	Jacobsen	Pettengill	Woodruff
Deen	Jenckes	Peyser	Woodrum

NAYS—191

Adams	Cary	Duncan, Mo.	Huddleston
Allgood	Celler	Dunn	Imhoff
Bacharach	Chapman	Eagle	James
Bailey	Chavez	Ellzey, Miss.	Jeffers
Beiter	Christianson	Faddis	Johnson, Minn.
Berlin	Church	Fitzpatrick	Johnson, Okla.
Biermann	Clark, N.C.	Fletcher	Johnson, Tex.
Black	Colmer	Foulkes	Johnson, W.Va.
Blanton	Cooper, Tenn.	Fuller	Jones
Bloom	Cravens	Fulmer	Keller
Boileau	Crosby	Glover	Kenney
Boylan	Cross	Goldsborough	Kerr
Brennan	Crowe	Green	Kloeb
Brown, Ky.	Cullen	Greenwood	Kniffin
Brown, Mich.	Cummings	Gregory	Knutson
Brunner	Delaney	Hancock, N.C.	Kramer
Buchanan	Dickinson	Hart	Lambeth
Bulwinkle	Dickstein	Harter	Lanham
Busby	Dies	Healey	Larrabee
Byrns	Dingell	Henney	Lea, Calif.
Cady	Dockweiler	Hildebrandt	Lee, Mo.
Caldwell	Dondero	Hill, Ala.	Lemke
Cannon, Mo.	Doughton	Hill, Knute	Lesinski
Carden	Doxey	Hill, Samuel B.	Lindsay
Carley	Driver	Hoidale	Lozier
Carpenter, Nebr.	Duffey	Howard	Lundeen

McClintic	Oliver, N.Y.	Rudd	Thom
McDuffie	Owen	Ruffin	Thomason, Tex.
McFarlane	Palmisano	Sabath	Turner
McGrath	Parker, Ga.	Sadowski	Umstead
McKeown	Parks	Sanders	Underwood
McLeod	Patman	Scrugham	Vinson, Ga.
McSwain	Peavey	Sears	Wallgren
Major	Perkins	Shallenberger	Weaver
Martin, Colo.	Pierce	Sisson	Weideman
Mead	Polk	Smith, Wash.	Werner
Miller	Prall	Smith, W.Va.	West, Ohio
Milligan	Ragon	Snyder	West, Tex.
Monaghan	Ramsey	Somers, N.Y.	White
Montet	Ramspeck	Steagall	Whittington
Moran	Randolph	Strong, Tex.	Wilcox
Mott	Rankin	Stubbs	Williams
Murdock	Rayburn	Sullivan	Wolcott
Nesbit	Reece	Sumners, Tex.	Wolverton
Norton	Richards	Swank	Wood, Ga.
O'Connell	Robinson	Tarver	Wood, Mo.
O'Connor	Rogers, Okla.	Taylor, Colo.	Zioncheck
Oliver, Ala.	Romjue	Terrell	

ANSWERED "PRESENT"—1

Collins, Miss.

NOT VOTING—66

Abernethy	Crosser	Hornor	Reilly
Almon	Crump	Kemp	Rich
Auf der Heide	Disney	Kennedy, Md.	Sirovich
Ayers, Mont.	Douglass	Kennedy, N.Y.	Sweeney
Ayres, Kans.	Doutrich	Kleberg	Taylor, S.C.
Bacon	Eaton	Lewis, Md.	Taylor, Tenn.
Bankhead	Fernandez	Lloyd	Tinkham
Beck	Fitzgibbons	McMillan	Tobey
Beedy	Ford	McReynolds	Treadway
Boland	Gambrill	Mansfield	Utterback
Brooks	Gasque	Montague	Vinson, Ky.
Browning	Gavagan	Moynihan	Warren
Buckbee	Gifford	O'Malley	Welch
Burke, Calif	Hamilton	Peterson	Willford
Cartwright	Harlan	Pou	Young
Corning	Hartley	Reed, N.Y.	
Cox	Hoeppel	Reid, Ill.	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Treadway (for) with Mr. Harlan (against).
Mr. Ayres of Kansas (for) with Mr. Collins of Mississippi (against).
Mr. O'Malley (for) with Mr. Peterson (against).
Mr. Crump (for) with Mr. Bankhead (against).
Mr. Bacon (for) with Mr. Pou (against).
Mr. Tobey (for) with Mr. McReynolds (against).
Mr. Beedy (for) with Mr. Auf der Heide (against).
Mr. Young (for) with Mr. Burke of California (against).
Mr. Doutrich (for) with Mr. Almon (against).
Mr. Rich (for) with Mr. Boland (against).
Mr. Beck (for) with Mr. Gavagan (against).
Mr. Tinkham (for) with Mr. Hornor (against).

Until further notice:

Mr. Mansfield with Mr. Buckbee.
Mr. Abernethy with Mr. Taylor of Tennessee.
Mr. Crosser with Mr. Welch.
Mr. Douglass with Mr. Reed of New York.
Mr. Vinson of Kentucky with Mr. Eaton.
Mr. Warren with Mr. Moynihan.
Mr. Corning with Mr. Gifford.
Mr. Fernandez with Mr. Reid of Illinois.
Mr. Kemp with Mr. Lloyd.
Mr. Cartwright with Mr. Ford.
Mr. McMillan with Mr. Brooks.
Mr. Browning with Mr. Utterback.
Mr. Kennedy of New York with Mr. Willford.
Mr. Cox with Mr. Hoeppel.
Mr. Gambrill with Mr. Ayers of Montana.
Mr. Taylor of Colorado with Mr. Kennedy of Maryland.
Mr. Gasque with Mr. Hamilton.
Mr. Kleberg with Mr. Disney.
Mr. Sweeney with Mr. Fitzgibbons.
Mr. Reilly with Mr. Sirovich.
Mr. Lewis of Maryland with Mr. Montague.

Mr. COLLINS of Mississippi. Mr. Speaker, I withdraw my vote of "no", as I am paired with the gentleman from Kansas, Mr. AYRES.

Mr. COX. Mr. Speaker, I cannot qualify, but if I had been here I would have voted "no."

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question now is on the passage of the bill.

The question was taken and the bill was passed.

On motion of Mr. MCKEOWN, a motion to reconsider the vote whereby the bill was passed was laid on the table.

LEAVE FOR JUDICIARY COMMITTEE TO FILE REPORT

Mr. TARVER. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary may have until midnight tonight in which to submit a report on H.R. 5153.

The SPEAKER pro tempore. Is there objection?

Mr. GOSS. Reserving the right to object, are there any minority views?

Mr. TARVER. No. It is the unanimous report of the committee.

The SPEAKER pro tempore. Is there objection?

There was no objection.

SALES OF TIMBER ON INDIAN LANDS

Mr. HOWARD. Mr. Speaker, I ask unanimous consent for the consideration of the bill (S. 1513) to amend Public Act No. 435 of the Seventy-second Congress, relating to sales of timber on Indian lands.

The Clerk read the bill, as follows:

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

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read the following committee amendment:

On page 1, line 7, after the word "buy", strike out the language "striking from the first section thereof the words '*Provided*, That'" and insert "adding to the first section thereof the following proviso: '*Provided*, That the restrictions as to reducing prices below the basic sales prices shall not apply to the Klamath Indian Reservation in Oregon; and *Provided further*, That the authority granted herein shall terminate 1 year from the date of enactment of this act.'"

The committee amendment was agreed to.

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

A motion to reconsider by Mr. HOWARD was laid on the table.

PAYMENT TO ENROLLED CHIPPEWA INDIANS

Mr. HOWARD. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (S. 1561) providing for payment of $50 to each enrolled Chippewa Indian of the Red Lake Band of Minnesota from the timber funds standing to their credit in the Treasury of the United States.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection?

Mr. GOSS. Do the other members of the committee know that the gentleman was to call this up?

Mr. HOWARD. It has been favorably reported by the House committee.

Mr. GOSS. Is there any reason why it should not come up by unanimous consent?

Mr. HOWARD. That is what I am trying to do now.

Mr. GOSS. I will reserve the right to object.

Mr. HOWARD. I thought this was the quicker way to pass the Senate bill.

Mr. GOSS. How much money is in the fund?

Mr. HOWARD. It is the Indian funds, and they asked for $100 per capita, and it was cut down to $50.

Mr. SNELL. Is this a unanimous report of the committee?

Mr. HOWARD. It is.

Mr. CHRISTIANSON. Mr. Speaker, if the gentleman will permit, I am the author of the bill and a member of the minority of the committee. The minority all agreed to the passage of the bill. Its passage is urgent because those Indians need the money at the present time.

Mr. SNELL. When was the bill reported out of the committee?

Mr. CHRISTIANSON. The Senate bill came over yesterday.

Mr. HOWARD. It was reported out Wednesday morning.

Mr. MOTT. Is that the Klamath Indian bill?

Mr. HOWARD. Yes.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior is authorized and directed to withdraw from the Treasury so much as may be necessary of the principal timber fund on deposit to the credit of the Red Lake Bank of the Chippewa Indians of the State of Minnesota and to make therefrom payment of $50, in two equal installments of $25 each, one as soon as practicable after the passage of this act, and one on or about December 1, 1933, to each enrolled Chippewa Indian of the Red Lake Band of Minnesota, under such regulations as such Secretary shall prescribe. No payment shall be made under this act until the Chippewa Indians of the Red Lake Band of Minnesota shall, in such manner as such Secretary shall prescribe, have accepted such payments and ratified the provisions of this act. The money paid to the Indians under this act shall not be subject to any lien or claim of whatever nature against any of said Indians, except that not to exceed 15 percent of each installment may be deducted to apply toward individual obligations due the United States or the Red Lake Band of Chippewa Indians.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

A similar House bill (H.R. 5083) was ordered to lie on the table.

GROSS SALES TAX—RE-REFERENCE

Mr. KOPPLEMANN. Mr. Speaker, I ask unanimous consent that House Resolution 174, which was referred to the Committee on Rules, be re-referred to the Committee on Ways and Means. I have spoken to the chairman of both committees, and this course is agreeable to both of them.

Mr. SNELL. What is the resolution?

Mr. KOPPLEMANN. It is with reference to the matter of the gross sales tax.

The SPEAKER pro tempore. The gentleman from Connecticut asks unanimous consent that the Committee on Rules be discharged from further consideration of House Resolution 174, and that the same be referred to the Committee on Ways and Means. Is there objection?

There was no objection.

BANKRUPTCY ACT—EXTENSION OF REMARKS

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to extend their remarks on the bankruptcy bill just passed.

The SPEAKER pro tempore. The gentleman from Texas asks unanimous consent that all Members have five legislative days within which to extend their own remarks upon the bankruptcy bill passed this afternoon. Is there objection?

There was no objection.

Mr. KENNEY. Mr. Speaker, this is a relief measure. It will give aid to the municipalities of the Nation by way of the bankruptcy courts. That our distressed municipalities need help in the existing emergency is indisputable. But a different course would be preferable. It would be better by far if loans could be extended to our cities and towns upon the security of their tax-anticipation warrants, to be repaid upon the collection of the taxes as they are received. I realize that the National Government to extend these loans might be called upon to furnish vast sums, and it is my belief that only because of the fear of a severe drain upon the Treasury has such a measure failed of adoption at this session of Congress. In the place and stead of such a law that would extend emergency relief to municipalities through loans this substitute has been offered, one designed to relieve municipal governments of their embarrassments by permitting them to seek an agreement or compromise with their debtors in the Federal courts.

Now, I am not one of those who believe that the credit of all municipalities will be affected just because a certain city or particular village or town avails itself of the relief offered by the act. Of course, the credit of a municipality seeking aid in the bankruptcy court will undoubtedly be affected, but not all municipalities will go through bankruptcy, and there is no reason why the bankruptcy of one should affect another in its credit any more than the bankruptcy of one corporation affects the credit of another that is solvent and not bankrupt. But all municipalities are under a heavy strain at the moment. Consequently I feel that further thought should be given to a plan to afford relief by way of loans by the National Government as soon as the Nation's finances permit upon the security of tax-anticipation warrants. Meanwhile the problem is one for the States and for the municipalities themselves.

In dealing with the question of loans by the National Government to municipalities, we must consider the adequacy of the security. Ordinarily the security of tax-anticipation warrants is of the first quality. They have behind them the property, whether improved or unimproved. Usually there is, besides the owner to protect them, the mortgagor holding a mortgage subject and subordinate to the lien of the tax warrant and in a large majority of cases a bank or trust company, the holder of the mortgage. With conditions permitting, taxes are regarded and paid as sacred obligations and, when paid, redeem the warrants. In my locality our municipalities have always had until very recently no difficulty whatever in borrowing upon their tax-anticipation warrants at the banks. Ours is a peculiar situation. National banks, where loans were obtained upon this security in the past, were closed at the very beginning of this administration and still remain closed. In some instances balances in six figures to the credit of the municipalities are frozen in these closed banks. And the irony of it is that many taxpayers have their funds deposited in these banks withheld from them, with the result that they are unable to pay current taxes to relieve the extraordinary emergency.

I believe our municipalities are solvent and can pull through, but they are subjected to great distress. Their teachers, firemen, policemen, and other employees cannot be paid. They are made to suffer as a result. Their taxpayers with deposits in the banks are helpless. They may not reach their funds, large in amount, in many instances. And they are on the verge of losing their property and homes, which have become subject to sale for taxes. In a great many cases these home owners, out of employment and their money in the bank withheld from them, have had their gas and electricity cut off for nonpayment of their bills, all the time making pleas to me and to the authorities to act to release their money that they may not lose their all.

More than 3 months have now expired since the closing of the national banks in my district. In my home city the national bank remains closed. In surrounding communities many other banks were closed and are still closed. In all about $15,000,000 in deposits are frozen. I have implored the Treasury Department to take some action for the relief of my people. I have pointed out the distress and suffering they have been compelled to undergo for lack of funds. The aid action would afford our municipalities has also been brought to the attention of the Department. I have referred petitions and resolutions to the Committee on Banking and Currency of this House, with a view to the reopening of the banks or expediting the return to the depositors of whatever moneys remain to their credit. And yet there is no indication of what relief may be expected, although I have been given, and have, hope and encouragement that immediate steps will be taken to remedy the situation and relieve the distress.

I can conceive of no worthier cause demanding help from the Government. And so it is that I submit that consideration should be given to the establishment of an agency, or the use of one of the existing agencies of the Federal Government, to extend relief in the case of municipalities in an emergency such as exists in my congressional district, and the relief to be extended should, I urge, take the form of reasonable loans upon the security of tax-anticipation warrants.

Anticipating the distress that would come to our municipalities and others similarly situated, I introduced H.R. 3082 on March 11 last, 2 days after the convening of Congress, which had for its purpose the extension of authority to the Reconstruction Finance Corporation to make loans to municipalities upon the pledge of their tax-antici-

pation warrants. Since that time other bills along similar lines have been introduced in the House and there is pending in the Senate a bill of like kind.

In the course of the debate on the floor today the genial gentleman from Pennsylvania [Mr. KURTZ] very kindly yielded to me when the following occurred:

Mr. KENNEY. Does the gentleman favor loans to municipalities on tax-anticipation warrants?

Mr. KURTZ. I would be much more favorable to that than to this bill.

Mr. KENNEY. If we had a permissive law along those lines, does the gentleman not think that all municipalities would then be eligible for a loan, and even though they never got a cent, it would tend to have them reduce their expenses and do away with extravagance such as we have known in the past?

Mr. KURTZ. Unquestionably. On that point I desire to say that when the mayor of Boston and the mayor of Milwaukee were before our committee, as I recall their testimony, they did not favor, necessarily, a bill of this kind. What they did favor was permission to borrow from the Reconstruction Finance Corporation or some other governmental agency on anticipated taxes or upon tax warrants that existed at the time and were unpaid. That was the theory on which they came before our committee, as I recall.

Mr. KENNEY. The gentleman means on tax-anticipation warrants where the credit of the community was good?

Mr. KURTZ. Exactly.

The plight of the municipalities heaviest burdened, to which the bill before the House is intended especially to give relief, has undoubtedly been brought about by the extravagant and unbridled expenditure of public moneys for the most part. It is uncontradicted and uncontradictable that too many of our municipalities, large and small, over a long period of years have been accustomed to spend beyond their means and to incur an unwarranted and excessive bonded indebtedness. The mere fact that taxpayers' associations have grown so rapidly all over the country is a telling rebuke that there has been something wrong in municipal officialdom. A believer in home rule, I would brook no interference with the affairs of any municipality. But it is my firm opinion that a law designed to help worthy municipalities in an emergency, coming from national sources, would have a wholesome effect upon all municipalities. While not all municipalities would actually borrow from the Government, a standard would be established for borrowing purposes and, loans being permissive and not mandatory, unquestionably in time all municipalities would be desirous of qualifying for a loan, and for that reason, if for no other, would put their houses in order and keep them in order.

The municipality is the unit, the link in the chain, that goes to make up the great United States, and with the municipality in order, the national house will retain its vigor and its strength.

THE RECORD MADE

Mr. LAMNECK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

There was no objection.

Mr. LAMNECK. Mr. Speaker, upon my return to my home city following the session, I shall render an account of my stewardship here. I will do so with pleasure and a pardonable pride that I had a small part in the great work accomplished to relieve a distressed and long-suffering people. I endeavored to be faithful to my trust, loyal to the President, and sincere in my purpose to serve the best interests of all the people. I think it pardonable, whether pertinent or not, to say that the record made is my record and the record of every other Member of Congress, in House or Senate, be he Democrat or Republican, who stood loyally by the President.

With every promise made in the Democratic Party platform fully redeemed and more thrown in for good measure, we can point with pride as a party and say: "We have kept the faith." That is what the people expected of us, and that is what was done. The special session of Congress was convened to combat and conquer the depression. That, in my opinion, has been done. We may have some distance yet to go but we are on the way and getting somewhere.

President Roosevelt's whole course of action was predicated upon the theory that a depression is worse than war, requiring speedy, drastic action, and a complete departure from the old beaten paths of favoritism and failure. No one was spared in the President's economic and relief program, and no interest injured. Congress promptly and patriotically finished the job. The people were pleased and greatly benefited as a whole.

The program as unfolded from day to day by the President revealed the "new deal" and its purposes. The people stood aghast at the daring of the first move—the declaration of a "bank holiday", and yet their faith was not shaken. Later, followed the decree taking us off the gold standard, which was soon given the force and effect of law by the repeal of the gold clause in an existing statute, making all currency legal tender. The inflation amendment written into the farm bill caused no alarm. In due time followed legislation giving the President control of industry.

These measures were all put through without serious protest, and with very little complaint. At any other time, and under any other leadership, they would have been considered revolutionary in character, drastic in purpose, and socialistic in tendency. While the President and Congress worked in harmony, the people approved and applauded. Their faith in the President and his policies remained firm. The people are to be commended for their intelligence, patience, and patriotism, which were not only an encouragement, but sustained both the President and the Congress through it all.

As a matter of fact, the major credit for what has happened belongs to the people, regardless of party. Their fine sense of discrimination in choosing a man that was to lead us out of the wilderness of despair made possible all of the splendid achievements that have followed. It simply proves the rule once again, that there is a man for every emergency. First, it was Washington, then Lincoln, then Wilson, and now Roosevelt.

Progress under the President's program has been phenomenal. Evidences are everywhere present of industrial and business activity. The bank situation has been clarified and purified. There are no unsound banks in the country today. Those that were found to be unsound were not permitted to reopen. Three thousand or more remain closed. In many of the larger cities of the country, all banks were permitted to reopen. Included in the list, I am proud to say, were all banks in Columbus, Ohio, my home city. In each and every instance, these permits were a testimonial to the character, management, and soundness of these institutions.

Thousands of people have been called back to work under the Roosevelt program. Wage increases are not infrequent. Idle millions will soon be placed under the great public works bill and the Muscle Shoals project. Commodity prices, stocks, and bonds are soaring. Wheat has more than doubled in price. Other products of the farm show relative gains. Shops and factories are expanding, adding new equipment to meet the demands of the brighter and better day. The trend, my friends, is upward and onward. The people are up and doing because they have something to do. This reversal of conditions from what they were was accomplished without doing violence to any interests, or as much as disturbing the social order. Such is the reward of faith, and it still abides. I think it was Whittier who said, "When faith is lost, when honor dies the man is dead!" This is a truth which applies with equal force to nations. Fortunately, our situation as a Nation is the reverse, and, unfortunately, there are many individuals who fit the situation described by Whittier. The faith of the people is still strong, and, with the honor of the Nation preserved, we face the future as a people with confidence. As a matter of fact, the dying men in the United States of America have been rescued through the beneficence of the Nation and the people by the hand of charity. The American people are sympathetic and generous in all emergencies and all communities.

President Roosevelt has escaped serious criticism. There were those, however, who considered him to be impulsive. They did not get the distinction between a man being impulsive and courageous. It may be that Roosevelt was impulsive, but back of every impulse was a thought, and back

of the thought a vision that reached out and grasped the possibilities of today and made them the realities of tomorrow. That was the speed with which Roosevelt worked. Those offering these criticisms had little to do except to criticize the man who was trying to do something and nurse their grief over the one who had not tried to do anything. Dante said: "No greater grief than to remember days of joy when misery is at hand." Critics, as a rule, do not build up, but are always seeking to tear down. Present requirements are for builders, and that is the reason they are out of jobs. The constructive critic usually has a program.

President Roosevelt may have made some mistakes. I do not know of any. However, he is only human and likely to err, but up to this time no errors have developed. He stands faultless and without a blemish. Personally, I have great faith in the application of his relief measures to meet and solve all problems growing out of the depression. If Roosevelt was wrong, I was wrong. If he was right, I was right. I make this statement because I supported his program in its entirety.

I am not only satisfied with the work accomplished and the results manifesting themselves in all sections of the country, but gratified that, in part at least, my judgment as to what should be done, as expressed on the platform and in Congress, has been justified. I was an early advocate of the legalization of beer; repeal of the eighteenth amendment; the guaranty of bank deposits; inflation of the currency; revaluation of the gold dollar; reduction of public expenditures by the elimination of useless boards, commissions, and bureaus; the reduction of letter postage from 3 to 2 cents; the extension of financial aid to crippled railways and repeal of the impossible recapture clause in the Interstate Commerce Act; declaration of a policy of no cancelation of war debts, unless the United States gets something in value in return in the way of trade concessions; refunding of farm and home mortgages; and relief for the farmers in other ways that would help to get them off their backs and put them on their feet.

Just what has happened under the enactment of the laws recommended by the President? This is the answer:

First. Legalization of the manufacture and sale of beer, with 3.2 a reality.

Second. Adoption of a resolution for repeal of the eighteenth amendment, now up to the States for ratification, with a strong urge by the President that the States hastily complete the job.

Third. Guaranty of bank deposits by insurance, as provided in the Glass banking bill.

Fourth. Recognition of silver in our monetary system.

Fifth. Granting authority to the President to reduce the content of the gold dollar, immediately followed by repeal of the gold clause in an existing statute, making all money legal tender.

Sixth. Enactment of a law to reduce public expenditures by elimination of useless departments, with the authority to do so placed in the hands of the President.

Seventh. Extension of financial aid to railroads through the facilities of the Reconstruction Finance Corporation.

Eighth. Statement by the President that there shall be no cancelation of war debts unless the United States Government gets something in the way of trade concessions, or something else of value in return. Some understanding may be reached with the debtor nations at the economic conference now in session in London.

Naturally, I have a personal feeling of satisfaction in the enactment of the measures noted above, because they so nearly conformed in their purposes to my ideas, which were offered simply as suggestions and not as a program. The President and his assistants worked them out in detail in admirable form, and the good effects are already apparent. The President did many other things stupendous in character, involving appropriations totaling billions of dollars, all for relief purposes. First in importance is what is known as "the public works bill", which, it is estimated, will give employment to ten or twelve million people. It carries an appropriation of $3,300,000,000. On the theory that a depression is worse than war, this is not such a stupendous sum, being used as it will be to save human lives, while war involves the sacrifice of human life.

Next in line in importance as a relief measure is the reforestation project, which will give employment to 250,000 people, with thousands already at work. Another measure included in the President's program, which no one else would have dared to undertake, was the administration economy bill, which greatly reduced or entirely eliminated the pensions paid the veterans of all wars. This bill also reduced the salaries of the Members of Congress by $1,500, plus a $700 cut in office expenses. Among other measures were the emergency bank legislation and regulation of the sale of securities, which is designed to protect the public from fraudulent transactions.

Most of the President's measures were of a character as to cause a thrill or a shock. Under ordinary conditions they would have met with serious opposition, but the people were in such a distressing state of mind that they welcomed anything, because they regarded it as an effort, at least, on the part of the administration and the Congress to do something that would improve conditions. Inflation of the currency and departure from the gold standard would have thrown the country into a panic a few years ago, but at this time there was but little protest or complaint. The wisdom of this legislation was shown in the favorable reaction to it in the stock and grain markets of the country, where prices soared, with record sales.

In conclusion I want to pay a tribute to the Members of Congress, Democrats and Republicans alike, who put patriotism above party for the good of the whole people and the welfare of the country.

IN PRESIDENT ROOSEVELT THE AMERICAN PEOPLE HAVE A LEADER WHO CAN BE TRUSTED TO PROTECT THE INTERESTS OF THE MASSES AND NOT DELIVER OUR GOVERNMENT, BOUND HAND AND FOOT, TO THE SPECIAL-PRIVILEGE GROUPS

Mr. LOZIER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

There was no objection.

Mr. LOZIER. Mr. Speaker, in previous addresses I called attention to the deplorable economic conditions that prevailed in the United States when Franklin D. Roosevelt became President. I pointed out that practically every vocational group was staggering toward insolvency, and that seemingly a Nation-wide, all-embracing bankruptcy was inevitable; that agriculture was wounded unto death; that the railroads were paralyzed, mills and factories idle, banking structures shattered, our commercial activities halted, and 13,000,000 idle men and women were standing with their backs to the wall fighting starvation.

I desire at this time to briefly consider some of the causes that produced these calamitous conditions. This depression did not just happen. It was not sent by Providence to plague and punish the people of a great nation who seemingly were forgetting God and drifting away from their traditional landmarks. This economic plague is not directly traceable to conditions in foreign lands. Our economic illness is not the inevitable aftermath of the World War. Nor can we truthfully say that these economic disorders were similar to those that come in cycles to every nation, as, for instance, the depressions of 1837, 1857, 1873, 1890, and 1907. These earlier economic convulsions furnish no convincing explanation of the abysmal depression through which we have been passing.

It is idle to assume that we have merely reached the point where another cyclical or regularly recurring depression or panic was due. The disastrous conditions that for 4 years have so seriously afflicted us bear no causal relation whatsoever to those that attended previous periods of economic distress. Obviously there is no precedent for the present economic debacle, either as to cause or character. There is a basic and fundamental difference between the present and all previous depressions. The forces that cured similar conditions in the past did not and cannot cure those that for 4 years have paralyzed all business activities.

No legislation, however benevolent and well intended, can automatically check this long-continued economic inertia unless we first remove the underlying causes. Our emergency measures will slow up or for a time, perhaps, halt the sinister forces of fear, timidity, and economic palsy, but unless we remove the basic cause and eliminate the factors that produced these evils our efforts will have been in vain.

Now, our long-protracted depression is not the natural, logical, or inevitable consequence of the World War, but flows from our failure to utilize the financial and economic advantage that came to us as a result of the war. We did not enter the war until nearly 3 years after the European nations came to grips. During those 3 years the United States became the financial mistress of the world. No longer were we a debtor nation. From commerce with the warring nations and with the world the American people tremendously increased their national wealth. Every vocational group shared in this marvelous accumulation of wealth and treasure. We captured many world markets in which we had previously enjoyed but little trade. The American dollar dethroned the English pound sterling and became the undisputed measure of value throughout the civilized world.

We did not lose this financial advantage or economic overlordship when we entered the war, but continued to augment our wealth until its immensity staggered human comprehension. When the Treaty of Versailles was signed our Nation was the recognized financial dictator of the world. In 1912 our national wealth was $187,000,000,000. By 1922 it had grown to $321,000,000,000, an increase of $135,000,000,000 in 10 years. By 1929 it had expanded to $362,000,000,000. In 1931 it had fallen to $280,000,000,000, and it continued to decline until in 1932 it amounted to only $247,000,000,000, a net loss since 1922 of $74,000,000,000, and a shrinkage of $115,000,000,000 since 1929.

Probably the high point in our national wealth was in 1920, when, according to the National Industrial Conference Board, our national wealth was $489,000,000,000. It would seem, therefore, that under the last three Republican administrations our national wealth declined $241,000,000,000, or approximately one half. That is to say, that the American people have only half the wealth they possessed on March 4, 1921, when the Democratic Party turned the Government over to the Republicans.

The national wealth of the United States exceeds the combined wealth of Great Britain, Belgium, France, Germany, Poland, Italy, Czechoslovakia, Spain, and several other European nations thrown in for good measure.

In 1912 our national income was $33,000,000,000. In 1918 the last year of the war, it was $61,000,000,000. In 1923, $71,000,000,000. In 1925, $79,000,000,000. In 1926, $80,000,000,000. In 1927, $79,000,000,000. In 1928, $82,000,000,000. In 1929, $85,000,000,000, and in 1930 $71,000,000,000. You will observe that from the time the war ended our total national income for 12 years, 1919 to 1930, was $879,000,000,000, nearly a thousand billion dollars, or an average annual income of $73,000,000,000. The national income of the American people exceeds the combined national income of the people of Great Britain, Belgium, France, Germany, Italy, Czechoslovakia, Spain, Poland, and several other European states. These statistics furnish conclusive evidence that from a financial and economic standpoint the United States emerged from the World War infinitely stronger than any other nation. We scarcely felt the shocks of that great struggle. Compared with the European nations, our loss of manpower was trivial. The overthrow of kingdoms, empires, and dynasties in Europe, the frightful toll of human lives, and the ruthless destruction of property scarcely created a ripple on the deep and resistless tides of our national life. Our national income grew steadily until 1929 when it amounted to more than $85,000,000,000.

Undeniably the United States quickly recovered from this, the most sanguinary conflict in history, and for 10 years led the world in every department of human activity. Our wealth accumulated by leaps and bounds. Our industries expanded, our commerce flowed in ever-increasing volume, and seemingly the American people were sitting on the top of the world.

But notwithstanding this phenomenal prosperity, something was radically wrong in our economic system. Obviously our agricultural, industrial, financial, commercial, and transportation systems were lacking in something that was necessary to stabilize them and insure their continued well-being. The apple of our economic life began to rot at the core. For the benefit of the manufacturer we were discriminating against the farmer. Our industrial structure especially was on an unsound basis, because it had been unreasonably and artificially stimulated by unconscionable tariff laws. Big business had been the beneficiary of legislative favoritism. Banks, eager for world power and greedy for gain, were indulging in unsound practices that must inevitably impair their capacity for service and destroy public confidence.

As a result of class legislation, certain vocational groups were babied, toadied, and favored at the expense of other occupations. Industry and business were placed upon a highly stimulated artificial basis. By maladministration of a pampered and coddled economic system the new wealth and prosperity that came to the American people was largely monopolized by a few favored classes. As an evitable result there was an increase in the number of millionaires and paupers. May I submit one concrete example?

According to statistics issued by the Treasury Department in 1929, 36 supermillionaires had a net income of $350,000,000, which was $22,000,000 more than all the wages paid to 425,000 workers in the cotton mills in the United States. Who will assert that this was a wholesome situation? It indicated a condition of appalling social injustice and maladministration of the forces that control our economic system. Something was radically wrong when 36 persons had a net income in excess of the total wages paid to 425,000 men. Notwithstanding our tremendous annual increase in national wealth, under our present economic system practically all of this new wealth is monopolized by a few favored groups, while the great mass of our people drift rapidly toward a condition of economic vassalage.

The Republican Party was in complete control of the Federal Government for 12 years, and during that time it signally failed to legislate in the interest of the masses, and permitted a few favored classes to use the agencies and instrumentalities of the Government to accomplish their own selfish purposes. In many instances the Harding, Coolidge, and Hoover administrations pursued unwise and unwholesome policies which stimulated the concentration of our national wealth in the hands of a comparatively few persons, while the masses were sapped of their substance and bent double under unbearable tax burdens. Excessive tariff taxes were imposed on a people who could not balance their budgets or sell their commodities for the cost of production. Offended by our arbitrary and excessive tariffs, 40 nations enacted retaliatory tariff laws which had the effect of practically excluding our farm and factory products from the world markets where they had previously been in demand and sold at a satisfactory profit.

Every thoughtful student of public affairs knows that foreign markets are absolutely essential to the well being of our agricultural and industrial life. By foreign trade, a nation draws wealth and treasure from distant lands and finds a profitable market for its surplus domestic products. Our foreign trade is a prime factor in our national prosperity, especially as to our agricultural and industrial activities. The exchange of commodities in foreign trade is absolutely essential to our normal economic existence. It enables us to reach out and, by sales, barter, and exchange, secure a worthwhile part of the wealth of other nations. Under the Wilson administration we captured many world markets, but under the last three Republican administrations we lost practically all of these gains.

As a result of high tariff laws and special-privilege legislation, we have artificially and tremendously stimulated industrial production, which has resulted in an oversupply or surplus of industrial commodities, for the sale of which

a foreign market is absolutely necessary. By destroying the foreign market for our surplus commodities, we are forced to radically reduce production from our farms, mines, mills, and factories. Without this foreign market it will be necessary to junk at least one third of our industrial plants or equipment, and the American farmers will have to reduce production at least 30 percent, which, in the final analysis, means that agriculture will limp along for years and may never again be a profitable occupation.

This leads me to say that the American people, after having been asleep at the switch for 12 years, awakened in November 1932 and took our Government from the control of a few economic buccaneers, who were exploiting it, and restored it to the people. In President Roosevelt we have a leader who can be trusted to protect the interests of the masses and not deliver our Government bound hand and foot to the special-privilege groups.

In this period of peril, Franklin D. Roosevelt is the hope of the Nation, and under his bold leadership 125,000,000 sorely oppressed people will triumphantly emerge from the wilderness in which they desperately and despairingly wandered for 12 years under the administrations of Presidents Harding, Coolidge, and Hoover.

GIVE HOME INDUSTRIES ADEQUATE PROTECTION

Mr. KNUTSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

There was no objection.

Mr. KNUTSON. Mr. Speaker, for the past 3 years the Democrats and free-traders have been denouncing the Republican Hawley-Smooth Tariff Law as something monstrous and indefensible. Indeed, all our political and economic ills have been laid at the door of that measure. We have been repeatedly assured by the Democrats that one of the first things that they would do in the event of their being returned to power would be the repeal of the "iniquitous" Hawley-Smoot law. Candidate Roosevelt repeatedly promised during the campaign that this would be done.

For 2 years the Democrats have been in control of the House, and on March 4 they took over full control of Congress as well as of the executive branch of the Government. Naturally those who had voted the Democratic ticket last fall looked for an early fulfillment of that promise, for the Democrats have large majorities in each branch of Congress and can put through any program they see fit; hence their failure to keep faith cannot be charged to their lack of votes in Congress. Rather, I would say that failure to make good on their outstanding promise of the campaign is due to the inescapable fact that they have found it undesirable to make any changes in the tariff rates at this time because of the great unemployment in the country. They realize that a downward revision of tariff rates at the present time would result in greater importations and that in turn would further increase unemployment. Well, that is just what we Republicans have been contending right along. This is the reason that the Republican Party has always stood for a protective tariff system that would keep out all foreign-made products that can be produced here at home, whether from farm or factory.

As a matter of fact, we are on a low-tariff-rate basis right now and have been for the past 3 years because of competing countries having debased their currencies so as to enable them to produce at prices far below the ability of the American producer to meet them. Let us take Japan for an example: In normal times the Japanese yen is worth 50 cents. Today it is worth only 20 cents. The Japanese laborer is paid in that cheap money, and it is my information that wages are down as low as 13 cents gold per day in a number of lines which enter directly into competition with American manufacturers. What has happened as a result of the advantageous situation of the Japanese manufacturer who pays his help in money that is 60 percent below normal? Well, it has enabled her exporters to dump their products onto the American and other markets at prices that barely pay for the raw material in this country as well as in other lands, and they have driven American-made goods off the American market, throwing thousands and thousands of American working men and women out of work.

Congressman CROWTHER has long had a bill before the Ways and Means Committee of the House which would cure that and similar situations by automatically increasing the tariff rates to offset such depreciation. To my way of thinking this should have been done long ago, also should we change the law so as to use American, rather than foreign, production costs in appraising the ad-valorem duty that imports shall pay for the privilege of entering the American market to compete with American-made goods.

I am positive that much of our unemployment can be charged directly to the lack of adequate protection for American producers. For instance, in my own State, Minnesota, our iron mines are shut down because of inability to compete with ores imported from Russia, India, and Brazil. On the Cuyuna range alone, 6,000 men are out of employment. If the tariff rate on manganese ore were increased $20 per ton, we could put a very large part of these men back to work. At this point I desire to insert a letter which shows how grievously we have been hurt through the lack of an adequate protection on manganese ore:

STATE AUDITOR OF MINNESOTA,
THE STATE CAPITOL,
St. Paul, June 5, 1933.

Hon. HAROLD KNUTSON,
House of Representatives, Washington, D.C.

MY DEAR MR. KNUTSON: As per your request of the 1st instant, I give below a statement of collections on occupation tax and royalty tax upon iron ore from 1925 to 1933, inclusive.

You will notice a very great falling off in 1932 and practically exhausted in 1933:

Year	Occupation tax	Royalty tax on iron ore
1925	$2,453,901.21	$288,651.59
1926	2,383,696.06	326,536.61
1927	3,183,324.65	2,406,070.93
1928	2,216,026.03	1,276,443.95
1929	2,448,139.93	951,049.68
1930	3,750,085.15	1,024,874.58
1931	2,836,734.69	903,835.36
1932	1,383,145.36	632,767.09
1933 (estimate)	260,604.00	416,093.00

Very truly yours,

STAFFORD KING.

The above figures indicate the tremendous shrinkage in tax receipts from the iron-ore industry sustained by the State of Minnesota and by our school fund.

At this point I shall insert a telegram that is self-explanatory:

DULUTH, MINN.

Hon. HAROLD KNUTSON,
House of Representatives, Washington, D.C.:

Being an operator of iron, manganese, and copper, I would appreciate your every support to protect mining industry from foreign importation by means of a protective tariff of 1 cent per pound on manganese and sufficient protection for iron and 4 cents on copper. It is imperative for existence.

A. F. GROSS.

Memorial to Congress passed by the Minnesota Legislature, 1933 session:

Resolution 7, memorializing Congress to properly protect the owners of farm wood lots and American workmen in industries facing unfair competition resulting from the depreciation of foreign currencies

Whereas it has come to the attention of the Minnesota Legislature that the products of foreign manufacturers, especially wood pulp, canned vegetables, and manganese ore, are now being shipped into the United States and sold on the American market for much less than it costs American manufacturers to produce these products, even at the present low prices of materials and mill wages; and

Whereas it is apparent that importers of these products are being given an unfair advantage over American industries, in view of the fact that they are paying for these products in depreciated foreign currency and selling them for American dollars; and

Whereas this competition has resulted in hardship not only upon the American manufacturer but also upon all large and small producers of the raw materials used in such industries, including farmers and wood-lot owners and the employees of the same, together with all other persons directly or indirectly engaged in these industries; and

Whereas a continuation of this situation will result in the closing down of such American industries as cannot meet this foreign competition and the throwing out of employment additional thousands of men in the State of Minnesota: Now, therefore, be it

Resolved by the house of representatives (the senate concurring) That the State of Minnesota respectfully memorializes the Congress of the United States to enact remedial legislation to protect domestic producers against this unfair competition, due to depreciated foreign currencies, and so give employment to large numbers of American workmen in such industries; and be it further

Resolved, That properly attested copies of this resolution be submitted to both Houses of the Congress of the United States, the Ways and Means Committee of such Houses, and to all Minnesota Members thereof.

Approved January 26, 1933.

To give an idea of what the American producer is up against in being forced to compete with countries who have debased their currency, I desire to insert a news item which appeared in the Minneapolis Journal of April 7, 1932:

SEES MENACE OF SOVIET ORE—ENGINEER SAYS RUSSIA CAN COMPETE WITH STATE PRODUCT IN UNITED STATES

MINNEAPOLIS, April 7.—Russia is developing the iron mining to such an extent, and can mine and transport its ore at such low cost that it can lay down its products on the American Atlantic seaboard in competition with Minnesota's iron ore industry, in the opinion of Clyde M. Pierce, mining engineer who is visiting relatives in Minneapolis after 2 years spent in Russia.

These low costs are due to the Russian ruble, which has no value, yet with it the miner, the railroad, and the steamship line are paid so the cost of getting ore to America means nothing to Russia, Pierce explained.

"Unless you see it, it is hard to visualize the magnitude of the Russian mining operations", Pierce said. "One plant alone is being developed to produce 32,000 tons of sinter a day, or 12,000,000 tons a year. The output of the entire Lake Superior district this year is not expected to exceed 15,000,000 tons. Eight other Russian plants are being equipped to turn out 7,000 tons of sinter a day."

Let us see how the principle of protection works out. At Cloquet, Minn., they had a small, struggling safety-match factory that employed a comparatively small number of workers. It was having a hard time to exist; but when the Hawley-Smoot law imposed on safety matches a duty of 1 cent per thousand matches, this small, struggling concern got a new lease on life. The owners put up an addition costing $300,000 and put on 300 more help in order to supply the home market, which had been held by foreign match manufacturers prior to the passage of the Hawley-Smoot law. That was back in 1930. Last fall the Cloquet Co. put up another $300,000 addition to its plant and put another 300 American workingmen to work. Contrary to the usual belief, the imposition of a rate of 1 cent per thousand on foreign-made matches has not increased the cost of matches to the consumer. The retail price is yet 1 cent per box. In addition to providing work for the idle the Cloquet factory has also made a market for the thousands of acres of poplar and other softwoods growing in northern Minnesota and given work to hundreds of homesteaders in getting this wood out. That in turn has helped the local merchant, and so it goes. Had I the time I could go on by the hour and cite instance after instance where adequate tariff rates have made for prosperity, happiness, and contentment.

The present Secretary of Agriculture has frequently expressed the opinion that there is scant hope of increasing our agricultural exports to European countries. No longer ago than May 27 the Department of Agriculture issued a statement upon the wheat situation, in which the following opinion was expressed:

The Agricultural Adjustment Administration does not look for a sudden revival of export markets. Although steps are under way to negotiate foreign agreements, it is certain that the European acreage put into production in the last 10 years is not going to be quickly curtailed.

That is the record to date of the attempt to carry out the Democratic policy of securing wider export markets for our agricultural products through the medium of international conferences, involving reciprocal tariff agreements.

Agricultural exporting countries, like Canada and Argentina, demand, as the price of any reciprocal tariff relations with this country, such a lowering of our agricultural tariff rates as would permit them to invade our home markets at the expense of our agricultural producers.

When we attempt to negotiate with Great Britain we find the door shut and doubly bolted against our agricultural products. What with agreements reached at the 1932 Ottawa Conference by the United Kingdom and the British Dominions and the agreements entered into this May between the British Empire and such agricultural countries as the Argentine and such dairy producing countries as Denmark, the British market for agricultural imports is preempted. It has no need to offer any inducement to the American agricultural exporter.

When we attempt to negotiate with other European nations, like Italy and France, we find those nations firm in their determination to keep food imports at a minimum in order that domestic production may be stimulated to the utmost in anticipation of the time they may need every mouthful of food they can produce upon their own soil because they may be at war and find the high seas and their land frontiers blockaded against their imports of food from other nations.

When we attempt to negotiate with agricultural importing countries, like the Argentine and Australia, looking to a reduction of wheat acreage and a better control of wheat imports we meet with a firm refusal, because they must export to live.

EVERY NATION IS TAKING CARE OF ITS OWN BY PROTECTIVE LEGISLATION AND RESTRICTIONS

It is not a happy situation in which the world finds itself at this hour. It is not a situation which the United States desires. But it is most unfair to charge other nations with having adopted their economic policies merely because they desire to pay off a grudge against the United States on account of its tariff policy. That is a charge which has emanated in this country wholly from Democratic and low-tariff sources. It has no foundation in fact. It is a libel on the other nations of the world. Its constant repetition by Democratic leaders within the Halls of Congress and on the public platform, its persistent reiteration by the Democratic low-tariff press, is a gross misrepresentation of the motives and purposes of other nations in the world, and it has contributed more than any other one influence to create and increase bitterness among other peoples against this country.

Canada did not increase her tariff rates in order to "get even" with the United States, despite the insistent charges of the Democratic Party leaders to that effect. Canada increased her tariff rates to protect her own home producers; and if this increase were directed against any nation, it was against her sister Dominions. Proof of this is ample and conclusive. The reasons for Canada's increasing her tariff rates in 1932 were concisely set forth in Canadian newspapers at the time the campaign was on in that country. I quote one such article which appeared in Canadian newspapers, written by Charles Lynch, a Canadian newspaperman, under an Ottawa, Canada, date line, February 18, 1931:

Canada has embarked upon a general revision of the customs tariff, which will make it more difficult for her sister Dominions and even the mother country to market their products in Canada. * * * During the last 3 months Ottawa has been deluged with briefs from almost every industry in the country seeking higher protection, and the Government is committed to a policy of "Canada first" * * *.

The purpose of the tariff overhauling is to safeguard Canadian producers, agricultural and industrial. Canadian dairy producers, who were nearly ruined by the annual importation of 40,000,000 pounds of butter from New Zealand, are now asking for protection on cheese, casein, milk, and milk products, while sheep farmers are seeking protection against imports of lamb and mutton from Australia. Wool growers want the domestic market protected, for Canada imports 10,000,000 pounds of wood annually, duty-free. If duties are imposed on wool, manufacturers of woolen goods will demand an increase in the duties on blankets and other articles.

In the June 2, 1933, issue of the regular weekly bulletin on dairy products issued by the United States Department of Commerce, there is a news item from the United States Trade Commissioner located at Sydney, Australia, giving an

account of a conference held in that city by New Zealand and Australian dairy interests. The conference was called for the purpose of discussing the very serious problem confronting the Dominion's surplus butter. It set forth the fact that the butter market in New Zealand and Australia had collapsed owing to enormous production of butter on the one hand, the production for the year ending March 31 having been the highest on record in New Zealand and Australia, and owing to the loss of foreign markets on the other hand. The following is taken verbatim from that report:

The recent shipment of 551,000 pounds of New Zealand butter to Canada, which was detained in bond at Vancouver, is now to be released subject to a special dumping duty of 3½ cents a pound, in addition to the regular 5 cents a pound duty. This makes it impossible to sell this shipment without taking a loss and indicates that there is no outlet in Canada for New Zealand butter. The French market has also been shut to New Zealand exports by the decision of the French Government to raise the import duties on New Zealand and Australian butter by 20 percent, or to approximately 30 cents per pound.

From this item two things are perfectly plain. First, Canada's tariffs could not have been written to injure the United States, otherwise some concessions would have been made to the dairy interests of New Zealand and Australia. Second, France does not single out the United States in levying high tariffs on imports of food products.

Taking tariff rates in each country in detail, it could be demonstrated that countries are levying tariff duties and establishing restrictions against imports not out of a spirit of reprisal against the United States because of its tariffs but because they are convinced of the necessity of protecting their domestic producers against destructive foreign competition.

To revert to Canada. The oft-repeated Democratic charge that the moving spirit of the Ottawa Conference of 1932 was animosity toward this country, one has only to cite official statements issued by the officials of that Conference. On August 2, 1932, the Associated Press carried this statement, prepared and given out at Ottawa by the officials of that Conference:

The United States bought 15 percent more of Canada's exports than did the entire British Empire, 50 percent more than the United Kingdom, and 28 times as much as Australia and New Zealand combined.

An official statement put out by officials of that conference August 8, 1932, and carried by the Associated Press, stated that the United States was the best customer of the British Empire. It cited in detail purchases the United States made from various British Dominions and possessions, and concluded as follows:

In these purchases the United States supports the economic structure of the British Empire in no small way. As a result of this, America appears before this Conference far less a trade rival than as an indispensable partner in imperial prosperity.

Surely these two statements refute the Democratic argument that our tariff rates prevented either Canada or other British Dominions from trading with us, and thereby invited retaliation at the hands of the Ottawa Conference.

It will contribute nothing to the solution of our agricultural problems, and it will work vast injury to our good will among other nations to falsely impute to other countries a mean spirit simply because they adopt tariff policies protecting their own producers and promoting, insofar as they can, the welfare and prosperity of their people.

While it is regrettable that Australia and Argentina cannot find their way clear at the present international wheat conference to agree to limiting the production and exportation of wheat, it would be most unjust to attribute their position in this matter to some unworthy motive or to a desire upon their part to injure the United States. It must be kept in mind that neither Argentina nor Australia has a large consuming population. They have no far-flung manufacturing interests which have built up great industrial centers of consumers, furnishing a home market for the products of their farms. Their soil is rich, their labor is cheap, and their production of wheat is many times their consumptive power. They must export if they would survive as a nation and prosper as a people.

The British Empire has vast investments in the Argentine. She desires to protect them. She finds the most effective way of doing this is to guarantee to the Argentine agricultural producer a market for his exports, hence she enters into a 3-year trade agreement to accomplish that purpose. The same motive determined her trade agreements with other nations. None of these agreements was entered into by the United Kingdom for the purpose, as the Democrats and low-tariff advocates would have our people believe, of getting even with the United States because of our tariff rates.

Italy imposes her duty of $1.07 a bushel on wheat, not out of a spirit of reprisal against the United States but because she desires to expand as far as possible the production of wheat within her own territory. The same may be said of France and Belgium and Germany and other countries.

Instead of the tariff policies of other nations being formulated in a spirit of reprisal against the United States, they were, in many cases, adopted in a spirit of emulation of our successful system of a protective tariff for domestic producers.

That the United Kingdom, the outstanding free-trade nation of the world, should abandon her low-tariff policy, which had become a tradition, and adopt a protective-tariff system is a tribute of the highest kind to the tariff doctrine and policy for which the Republican Party has always stood and still stands.

The present is certainly no time to abandon that policy. We have no foreign markets, either now or in prospect, for our agricultural products. Only our home market remains. It must be safeguarded from every standpoint. Nothing but a protective tariff will do it. Competition in agricultural products the world around is destined to become more severe rather than less so. A statement issued by the United States Department of Agriculture June 3 this year said in part:

The fact that artificial barriers, such as tariffs, exchange restrictions, and milling quotas, check our export at present does not necessarily imply that a removal of these handicaps would stimulate the trade. It might, but the point cannot be taken for granted. The restrictions do not stand by themselves. They form a part of a constant effort by the importing countries to become more self-sufficient. It must be remembered, too, that the increased foreign competition represented by the growth of wheat production in Canada, Argentina, and Australia will tend to persist.

A conference of 16 of the leading wheat-growing organizations of the United States, held in Washington on May 18, issued a statement in which they said:

No foreign market presently exists, or is in prospect, for the surplus at any price not absolutely ruinous to the American wheat producer.

In the face of such a present-day situation and the absolute certainty of its continuance and increasing intensity, to throw away the only weapon which guarantees our agricultural producer his home market, or to dull its edge by lowering the rates, would be the height of economic folly and would mean certain disaster to American agriculture.

World prices of almost every product of American soil are lower today than prices in our own primary markets, so much lower, in fact, that they could be transported from the country of their production and still sold in this country at a profit to the importer, were it not for our tariff. Nothing except our present tariff rates keeps this country from being inundated by a flood of foreign farm products. This situation has existed almost from the day the present tariff became effective. (See accompanying tables, giving world prices in the primary markets, month by month, as compared with prices in the primary markets of the United States.)

International good will has its place in the intercourse of nations, but it will not save the American farmer. International trade agreements may prove beneficial to some

industries, but no international trade agreement, however disguised, that lowers our present agricultural tariff rates by the merest fraction can be anything but calamitous to American agriculture. To prove this assertion I append herewith some comparative market prices that are not alone illuminating but convincing:

Butter: Average price per pound, New York, London, and Copenhagen, by months, calendar years 1930–32, and 5 months of 1933

[Compiled by U.S. Bureau of Agricultural Economics]

Month	1930			1931			1932			1933 [1]		
	New York, 92 score	London, finest New Zealand	Copenhagen, New Zealand	New York, 92 score	London, finest New Zealand	Copenhagen, export price	New York, 92 score	London, finest New Zealand	Copenhagen, export price	New York, 92 score	London, finest New Zealand	Copenhagen, export price
	Cents	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*
January	36.6	33.8	31.9	28.5	25.1	26.7	23.5	14.7	16.7	19.8	12.2	12.2
February	35.7	32.7	35.2	28.4	26.1	29.5	22.4	16.3	19.8	18.6	11.8	12.3
March	37.2	29.9	31.7	28.8	25.5	26.9	22.6	17.7	17.2	18.1	11.4	11.0
April	38.5	27.4	27.3	26.1	23.8	24.3	20.0	17.7	15.6	20.6	10.9	10.7
May	34.8	28.0	26.3	23.7	23.7	23.3	18.8	15.7	13.5	22.5		11.8
June	32.9	28.7	27.6	23.3	23.9	23.2	16.9	15.9	13.2			
July	35.3	29.5	30.2	24.9	24.7	23.1	18.1	16.4	14.7			
August	38.9	28.9	29.1	28.1	24.4	24.4	20.3	16.7	13.9			
September	39.7	27.5	29.8	32.5	22.8	24.5	20.7	17.3	15.6			
October	39.9	25.2	30.0	33.7	20.5	21.1	20.7	16.2	14.6			
November	36.0	22.3	27.2	30.9	18.4	19.9	23.3	13.5	14.5			
December	32.1	24.5	27.2	30.5	15.3	18.7	24.1	12.2	13.7			
Average	36.5	28.2	29.5	28.3	22.8	23.8	21.0	15.9	15.2			

[1] 1933, partial year.

Compiled from following sources:
New York: Reports of Division of Dairy and Poultry Products. Average of daily prices.
London: London Grocer, weekly.
Copenhagen: Smor Tidende (Danish Butter Journal).

Cattle: Average price per 100 pounds, Chicago, Winnipeg, and Buenos Aires, by months, 1930–33

[Compiled by U.S. Bureau of Agricultural Economics]

Month	1930			1931			1932			1933		
	Chicago, medium, all weights	Winnipeg, good and choice, over 1,050 pounds	Buenos Aires beef steers chilled special	Chicago, medium, all weights	Winnipeg, good and choice, over 1,050 pounds	Buenos Aires beef steers chilled special	Chicago, medium, all weights	Winnipeg, good and choice, over 1,050 pounds	Buenos Aires beef steers chilled special	Chicago, medium, all weights	Winnipeg, good and choice, over 1,050 pounds	Buenos Aires beef steers chilled special
	Dollars	*Dollars*	*Dollars*	*Dollars*	*Dollars*	*Dollars*	*Dollars*	*Dollars*	*Dollars*	*Dollars*	*Dollars*	*Dollars*
January	11.68	9.13	5.72	8.72	6.11	3.50	6.04	4.44	2.20	4.43	3.18	1.49
February	11.96	9.41	5.35	7.91	5.82	3.73	6.00	4.29	2.30	4.66	2.73	1.83
March	11.88	9.42	5.45	7.97	5.78	4.21	6.06	4.54	2.18	4.89	3.10	1.89
April	11.23	10.34	5.71	7.46	5.53	3.97	6.15	4.60	2.18	4.64	3.20	
May	10.78	10.71	5.57	7.05	5.22	3.69	5.59	4.55	2.25	5.21		
June	10.13	9.51	5.43	6.95	5.22	3.68	6.17	4.57	2.28			
July	8.72	7.93	5.24	7.01	5.57	3.58	7.06	4.43	2.29			
August	8.71	5.96	5.27	7.52	5.45	3.59	6.94	4.11	2.27			
September	9.39	5.36	5.16	6.82	4.82	3.22	6.88	3.76	2.13			
October	9.09	5.46	4.84	6.94	4.26	2.52	5.90	3.31	1.80			
November	9.20	5.83	4.38	6.99	4.30	2.76	5.38	3.06	1.69			
December	9.13	5.83	3.67	6.18	4.28	2.34	4.63	2.79	1.58			
Average	10.39	7.91	5.15	7.39	5.20	3.40	5.98	4.04	2.10			

Compiled from following sources:
Chicago: Division of Livestock, Meats, and Wool. Weighted average of daily prices.
Winnipeg: Livestock Market and Meat Trade Review. To August 1931 conversions at par. Beginning September 1931, conversions at current monthly rates of exchange, as quoted in Federal Reserve Bulletins.
Buenos Aires: From Review of the River Plate (weekly).

Corn: Average price per bushel of 56 pounds, Chicago and Buenos Aires, by months, crop years 1929–30 to 1932–33

[Compiled by U.S. Bureau of Agricultural Economics]

Month	1929–30		1930–31		1931–32		1932–33	
	Chicago, No. 3 Yellow	Buenos Aires, Yellow La Plata	Chicago, No. 3 Yellow	Buenos Aires, Yellow La Plata	Chicago, No. 3 Yellow	Buenos Aires, Yellow La Plata	Chicago, No. 3 Yellow	Buenos Aires, Yellow La Plata
	Cents	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*
November	87.6	74.3	70.9	33.8	42.7	31.7	24.9	27.9
December	87.5	78.8	69.5	33.1	37.1	28.2	23.0	26.0
January	85.1	64.8	65.4	29.2	37.0	27.2	23.6	28.4
February	81.8	61.6	60.7	30.6	34.2	28.7	23.1	28.4
March	79.7	61.6	59.8	35.2	33.2	31.9	25.7	26.8
April	82.0	62.2	58.3	30.4	32.5	30.3	34.5	23.6
May	78.6	59.8	56.2	30.4	31.4	29.6	42.2	
June	79.1	56.3	57.7	30.0	30.2	30.2		
July	82.0	53.7	56.8	30.2	31.9	31.6		
August	98.9	56.4	45.7	26.5	31.9	32.2		
September	94.0	50.8	41.8	23.6	30.0	32.0		
October	82.0	42.6	38.1	24.7	25.7	29.6		
Average	83.2	59.5	59.6	29.8	35.6	30.3		

Compiled from following sources: Chicago: Chicago Daily Trade Bulletin; Buenos Aires: Review of the River Platte.

Wool: Average price per pound, specified primary markets, 1931-33
[Compiled by U.S. Bureau of Agricultural Economics]

Month	1931			1932			1933		
	Boston, 64's, 70's, 80's, scoured basis territory strictly combing	London, 70's ordinary scoured basis	Sydney, delivered Bradford, 70's warp, clean basis	Boston, 64's, 70's, 80's, scoured basis territory strictly combing	London, 70's ordinary scoured basis	Sydney, delivered Bradford, 70's warp, clean basis	Boston, 64's, 70's, 80's, scoured basis territory strictly combing	London, 70's ordinary scoured basis	Sydney, delivered Bradford, 70's warp, clean basis
	Cents	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*
January	68	32	46	58	26	30	44	26	29
February	66	36	47	56	26	30	44	26	28
March	66	44	53	54	28	30	46	25	28
April	66	42	53	49	26	30	49	28	30
May	64	41	51	44	24	29	62	33	34
June	62	40	(1)	38	25	(1)			
July	62	38	(2)	37	25	(2)			
August	64	35	(2)	41	26	(1)			
September	62	32	(1)	48	28	31			
October	59	31	35	49	27	29			
November	59	30	36	47	25	28			
December	59	27	29	45	24	27			
Average				47	26	29.5			

[1] Not quoted. [2] No sales held.

Compiled from following sources:
Boston: Division of Livestock, Meats and Wool, average of weekly quotations.
London: Cables from Agricultural Commissioner Foley, averages of quotations of each series of London wool sales.
Sydney: Wool Record and Textile World, Bradford, England, average of weekly quotations of each series of wool sales.

The principle of protection is inborn in most Americans. The average American does not take kindly to the idea of letting foreigners come in and take the cream of our own market. He believes that we should consume and use American products and only import the things we cannot ourselves produce. With that principle the great Republican Party is in full sympathy. Under normal conditions the American people are capable of consuming 94 percent of everything produced in this country. We now know that much of the unemployment is due to importations of things we can and should produce at home.

Why all this concern over the export market, which only consumes 6 percent of our production, especially when that market is bankrupt and can only buy from us as they sell to us? Why should we buy from other lands cattle, meat, dairy products, eggs, corn, grains, iron ore, print paper and pulp, matches, fish, rubber goods, or anything else that we can and should ourselves produce? We are never going to regain prosperity by buying from foreign countries any more than we are going to make everybody prosperous by putting them so heavily in debt that they can never hope to pay out. Let us get away from these half-baked theories and false philosophies and return to the faith of the fathers, who had courage, stamina, and, above all, love for the American people and the fair land that we call home. Let us resolve to give no more heed to the international banker and his siren call of internationalism. He has taken billions of our money and invested it abroad in bonds, factories, steamship lines, water powers, and the good Lord alone knows what all, very little of which will come back to us, and now he wants us to give up the great American market to the industries that he has acquired abroad. If we are so foolish as to permit that to be done, then we will deserve everything evil that comes to us as a result. Fellow Americans, let us wake up before it is too late.

THE TARIFF—REPRISALS

Mr. CROWTHER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

There was no objection.

Mr. CROWTHER. Mr. Speaker, the theme song of the low-tariff chorus, led by Secretary of State Hull, is to the effect that our tariff rates and our tariff policy have compelled other nations, in self-defense, to retaliate by raising their tariff rates, and has bred a spirit of economic reprisal and retaliation throughout the world, to the injury of international trade.

In his acceptance speech Governor Roosevelt gave utterance to this thought: He stated that our tariff "invited and received the retaliation of other nations." He repeated this charge throughout the campaign in practically every reference he made to the tariff issue.

First. In 1930, before our present tariff was enacted, the average tariff rates of the following countries were then higher than were our old rates: Argentina, Australia, Bolivia, Brazil, British India, Canada, Chile, Colombia, Cuba, Ecuador, Hungary, Italy, Mexico, New Zealand, Paraguay, Poland, Rumania, Spain, Union of South Africa, Uruguay, Venezuela, and Yugoslavia.

Second. A report prepared by the United States Tariff Commission during the consideration of the Hawley-Smoot bill, in response to a resolution by Senator Swanson, of Virginia, showed practically every leading commercial country of the world had made from 2 to 7 increases in their tariff rates between 1920 and 1929. Those increases were made before President Hoover was even inaugurated. Obviously, none of those increases in the tariff rates of other countries could have been made in a spirit of retaliation against our present tariff—for neither it, nor the Congress which wrote it, was in existence.

Third. As a part and parcel of the Democratic charge that tariffs over the world have been greatly increased in retaliation against our present law is the further statement that all this has resulted in a great migration of American industries to other countries in order to escape the retaliatory effects of foreign tariffs. A report of the United States Department of Commerce, tabulation of report attached herewith, up to and including April 1932, shows that of the total number of American industrial plants or branch plants abroad at that time 78 percent were located abroad before the present tariff law was written. Taking Europe alone, it shows that of the total number of American industrial plants located there, 90 percent were located before the present tariff was written. Of the total number in Canada, 70 percent were located before the present tariff was written. It furthermore shows that the peak of the migration of the industrial plants abroad was in 1929, before the present tariff law was written and before it was humanly possible for anyone to know what the rates would be. Enclosed herewith are exhibits A and B, giving a summary of the migration of the two largest motor-car industries in the United States. This is furnished because of the fact those charging our tariff laws have compelled migration of American industries always cite the motor-car industry as an example to prove their argument.

Fourth. At San Francisco, September 23, 1932, Governor Roosevelt became specific in his enumeration of those nations or sections of the world which, because of our high tariffs against them, have been compelled to retaliate by

increasing their tariffs against us. In that enumeration he mentioned Canada, stating:

Our system of constantly raising tariffs has at last reacted against us to the point of closing our Canadian frontier on the north, our European markets on the east, many of our Latin-American markets to the south, and a goodly proportion of our Pacific markets on the west, through retaliatory tariffs of those countries.

It would be difficult to compress more inaccuracy in any one statement.

Take Canada, the first country named in the above statement. In 1932 we imported from Canada goods in the value of $174,101,000. In the 5-year pre-war period 1910–14 our average imports from Canada were $117,213,000. That was the period to which the Democratic Party points with considerable pride as being the era of ideal international economic conditions. It was the period during part of which the Underwood Law was in full force and effect. Yet the plain facts are that last year we purchased 48.5 percent more goods from Canada than we did during the period marked in part by an ideal Democratic tariff.

To continue a little further: Our imports from the entire North American Continent in 1932 were $181,414,000. For the 1910–14 period they were $118,518,000, or an increase in 1932 over the pre-war Democratic tariff period of 53.1 percent.

In the above statement, quoted from Governor Roosevent's San Francisco speech, he claims that our present tariff has closed the doors of a goodly proportion of our Pacific market. In 1932 we imported from Asia goods in the value of $362,454,000. In the pre-war Democratic tariff period our imports were only $258,534,000. In other words, last year our imports from those Pacific markets were 40.2 percent greater than during the period our last Democratic tariff was in operation.

Fifth. The opponents of a protective tariff have long picked Canada as their favorite example of a nation discriminated against by our tariff laws. However, the lamentations of our Democratic tariff critics over the alleged economic brutality of our attitude toward Canada do not conform with the opinions of Canada upon that subject. Certainly they do not conform with cold-blooded statistics.

During July and August 1932 Canada was the hostess to a tariff conference composed of representatives of all the Dominions of the British Empire, as well as those of the United Kingdom. On August 2, 1932, the Associated Press carried a statement out of Ottawa. That statement was prepared and given out by the statisticians of the British Empire in attendance at that Conference. It stated that in 1931—

The United States bought 15 percent more of Canada's exports than did the entire British Empire, 50 percent more than the United Kingdom, and 28 times as much as Australia and New Zealand combined.

Moreover, the same statement carried data furnished by the same British statisticians to the effect that the United States purchased more than one third of all the linen manufactures exported by the United Kingdom, 43.2 percent of all the tin exported from the British Empire, 19 percent of all the British exports of leather and leather goods, 65 percent of all of India's exports of gunny cloth, 43 percent of all the skins from Australia, and 27 percent of all the sheepskins exported from South Africa.

From another statement issued by the Imperial Conference at Ottawa and carried by the Associated Press August 8, 1932, the following is quoted:

For the most part the new trade alinements made here will be considered as revisions of most-favored-nations treaties rather than an attempt to treat the rest of the world, and particularly the United States, as competitors. On the average the United States has bought almost $200,000,000 worth of rubber each of the last 5 years from the British Straits Settlements; $150,000,000 worth of pulpwood and newsprint from Canada, as well as $70,000,000 worth of timber; $80,000,000 worth of jute from India; $55,000,000 worth of tin from Malaya; and $30,000,000 worth of wool, hides, and skins from Australia, New Zealand, and South Africa, respectively. In these purchases it was pointed out that the United States supports the economic structure of the British Empire in no small way. As a result of this, America appears before the Conference far less a trade rival than as an indispensable partner in imperial prosperity.

Sixth. If, as President Roosevelt, Secretary of State Hull, and the rest of the low-tariff advocates insist, the United States has forced other nations to raise their tariff laws and adopt other measures that have obstructed the natural flow of international trade, then the proposal of this administration to the participants in the London Economic Conference to declare a tariff truce not only during the interim before the Conference assembled but until after it had concluded its deliberations, should have been instantly and enthusiastically accepted. To have this Nation, which Democrats have tirelessly pictured as the chief sinner in the erection of trade barriers and "barbed-wire entanglements", the evil genius which has inspired or compelled like action upon the part of other nations, execute a complete reversal of tariff policy under the benign influence of the "new deal", should have brought great rejoicing among those nations which have been dragooned into high tariffs by reason of our policies. If there were anything truthful or logical in the Democratic contention that our tariff policies were responsible for restrictive trade actions by European nations, here was the time and opportunity to have it demonstrated.

What happened? Our invitation for a tariff truce was turned down promptly and with scant ceremony. On April 29, at London, the British, French, German, and Belgian delegates on the organization committee of the forthcoming Economic Conference promptly and flatly refused to accept the American proposal. With enthusiastic unanimity they refused to be led out of economic bondage. There was no secret regarding the motive of their action. All of them, but chiefly Great Britain, were at that very moment fencing off new areas of international trade for themselves in order that they might be able to enter the Economic Conference in possession of as much of the world's international trade as possible. They then would be in a position to negotiate with the United States for the drippings that were left. At that particular moment Great Britain was concluding trade agreements with Denmark, Germany, and Argentina that would give her exports preference and exclusive privileges in those countries, and she was in the process of concluding like treaties with Sweden, Norway, and Poland. Armed with these treaties, plus the Ottawa agreement, Great Britain felt she would be in a position to enter the Economic Conference with the best part of the world's international trade safely in her possession under long-time tariff treaties. She would be willing to negotiate with the United States for what was left in return for our drastically reducing or completely canceling her war debt to this country.

In making his first report to the British House of Commons following his return from his conference with President Roosevelt, Prime Minister MacDonald, on Thursday, May 4, stated that while, as a representative of the British Empire, he welcomed the idea of a tariff truce, "its application would have to be subjected to safeguards."

The Federation of British Industries, represented in the British ministry by such powerful figures as Walter Runciman, have taken a position that Great Britain should not enter into any agreement for a modification of its present high-tariff policies. The action of France was no less antagonistic. It accepted the tariff-truce proposal "in principle", but with reservations that it must be permitted to lay new quotas and set up new restrictions during the period of the truce, "if necessary", and within the week it found it "necessary" to set up such new restrictions, and to set them up against imports from the United States.

Such maneuvers furnish a conclusive refutation of the contentions of the Democratic leaders that the United States is responsible for the spirit of unyielding economic nationalism that is so much in evidence the world around. They should also be a warning of great significance that this Government will obtain little or nothing from Europe by means of economic reciprocity. It is perfectly apparent to students of international trade who approach the subject

without partisan bias or inherited prejudices that the world is entering an era of the most intensive and merciless competition it has ever experienced. We are in the first stages of a period of international economic war of titanic proportions and indefinite duration, in which every nation must consult its own interests first and safeguard the welfare of its own producers and wage earners by whatever weapons it may legitimately use. The nations of Europe simply must export at almost any cost or perish. Their populations have grown beyond the capacity of their resources to support them. Their productive machinery has reached a point where it produces vastly more than their population can consume. The surplus industrial production and the surplus population both must rely upon foreign trade, and to obtain this foreign trade European nations intend to resort to any and every device known. They are at each other's throat economically. They have but one thing in common, and that is a desire to obtain access to the markets of the United States.

EXHIBIT A—GENERAL MOTORS AND ITS FOREIGN PLANTS

The General Motors Co. has conducted a continuous propaganda against the present tariff law. This began when the law was in process of formulation. It is no exaggeration to state that the propaganda conducted by the General Motors Corporation was the most extensive and, perhaps, the most effective of that conducted by any agency, association, or industry in the United States.

One of the favorite arguments presented in this propaganda was that the General Motors Corporation would be compelled to go abroad and establish foreign plants in order to escape the blighting reprisals which our tariff rates would invite.

On June 2, 1930, the New York Tribune carried an article from the bulletin put out by the First National Bank of Detroit, which made the charge that the tariff system was driving our motor industries to establish plants abroad in order to escape the retaliatory effects of such tariffs. It cited the General Motors Corporation as one of such industries, and specified that it had been compelled to go abroad and purchase control of the Vauxhall Motors, Ltd., of England, and the Opel Motor plant in Germany. This is a plain falsehood, which has no defense and cannot be alibied from any angle. The General Motors Corporation closed the deal for the purchase of the Opel works in Germany March 7, 1929, or at least the confirmation of the closing of the deal was made public on that date.

Thus we find that the consummation of the purchase of the Opel works was announced 3 days after President Hoover was inaugurated, before he called an extra session of the Seventy-first Congress, and before any human being could possibly know whether that Congress, when called, would revise the tariff at all; and if so, in what way.

Regarding the purchase by the General Motors of the Vauxhall Motors, Ltd., of England, the following is the record. According to the public press of the United States, President Sloan, of the General Motors Corporation, on September 1, 1925, confirmed the report that the General Motors Corporation was negotiating for the control of the Austin Motors, Ltd., of England, and on September 3 it was announced that the directors of the Austin Motors had agreed to this consolidation. However, opposition developed among a minority of the Austin Motor Co., and on September 12, it was announced that the General Motors had withdrawn their bid for the controlling interest of the Austin Motor Co.

This, however, confirms the fact that even at that early date, 5 years before the present tariff was enacted, the General Motors Corporation was endeavoring to establish a branch plant in England. Moreover, it did establish a branch plant in England a little later, for on October 21, 1925, it was announced that the General Motors were negotiating for the purchase of the Vauxhall Motors, Ltd., of England. On October 31 it was announced that the stockholders of the Vauxhall Motors had approved the consolidation, and on November 21, 1925, it was announced that the General Motors had elected their representatives on the board of directors of the Vauxhall Motors, Ltd., of England.

It might be said while upon this subject that the General Motors Corporation did not establish a branch plant in Canada as the result of this tariff. The proof of this is found in the public press of December 17, 1923, which contained a news article carrying data from a statement made by the General Motors Corporation to the American stockholders, notifying them regarding details of the corporation's manufacturing operations in Canada. This was 7 years before the present tariff was enacted.

EXHIBIT B—FORD MOTOR PLANTS ABROAD

The Ford Motor Co. began production in Europe in 1919. The first account of such a plan appeared on June 29, 1919, with the announcement that the Ford Motor Co. had purchased the former naval aircraft station at Belfast, Ireland, and would immediately begin the production of tractors.

Evidently they had already established a plant in Canada for production. I find no reference as far back as 1918 to the establishment of this plant, but I do find, on September 23, 1920, a reference to a news article of that date to the effect that the Ford Motor Co. of Canada announced price reductions proportionate to those made by the parent plant in the United States; and the next month there is a reference to the annual report of the Ford Motor Co. of Canada.

March 16, 1922, it was announced that the Ford Motor Co. had selected a site in Copenhagen for the erection of a plant at which all cars for the trade in northern Europe would be manufactured.

March 30, 1922, it was announced that the Ford Motor Co. had purchased at site in Southampton, England, for the erection of a factory.

On February 27, 1922, the New York Times carried a story to the effect that the plant of the Ford Tractor Co. at Cork, Ireland, had closed because of differences between the Ford Motor Co. and the local authorities of Cork, and that Mr. Ford announced that he would move all of his machinery and plant to some other locality rather than submit to local interference. On March 11 it was announced that the Cork Council had rescinded its demands and that Mr. Ford would resume production in his Cork plant. This is the first reference I find to this plant and I do not know when it was purchased, or if not purchased, when it was constructed.

September 19, 1922, it was announced that the Ford Motor Co. was erecting a plant in Antwerp, Belgium. October 2, 1922, it was announced in a dispatch from Prague that the report that the Ford Motor Co. was building a factory in that city had been confirmed. On October 4, 1922, it was announced that the Ford Motor Co. was planning to build a factory in Shanghai, China, and to train Chinese to manufacture cars. On December 17, the same year, it was announced that a large number of Chinese mechanics had arrived in Detroit for factory training in order to return to China and operate the Ford plant there.

Returning once more to the Ford Motor Co. of Canada, on November 17, 1922, it was announced that stock in that company was selling at 300 percent above par, and in June 1923 it was announced that the 1922 output of the Ford Motor Co. of Canada had exceeded all previous records. On October 11, 1924, it was announced that the Ford Motor Co. of Canada had organized a subsidiary company to operate in Australia and would begin production in the immediate future.

July 11, 1924, it was announced that an additional factory site had been acquired in England at Dagenham-on-the-Thames, at which place production of cars would begin. Evidently there is still a third plant in England, because, under date of April 18, 1925, it was announced that the Trafford Park Motor Works, near Manchester, celebrated the completion of the production of 250,000 cars.

February 26, 1925, it was announced that the Ford Motor Co. of Japan, Ltd., was being established and that a factory was being erected at Yokohama.

August 24, 1925, it was announced that arrangements had been completed with the Turkish Government for the construction of a Ford factory at Constantinople.

April 22, 1926, it was announced that the Ford Motor Co. of Finland had been incorporated and that production would begin in that country.

The first reference to any Ford factory in Germany was on April 18, 1926, at which time the New York Times carried a story to the effect that the Ford Motor Co. factory had opened at Berlin, and in August of that year there is a story of difficulties between the Ford Motor Co. and the labor organizations of Berlin, due to certain rules announced by the Ford Motor Co. governing personal conduct of its employees.

American branch factories abroad

Calendar year	Europe	Canada	Latin America	Far East	Africa	Total	
						Year	Number
1860		1				1860	1
1873	1					1873	1
1876		1				1876	1
1879	1					1879	1
1880	1	2				1880	3
1885		1				1885	1
1887		1				1887	1
1888	3					1888	3
1889		1				1889	1
1890	2	3				1890	5
1891	1					1891	1
1892	2					1892	2
1893	1					1893	1
1894	1					1894	1
1895		1				1895	1
1896	1			1		1896	2
1897	1	1				1897	2
1898	3		1			1898	4
1899	3	3		1		1899	7
1900	7	3		1		1900	11
1901	4	1				1901	5
1902	7	1		1		1902	9
1903	3	5				1903	8
1904	1	6	1			1904	8
1905	7	7	2	1		1905	17
1906	3	9	1			1906	13
1907	3	11	1	1		1907	16
1908	7	5	2	1		1908	15
1909	7	6				1909	13
1910	6	15	1	1		1910	23
1911	6	16	1			1911	23
1912	8	19		1		1912	28
1913	7	12	2	2		1913	23
1914	10	16	2			1914	28
1915	8	9	2	1		1915	20
1916	5	11		1		1916	17
1917	4	9	3	1		1917	17
1918	2	10	2	4		1918	18
1919	11	15	1			1919	27
1920	21	19	1	1		1920	42
1921	12	15	1	1		1921	29
1922	19	24	1			1922	44
1923	13	19	1	2		1923	35
1924	14	24	5	1		1924	44
1925	21	16	1	4		1925	42
1926	30	15	4	4	2	1926	55
1927	30	14	3	8		1927	55
1928	54	20	9	3		1928	86
1929	53	50	4	7	1	1929	115
1930	21	34	3	13		1930	71
1931	21	50	8	13		1931	92
1932	4	87	1	2		1932	[1] 94
Total	450	588	64	77	3		1,182

[1] To Apr. 30, 1932.

OUR TARIFF DOES NOT ISOLATE US ECONOMICALLY

The tariff has "erected an impregnable barbed-wire entanglement" around the borders of the United States "which has isolated us from all the other human beings in all the rest of the round world."

That statement, originally expressed in Governor Roosevelt's address of acceptance at the Chicago convention July 2, 1932, has been repeated over and over, with variations, not only by him but by all those who are opposed to the policy of a protective tariff. In fact, it has almost become a slogan of those interests and individuals, both here and abroad, who are trying to break down our protective-tariff system and our present tariff rates.

Coupled with that statement has been the charge that our present tariff is "the highest tariff in the history of the world" (the quoted phrase is taken from Governor Roosevelt's Columbus, Ohio, speech Aug. 20, 1932).

Compare those statements with the following facts:

First. Sixty-six and seven-tenths percent of our total imports in the calendar year 1931 were admitted free of duty; 66.9 percent of our total imports in the calendar year 1932 were admitted free of duty. No leading commercial nation in the world admits so great a percentage of its imports free of duty as the United States under the present tariff.

Second. Under our present tariff law, as well as under the Fordney-McCumber Protective Tariff Law enacted in 1922, the United States has, year in and year out, been the leading exporting nation of the world, and is the second largest importing nation in the world, the United Kingdom standing first in that respect, although from 10 percent to 15 percent of the imports of the United Kingdom are immediately reexported, while practically all of our imports are imported for consumption.

Third. During the calendar year 1932, in face of the fact our buying power was curtailed by reason of the depression, we took 10.6 percent of the total of all the world's imports as against 8.4 percent in the pre-war period, when the Underwood tariff was in effect.

Fourth. If our tariff were isolating us, making it impossible for other nations to sell us goods, then the decline in our dutiable imports should be more than the decline in our free imports. That is not true. During the calendar year 1932 our free imports were 69.1 percent less than they were in 1929—the year before the present tariff was enacted—while our dutiable imports were 69.8 percent less than they were in 1929. The fact that both dutiable and free imports declined practically equally in percentage proves that the decline in our foreign trade, like the decline of foreign trade all over the world, has been due to other factors than our tariff rates.

Fifth. Other evidence that our tariff is not isolating us or operating to our special detriment in world trade is furnished by the report of the United States Department of Commerce on international trade in 1932 (Commerce Reports, Apr. 8, 1933). That report shows that world trade, as evidenced by the export and import statistics of 45 leading commercial countries of the world, which account for 90 percent of the entire world trade, showed a decline of approximately 34 percent in value in 1932 as compared with 1931.

The 45 countries listed showed a decline in value of exports of 33.8 percent in 1932 as compared with 1931. The United States showed a decline of 33.5 percent in the value of its exports for the 2 years indicated, or a fraction less than the world average.

The 45 countries listed showed a decline of 33.7 percent in imports in 1932 as compared with 1931. The value of our imports for the corresponding period showed a decline of 36.27 percent.

The 26 countries listed in Europe showed a decline of exports in 1932 as compared with 1931 of 35.2 percent, and a decline in imports of 34 percent.

These figures show that the United States has suffered a decline in its exports and imports in approximately the same proportion as the 44 other exporting and importing nations of the world.

A great deal of this decline in value of world trade is due to decline in commodity prices. Take the foreign trade of the United States as an example. Among the chief articles of export, cotton declined from 8.9 cents a pound in 1931 to 7.2 cents in 1932; lard, from 9 to 5.8 cents; and refined copper, from 9.4 to 6.1 cents a pound. The lower prices of these three commodities reduced their total export value by $105,904,000 as compared with the 1931 prices and accounted for 13 percent of the total decline in our exports.

Among the imported articles raw silk declined from $2.28 to $1.54 a pound, crude rubber from 6.6 to 3.5 cents, Cuban sugar from 1.33 to 1.02 cents, Philippine sugar from 3.05 to 2.70 cents, unrefined copper from 8.5 to 5.7, and refined copper from 8.8 to 6.5 cents a pound. The decline in the prices of silk, rubber, sugar, and copper reduced the total value of the imports of these articles by $117,124,000, as compared with the prices of the preceding year, accounting for 15.2 percent of the total decline in our imports.

Some of the export commodities have declined steadily in price since 1928, many others since 1929, and a few since 1930. Between 1928 and 1932 lard declined from 13 to 5.8

cents a pound, patent upper leather from 37.5 to 15.1 cents a square foot, wheat from $1.25 to 59.6 cents and corn from $1.02 to 35.7 cents a bushel, refined sugar from 3.5 to 1.6 cents a pound, linseed oil cake from $53.54 to $29.23 a ton, rosin from $15 to $4.79 a barrel, spirits of turpentine from 53.4 to 40.3 cents a gallon, leaf tobacco from 26.8 to 16.8 cents a pound, unmanufactured cotton from 20.1 to 7.2 cents a pound, silk hosiery from $10.73 to $6.11 a dozen pairs, gasoline from $4.48 to $2.34 a barrel. Between 1929 and 1932 refined copper went down from 18 to 6.1 cents a pound and lead from 4.9 to 2.2 cents, cottonseed oil from 9.2 to 3.2 cents, and lumber prices declined more than one third.

Most of the import commodities have likewise declined steadily since 1928. Rubber has gone down from 25 to 3.5 cents a pound, tin from 49.8 to 21.1 cents, coffee from 21.3 to 9.1, cacao beans from 12.4 to 4.1, and tea from 30.3 to 13.1 cents a pound. All vegetable fibers have declined largely; cotton from 24.9 to 9.9 cents a pound, jute from $147.43 to $62.27 a ton, hemp from $341.41 to $148.38, manila from $200.74 to $62.91, and sisal from $145.10 to $50.10 a ton. Cuban sugar has gone down from 2.43 to 1.02 cents a pound, and the protected Philippine sugar from 4.08 to 2.70 cents, the margin between the two increasing from 67.9 to 164.7 percent. Cattle hides declined from 23 to 5.6 cents a pound, furs went down from one third to one half in price, bristles declined from $1.36 to 66.4 cents a pound, shellac from 42.4 to 13.3 cents a pound, linseed from $1.78 to 64.1 cents a bushel, wrapper leaf tobacco from $2.06 to $1.33 a pound, clothing and combing wools went down two thirds in price. Between 1929 and 1932 raw silk declined from $4.91 to $1.54 a pound, or more than two thirds.

Sixth. Our present tariff is not the highest in the world. Measured by the only common denominator possible in comparing international tariffs—ad valorem rates—the average ad valorem rates imposed by Belgium, Denmark, Japan, Norway, the Netherlands, Poland, Sweden, and Switzerland are lower than those of this country. All other leading commercial nations have higher tariff walls than the United States.

Herewith is a table showing the comparative heights of the tariff walls of 47 leading commercial nations of the world:

Average ad valorem equivalents of import duties collected in 47 countries calculated on the value of dutiable and duty-free imports for stated periods

Source: U.S. Tariff Commission, June 1933

Country	1928	1929	1930	1931	1932
	Percent	*Percent*	*Percent*	*Percent*	*Percent*
Argentina	17.4	17.2	16.7	21.7	[1] 28.5
Australia	20.7	21.2	24.2	30.2	
Austria	8.0	8.6	10.7	[2] 12.4	[2] 15.1
Belgium	3.5	3.8	4.4	5.2	9.5
Bolivia		27.5	27.3		
Brazil	26.3	27.2	32.9		
British India			24.0	26.1	
Canada		16.0	16.0	19.1	19.7
Chile	[4] 21.1	[4] 22.6	[4] 26.0	[4] 31.8	
China	3.9	8.5	10.4		
Colombia	24.9		33.8	44.0	
Costa Rica	30.4	24.9	30.6	[5] 38.3	
Cuba	17.0	17.4	[6] 19.4	[6] 27.5	
Czechoslovakia	7.8		7.6	10.9	
Denmark	5.3	5.2	6.1	[7] 6.2	
Dominican Republic	[8] 24.7			[8] 34.6	
Ecuador	[9] 24.5	[10] 23.5	[10] 25.4	[10] 32.1	
France	7.0	7.8	8.6	13.9	
Germany	8.5	8.4	11.7	17.8	
Guatemala		[11] 30.3	[12] 35.9		

[1] First 6 months, calendar year, based on provisional figures.
[2] Based on provisional figures.
[3] First 4 months, calendar year, based on provisional figures.
[4] Including consular invoice charges.
[5] First 6 months, calendar year.
[6] Based, as to import duties collected, on "customs receipts, excluding taxes and other collections." The average rates given for earlier years are based on import duties alone.
[7] Based on provisional figures.
[8] Including so-called "internal-revenue taxes" on imports, although most commodities thus taxed are not produced in the Dominican Republic.
[9] Including consular invoice charges of 4 percent ad valorem.
[10] Based, as to import duties collected, on the reported collections from this source, without inclusion of consular invoice charges, which nominally are 4 percent ad valorem.
[11] First 6 months, calendar year, including reported consular invoice charges.
[12] Not including consular invoice charges amounting nominally to 2 percent ad valorem (on freight shipments).

Average ad valorem equivalents of import duties collected in 47 countries calculated on the value of dutiable and duty-free imports for stated periods—Continued

Country	1928	1929	1930	1931	1932
	Percent	*Percent*	*Percent*	*Percent*	*Percent*
Haiti		[13] 29.3	[13] 29.3	[13] 34.8	
Honduras		[14] 30.8	[14] 29.9		
Hungary	[15] 12.6		[15] 11.7		
Italy	11.6	11.3	15.4	20.7	29.3
Japan	7.1	6.7	7.3	9.1	7.6
Mexico	[16] 29.7	[17] 24.3	27.8	24.6	
Netherlands	2.4	2.4	2.7	3.3	
New Zealand	17.0	17.6	18.2	[18] 26.5	
Nicaragua	26.1	28.0	[19] 22.9		
Norway	11.1	10.7	10.0	12.7	
Panama	23.3		[20] 21.3	[21] 24.3	
Paraguay			21.5	[22] 23.9	
Peru	19.5	20.5			
Poland			12.6	10.2	
Rumania			18.6	16.0	
Russia, Soviet	27.7				
Salvador, El		36.0	40.2		
Spain	15.5	16.7	[23] 14.3	[23] 20.9	
Sweden	9.3	9.0	9.2	[3] 10.4	
Switzerland	9.2	9.6	10.8	[3] 11.7	
Turkey	[24] 14.0	16.2			
Union of South Africa	12.9	12.6	13.4		
United Kingdom	10.9	10.9	[25] 12.9	[26] 18.6	[27] 22.8
United States	13.3	13.5	14.8	18.0	
Uruguay		30.4	30.1	27.9	
Venezuela	[28] 25.2	[28] 21.1	29.7		
Yugoslavia	20.4		[29] 23.1	[29] 24.5	

[13] For fiscal year ended Sept. 30.
[14] For fiscal year ended July 31.
[15] For 1928, approximate average rate calculated on the basis of 3-year averages, calendar years 1926 to 1928 for import values and fiscal years 1926–27 to 1928–29 for total customs revenues. For 1930, approximation calculated on the basis of 2-year averages, 1929 to 1930 (calendar and fiscal, similarly as stated for 1928).
[16] Including ad valorem consular charges.
[17] First 6 months, calendar year, including ad valorem consular invoice charges.
[18] For 9 months ended Dec. 31.
[19] Ad valorem consular invoice charge of 3 percent, effective Sept. 8, 1930.
[20] For 12 months ended June 30, including ad valorem consular invoice charges.
[21] Not including consular invoice charges of 2 percent ad valorem.
[22] For 9 months ended Sept. 30.
[23] Based as to import duties collected on "customs duties" including transportation and tonnage taxes, export duties, and other fiscal charges.
[24] Estimated currently reported when the tariff effective Oct. 1, 1929, was published.
[25] Based on declared value of "retained" imports, and "customs revenue" for 12 months ended Mar. 31, 1931.
[26] Based on declared value of "retained" imports, and "customs revenue" for 12 months ended Mar. 31, 1932.
[27] Based on declared value of "retained" imports, and "customs revenue" for 6 months ended June 30.
[28] For year ended June 30.
[29] Year beginning Apr. 1, based as to import duties on "customs receipts."

"WE CANNOT SELL WHERE WE DO NOT BUY"

Present-day low-tariff advocates have a number of catch phrases with which they attempt to deceive the public. One of these is, "We cannot sell where we do not buy." This phrase is offered as a full and complete explanation of the decline of our export trade in the last 4 years. It is claimed that we are, by reason of our high tariff rates, not buying from the rest of the world, and, as a consequence, the rest of the world, out of a spirit of retaliation, is refusing to buy from us. In other words, we cannot sell our products abroad because we do not buy an equal number of products from abroad.

Of course, that is no explanation as to why export trade of all nations had declined, for, if carried to its logical conclusion as an explanation of the decline in our export trade, it would follow that the export trade of all nations has declined because all nations have refused to buy from other nations. In that event we would have world trade reduced to zero. Thus the phrase falls to the ground under the weight of its own absurdity.

The truth is: We imported this phrase from Europe since the World War. It is intimately connected with the question of Europe's debts to this country. We were never told, prior to the World War, that unless we bought liberally from Europe we could not sell liberally to Europe. Prior to the World War we never heard of the grotesque theory that this country must never have a balance of trade in its favor if it hoped to prosper. Only three times in the last half century has this country bought as much from the world as it sold. Those were the years 1888, 1889, and 1893, 2 of which were wholly under Democratic administration and 1 of which 1889, represented the effect of 4 years of Democratic administration upon American trade.

Of course, in the period following the World War when all the peace-time productive activities and agencies of Europe were still dismantled or dislocated, it purchased from this country an abnormal amount of goods, and, by the same token, sold to the world an abnormally small amount of goods. It would be unfair, probably, to take that period as any basis of comparison. But we do have in the 5-year period prior to the World War normal conditions insofar as international world trade was concerned. During that period, 1910–14, we sold to the world 28 percent more goods than we bought from the world. We sold Europe 60 percent more goods than we bought from Europe. We sold the United Kingdom, which in recent years started the cry "We could not expect to sell abroad unless we bought abroad", 103 percent more goods than we bought from the United Kingdom, and we sold to Canada 168 percent more goods than we bought from Canada.

"We cannot sell where we do not buy" is coined out of the desire of our European debtors to compel us either to cancel the debts they owe us or to permit their being paid in commodities. As a statement purporting to be a fact, it has no standing whatever, based upon the records of international trade covering a period of two generations.

FOREIGN-OWNED FACTORIES LOCATED IN THE UNITED STATES

From low-tariff sources we have heard a great deal about the migration of American-owned factories to foreign countries. The fact that some factories are locating either their main plant or a branch plant in foreign countries is used in support of the low-tariff argument that our high-tariff rates so anger foreign countries that they retaliate by not buying American-made goods and also by putting up tariff walls which make it impossible for our manufacturers to enter their markets. Therefore, it is argued, the only recourse our manufacturers have is to locate abroad where they are free of the embarrassments and handicaps of the American protective tariff system.

However, one never hears from a low-tariff advocate and a critic of our protective tariff system anything about the foreign-owned factories which locate either their main plants or branch plants in this country in order to avail themselves of the largest and richest market in the world, protected from cutthroat competition. It is not generally known that some of our largest industrial institutions are foreign-owned or foreign-controlled, and that they have been located in this country because their owners realize that nowhere else in the world was there such a valuable market.

Herewith is a partial list of foreign-owned or foreign-controlled industrial plants located in the United States:

FOREIGN OWNED OR CONTROLLED INDUSTRIAL CONCERNS IN THE UNITED STATES

British owned or controlled

Dunlop Rubber Co., Ltd.: Company has equity interest of 97½ percent in the Dunlop Tire & Rubber Corporation of America which controls the Dunlop Tire & Rubber Co. and also owns a modern cotton goods manufacturing plant at Utica, N.Y., operated as the Utica Spinning Mills.

Borax Consolidated, Ltd.: In March 1931 the company's subsidiary, Pacific Coast Borax Co., acquired a "substantial" interest in the newly formed United States Potash Co., which started to develop potash deposits in Carlsbad, N.Mex.

British American Oil Co., Ltd.: Holds controlling interest in the British American Producing Co., operating in Oklahoma, Kansas, and Texas, and in the Toronto Pipe Line Co., operating in the same areas. It also includes the British American Oil & Gas Co. (Texas).

R. & J. Dick, Ltd.: British manufacturers of boots, shoes, belting, etc. The company owns all shares of the R. & J. Dick Co., Inc., of Passaic, N.J.

Rolls Royce, Ltd.: Owns majority of the share capital of Rolls-Royce of America, Inc., a Delaware corporation which holds the exclusive right to manufacture cars and airplane engines under Rolls-Royce, Ltd., patents.

St. Louis Breweries, Ltd.: A British concern which controls the St. Louis Brewing Association, an American company incorporated in 1889 whose present capital stock of $1,500,000 is held in trust for stock issued in London by the St. Louis Breweries, Inc. The American concern discontinued the manufacture of beverages in 1928 and is now solely engaged in the ice and cold-storage business.

Triplex Safety Glass Co., Ltd.: A British company which owns 33,500 (182,256 shares outstanding) no par shares of Triplex Safety Glass Co. of North America, with plants located at Clifton and Passaic, N.J.

Crosse & Blackwell: British manufacturers of preserved foodstuffs. Company owns stock of Crosse & Blackwell, Inc., a Maryland corporation, with plant at Baltimore.

Kern River Oil Fields of California, Ltd.: This company owns 3,356 acres freehold and 770 acres leasehold land in California and 1,516 acres leasehold in Texas. Company owns all of share capital of St. Helens Petroleum Co., Ltd.

United Molasses Co., Ltd.: British importers and exporters of molasses. Among subsidiaries are Dunbar Molasses Corporation, New York; Anglo-American Mill Co., Owensborough, N.Y.; and Pacific Molasses Co., San Francisco.

Electric and Musical Industries, Ltd.: British corporation formed to acquire Gramophone Co., Ltd., and Columbia Graphophone Co., Ltd., latter of which, through the Columbia (International) Ltd., controls Columbia Phonograph Co., Inc., which operates two factories at Bridgeport, Conn.

British-American Tobacco Co., Ltd.: British concern controlling several producing concerns in the United States, e.g., Brown Williamson Co., of Louisville, Ky.

Imperial Chemical Industries, Ltd.: In April 1928 it formed, together with the Chase Securities Co. of New York, the Finance Co. of Great Britain and America, the Imperial Chemical holding one half of the capital.

William Cory & Son, Ltd.: British coal contractors and exporters with branches located in the United States.

Lever Bros., Ltd.: Engaged in the manufacture and sale of Lux soap and other soaps, etc. Controls Lever Bros. Co., which owns plants at Cambridge, Mass., and Hammond, Ind.

Debenhams, Ltd. (British): Department store chain, controls Debenhams in the United States.

English Sewing Cotton Co., Ltd.: Holds 1,197,000 common shares of the American Thread Co., operating five plants located in Willimantic and Stonington, Conn., Fall River and Holyoke, Mass., and Milo, Maine. Also has new mill at Dalton, Ga., operated by the American Thread Co. of Georgia.

Courtaulds, Ltd.: Controls the Viscose Co., manufacturers of silk products with plants located at Marcus Hook, Pa.; Roanoke, Va.; Lewiston and Meadville, Pa.; Parkersburg and Nitro, W.Va.

British American Consolidated Properties, Ltd.: A British holding company which, through a subsidiary, the British-American Realty Founders Corporation, has acquired extensive apartment-house and real-estate holdings in Pacific coast territory. Formed Guaranteed Bond Corporation under Washington charter to handle financing of properties. Among other holdings are: British-American Pulp & Paper Corporation, with pulp and paper mills in Washington and Oregon; British American Mines & Smelting Corporation; British-American Plantation Corporation; British-American Corporation; British-American Power & Water Corporation; British-American Realty Corporation; and British-American Pulp & Veneer Corporation.

Firth-Sterling Steel Co., McKeesport, Pa.: Over 50 percent of stock is reported owned or controlled by Lewis J. Firth, of Florence, Italy, a British subject.

Delta Land & Development Co.: Owns large staple cotton-producing land in the Mississippi Delta and is capitalized largely by British interests, including a substantial investment by the Manchester Spinning Co.

Browning Co.: British manufacturers of arms and machine guns; have sales office and warehouse in St. Louis.

Celanese Corporation of America: Manufacturers of artificial silk with plant at Amcelle, Md. Largely under British control.

John Morrell & Co., Inc.: Meat-packing concern with plants at Ottumwa, Iowa, and Sioux Falls, S.Dak. Substantial British holdings are reported. Business was originally British but present company is under Delaware charter.

Jacob N. Decker & Sons, Mason City, Iowa: Packing concern controlled by Adolf Govel, Inc., but with some British capital invested.

"Shell" Transport & Trading Co.: Holding company which combined in 1907 with Royal Dutch and turned assets over to Anglo-Saxon Petroleum Co., Batoafsche Petroleum Co.

Pan American Petroleum & Transport Co.: Reported by Barron's on July 29, 1929, that English interests, represented by Lord Inverforth, joined with Standard Oil of Indiana and two New York banking groups (Chase and Blair) in an arrangement which gave this combination voting control of Pan-American Petroleum.

Fownes Gloves.

Austin Automobile.

J. P. Coates, Inc., Pawtucket, R.I.: Manufacturers of thread.

Clark Thread Co., Bloomfield and Newark, N.J.: Manufacturers of "O.N.T." thread.

Canadian owned or controlled

Woods Manufacturing Co., Ltd.: Canadian corporation, manufacturing jute, cotton, and paper bags, cotton cloth, tarpaulins, etc. Has office, factory, and warehouse at Ogdensburg, N.Y.

International Proprietaries, Ltd.: Incorporated in 1928 to acquire entire capital stock of J. C. Ens, Ltd. Also controls interests in the Thermogene Co., Ltd., of London, and the Genotherm Corporation, of New York.

Massey-Harris Co., Ltd.: Operates plants in Batavia and Racine, Wis. Purchased assets of J. I. Case Plow Works, Racine, Wis., in 1928. Latter is now Massey-Harris Co. (incorporated in Delaware).

F. N. Burt Co., Ltd.: Owns two factories at Buffalo, N.Y. Manufacturers of paper boxes, mailing tubes, etc. Company was incorporated September 1909 to take over business of F. N. Burt Co., Inc., Buffalo, and several Canadian businesses.

Moore Corporation, Ltd.: Canadian holding company, controlling American Sales Book, Ltd., manufacturer of sales books, autographic registers, carbon books and paper, billing-machine forms, etc., with plants at Niagara Falls and Elmira, N.Y. Also controls Gilman Fanfold Corporation, Ltd., operating plants at Niagara Falls, and Pacific-Burt, Ltd., which manufactures counter check books, sales slips, etc., at Emeryville and Los Angeles, Calif., and at Seattle, Wash.

Toronto Carpet Manufacturing Co., Ltd.: Canadian manufacturer of Wilton and Brussels carpets and rugs, Smyrna carpets and rugs, and Axminster squares, etc. Owns entire common stock of Barrymore Seamless Wiltons, Inc., of Philadelphia, which concern in 1930 acquired a new factory in Stamford, Conn.

Orange Crush, Ltd.: Canadian company controlling Honey Dew, Ltd. (also Canadian), which owns entire capital stock of Honey Dew, Inc., operating seven shops in New York and Pennsylvania. Also manufactures and sells Honey Dew drink, sandwiches, etc., in Buffalo, Niagara Falls, Syracuse, Rochester, Scranton, and Seattle.

Reliance Grain Co., Ltd.: Canadian concern engaged in storage, shipment, terminal storage, and export of grain. Owns entire capital stock of Smith-Murphy Co., Inc., of New York.

Page-Hersey Tubes, Ltd.: Canadian concern which owns Cohoes Rolling Mill Co., which operates a skelp and iron plant at Cohoes, N.Y., and the Mohawk Conduit Co., which manufactures steel pipe and conduits at Cohoes, N.Y.

Westminster Paper Co., Ltd.: British Columbian concern manufacturing wrapping tissue, toilet paper, paper napkins and towels, etc. Owns majority of stock and entire $100,000 first 6½'s of Pacific Coast Paper Mills, a Washington corporation with plant at Bellingham.

Service Stations, Ltd.: Canadian holding company having controlling interests in Service Station Equipment Co., of Boston, and in Metalwares Corporation, Conshohocken, Pa., which in turn controls John Wood Manufacturing Co., Conshohocken, Pa., and Chicago & Superior Metal Products Co., Inc., St. Paul, Minn. Also controls Bennett Pumps Corporation at Muskegon, Mich.

Starr Manufacturing Co., Ltd. (Nova Scotia): Manufacturers of roller skates, bolts, nuts, rivets, etc. Has a branch in Boston.

Fraser Companies, Ltd.: Canadian corporation supplying Sears, Roebuck & Co. with catalog paper for 10 years (under contract signed in 1929), owns entire capital stock of Fraser Paper, Ltd., incorporated in New Brunswick to construct and operate a fine paper mill at Madawaska, Me.

Canada Packers, Ltd.: Canadian corporation formed to acquire and hold capital stock of several Canadian companies and of William Davies Co., of Illinois, operating a cutting and curing plant, meat-canning factory, and cold-storage plant at Chicago, and of the John Agar Co., of Illinois, owning beef- and hog-killing plants, refinery, and tank houses in Chicago.

Ventures, Ltd.: Canadian corporation developing and operating mines in which it has controlling interests. Is carrying on explorations in Arizona.

Canada Foundries & Forgings, Ltd.: Owns entire capital stock of the Delaney Forge & Iron Corporation, of Buffalo, N.Y.

International Proprietaries, Ltd.: Incorporated under laws of Canada in 1928 to acquire entire capital of J. C. Eno, Ltd., which was incorporated under English laws in 1920 and whose properties include 6 plants, 1 of which is located at Buffalo, N.Y.

Canadian National Railways Co.: Among lines acquired are the Grand Trunk Western; Detroit, Grand Haven & Milwaukee; Michigan Air Line; Toledo, Saginaw & Muskegon; Central Vermont; and United States and Canada.

Canadian Pacific Railway Co.: Through various subsidiaries this company owns about 5,100 miles of road in the United States.

Shawingan Water & Power Co.: Company has organized, in conjunction with the National Lead Co., the Midwest Carbide Corporation, which manufactures lead and conducts the business formerly handled by the United Lead Co., a subsidiary of National Lead Co.

Weston Biscuit Corporation: Manufacturers of biscuits, with American plants at Watertown, Mass., and Passaic, N.J.

Borden Co.: Canadian interest represented through exchange of shares previous to incorporation in 1930 of Bordens, Ltd., for purpose of consolidating Canadian properties.

E. B. Salyerds & Son, of Preston, Ontario: Manufacturers of hockey sticks and wooden specialties, have plant at Avoca, N.Y.

Netherlands owned and controlled

E. V. "Maekuere" Maatschappyj tot Exploitatie von Kunstzydsfabrieken in het Buitenland (Company for the Exploitation of Artificial Silk Factories Abroad): Controls the American Enke Corporation, which owns and operates an artificial silk-manufacturing plant near Asheville, N.C. (Glanzstoff and Enka are interlocked to a certain extent by a small reciprocal interest in stock ownership).

Royal Dutch Co. (Netherlands): Holds interests in the following American companies: Shell-Union Oil Corporation, Shell Oil Co., Shell Petroleum Corporation, Shell Pipe Line Corporation, Flintkote Co.

Netherlands-American Mortgage Co.: This company has extensive American holdings in apartment houses and other properties in Kansas City and other western cities.

Swedish owned or controlled

A. B. Svenska Kullagenfabriken (S.K.F.) (Swedish Ball Bearing Co.): Among subsidiaries abroad is S.K.F. Industries, Inc., New York, Svenska Tandsticks Aktiegelaget (Swedish Match Co.). Controls International Match Corporation, which owns the entire capital stock of the Vulcan Match Co., Inc., the sales organization in the United States for the Swedish Match Co. and its subsidiaries.

De Laval cream separator.

Electrolux vacuum cleaner.

Italian owned or controlled

"Chatillon" Soc. An. Italiana per la Seta Artificiale (Chatillon Italian Artificial Silk Co.): Has interest in Tubize Chatillon Corporation, manufacturers of artificial silk and rayon yarns, with plants located at Hopewell, Va., and Rome, Ga.

Swiss owned or controlled

Brown, Boveri & Co., Ltd.: Has large and/or controlling interest in a number of companies, including American Brown Bovari Electric Corporation, Camden, N.J. (See Moody's Weekly Industrial Section (sec. 1), June 13, 1931, concerning pending sale of founders' stocks held by Swiss company to Allis-Chalmers Manufacturing Co. in exchange for cash and stock of latter.)

Souchard Societe Anonyme (Neufchatel).

Under terms of reorganization of the Wilbur-Sunbard Chocolate Co., Inc., of Philadelphia, the new company, Brewster-Ideal Chocolate Co. agreed to change its corporate title before December 31, 1932, so as to include the word "Souchard" and to permit the Swiss company to name two directors.

Gruen Watch Co.

Bulova Watch Co.

Belgian owned or controlled

Solvay & Cie (Belgium): A limited-liability trading association engaged in the manufacture of soda ash. Controls Solvay American Investment Corporation, which owns 496,612 shares of Allied Chemical & Die Corporation.

Gevaert Photo Production: Belgian corporation manufacturing photo papers, plates, cinema films, etc., with subsidiary, Gevaert Co. of America, located in New York.

Browning Arms Co. (Liege): Has established branch in St. Louis.

French owned or controlled

Societe Financiere Internationale de la Soie Artificialle (International Financial Artificial Silk Co.): French corporation engaged in artificial silk industry and textiles. Owns interest in J. P. Bemberg A.G., which, with Vereinigte Glanestaff-Fabriken, formed the American Bamberg Corporation. Also owns interest in American Public Utilities.

American Mathis, Inc.: Incorporated in Delaware, 1930, to manufacture and sell in the United States a small automobile known as the "Mathis."

Michelin Tire Co.: Selling agencies in the United States.

Cartier Jewelers: New York City.

Perrine & Co.: Gloves, Gloversville, N.Y.

Coty Houbigant: Perfumes, soaps, and toilet articles.

German owned or controlled

Vereinigte Glanestaff-Fabriken A.G. (United Rayon Factories Corporation): In 1925 this company, in participation with J. P. Bemberg A.G. established the American Bemberg & Co., which in 1927 participated in forming the American Glanestaff Corporation of Elizabethton, Tenn. The company controls Associated Rayon Corporation, which was incorporated in Maryland November 23, 1928, to acquire securities of domestic and foreign companies in the rayon and allied industries.

I.G. Farbenindustrien Aktiengesellschaft: In consideration of an option to buy 1,000,000 shares of American I.G. Chemical Corporation, the company guarantees unconditionally the principal, interest, and premium, if any, of 5½-percent convertible debentures of American I.G. Chemical Corporation. Latter has acquired stocks of certain American chemical companies, including substantial interests in Agfa-Ansco Corporation and General Aniline Works, Inc. (formerly Grosselli Dyestuff Corporation). Also manufacturers of Ansco films and photographic supplies.

J. P. Bemberg A.G.: Together with Vereinigte Glanestaff-fabriken is formed the American Bemberg Corporation, manufacturer of artificial silk.

Goodyear-Zeppelin Corporation, Akron, Ohio: German capital is reported invested.

Dornier Corporation of America.

New Jersey Worsted Co., Passaic, N.J.

Hammermill Paper Co., Erie, Pa.

DEMOCRACTIC POLICY WOULD COMPEL AMERICA'S INDUSTRIAL WAGE EARNERS TO PAY THE ENTIRE EUROPEAN WAR DEBT

The evening of July 30, 1932, Governor Roosevelt in a Nation-wide radio address out of Albany, N.Y., "explained" the Democratic platform plank by plank. He said:

This tariff policy, however, cannot be separated from our other relations with foreign countries; the whole thing ties in together. Our platform is explicit here also.

"We oppose cancellation of the debts owing to the United States by foreign nations."

This problem of the debts is complex. Its solution has, however, been brought measurably nearer by the recent results at Lausanne. Great Britain, France, and Germany have at last agreed among themselves concerning reparations. The danger now is that they may turn a united front against us. This comes, I am convinced, not so much from the debts they owe us as from

our barriers against their trade which make the problem so difficult.

The debts will not be a problem—we shall not have to cancel them—if we are realistic about providing ways in which payment is possible through the profits arising from the rehabilitation of trade.

The Republican platform said nothing at all about this; but their position has been the absurd one of demanding payment and at the same time making payment impossible.

This policy finally forced a moratorium as it was bound to do. Our policy declares for payment, but at the same time for lowered tariffs and resumption of trade which open the way for payment.

The Democratic platform commits the party against the cancellation of foreign debts, and the Democratic candidate interpreted this to mean the foreign debts must be paid, but they must be paid in goods rather than in money. They must be paid by lowering our tariffs, so that our European debtors may so increase their exports to this country that out of the profits they will be able to remit their debt.

All our European debtors are industrial nations. Their exports to this country are industrial products, which come in competition with the industrial wage earner.

The Democratic program, then, as clearly set forth by the Democratic candidate in a carefully prepared address, is to let Europe pay her war debts at the expense of the industrial wage earner in the United States. It would be far more fair and equitable to transfer the entire European war debt to the shoulders of all the American taxpayers by outright cancellation than to confine the burden of meeting that debt to the backs of the workers in American factories.

The recent reversal of attitude upon the part of President Roosevelt, evidenced in his decision not to ask the Congress for autocratic power to negotiate reciprocal tariff treaties, without their being subject to review and ratification by the Congress, clearly indicates he has decided to stand upon his interpretation of the Democratic platform.

CONVEYING CERTAIN LANDS TO HARRISON COUNTY, MISS.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent that the Committee on Veterans' Legislation be discharged from further consideration of the bill S. 1514, authorizing the Administrator of Veterans' Affairs to convey certain lands to Harrison County, Miss., and for its present consideration, which I send to the desk and ask to have read.

The Clerk read as follows:

Be it enacted, etc., That the Administrator of Veterans' Affairs is authorized and directed to convey by quitclaim deed to Harrison County, State of Mississippi, all right, title, and interest of the United States in and to the following-described lands along the north line of the United States Veterans' Administration property at Gulfport, Miss.: Beginning at the northwest corner of said property at the intersection of the western boundary of section 36, township 7 south, range 11 west, St. Stephens meridian, and the southern boundary of the Old Pass Christian Road; thence northeasterly along the existing northern boundary of said property a distance of 990 feet, more or less, to the northeast corner of said property; thence southerly on a line parallel to the aforesaid western line of said section 36 a distance of $15\frac{4}{10}$ feet, more or less, to a point; thence southwesterly on a line 15 feet from and parallel to the aforesaid northern boundary of said property a distance of 990 feet, more or less, to a point on the western boundary of said section 36; thence northerly along the western boundary of said section 36 to the point of beginning; and containing thirty-four one hundredths acre, more or less.

The SPEAKER pro tempore. Is there objection?

Mr. SNELL. Mr. Speaker, I reserve the right to object. Has the committee reported on this?

Mr. RANKIN. No; it has not reported on this. This comes over from the Senate. I spoke to the gentleman from Vermont [Mr. GIBSON] about this. There is no controversy about it. This is merely a bill to permit the city of Gulfport to widen its streets. It does not cost the Government one penny.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There was no objection.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

CONSERVATION OF THE NATION'S WILD-LIFE RESOURCES

Mr. ROBERTSON. Mr. Speaker, I ask unanimous consent to speak for 1 minute.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. ROBERTSON. Mr. Speaker, on June 3 I introduced House Resolution 173. I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. ROBERTSON. Mr. Speaker, on June 3 I introduced House Resolution No. 173, which provides for the creation of a new House committee to which would be referred House bills pertaining to fish and game. For some years the Senate has had a special committee on conservation of wild-life resources, and all who are familiar with the conservation work being done in the United States know of the splendid services rendered to the cause of conservation by this Senate committee. I have been agreeably surprised to find so many of my colleagues in the House interested in hunting and fishing and the cause of wild-life conservation, and there are many of us who feel that there should be organized in the House either a regular committee or a special committee similar to that in the Senate for the consideration of legislation pertaining to wild-life conservation. At each regular session of the Congress many bills relating to this subject are introduced; in the first session of the Seventy-second Congress, for instance, there being 96 House bills and 78 Senate bills. It is reasonable to anticipate that at the regular session next January of the Seventy-third Congress there will be introduced an even larger number of bills; and while I realize there will be no opportunity at this special session for action on the pending resolution, I feel that a brief discussion of the conservation situation in the country and the need for a committee in the House to deal with these bills is not untimely.

The past 3 years of unparalleled depression and resulting unrest and unhappiness have visibly demonstrated to us the wisdom of Thomas Jefferson in including "the pursuit of happiness" as one of our three inalienable rights. I would say that the first essential for the pursuit of happiness is the opportunity for a man to have honest employment at a living wage. In other words, the opportunity to provide for himself and those dependent upon him the necessities of life.

The second essential is undoubtedly the opportunity to enjoy clean and wholesome recreation. Since the 4th of March we have been laboring, and I believe with some success, to lay the foundation for the economic recovery of our country and for the vindication of our capitalistic system. As I have just said, we must give the people bread, but, having done that, the Government can well give thought to the making of happy and contented citizens by a contribution to their opportunities for recreation.

The love of the chase is inborn in all virile people. Any civilization that crowds out, or attempts to crush that instinct will do so at the expense of those qualities of body, heart, and mind so pronounced in those who founded this Government and so necessary to those who are to maintain it. James Oliver Curwood once said:

The world loves the man who loves to fish. You don't find him in jail. You don't find him in the hospital. You don't find him dying young. He is the man who without flaunting his religion from the housetops sees God forever in the blue skies, in the forests, in the glimmer of the stars, and the rising of the moon—in everything that is a part of his beloved streams and lakes. Fishing is not only a pastime which man has created for himself. It is the greatest character-building activity under the sun for human hearts and souls. It is the man who loves to fish who helps to keep the world at its best, who is the greatest fighter for its beauties, and its ideals, and all because he has come to realize and understand the glorious thrill of that intimate contact with nature which one finds when he has a rod in hand.

The Cavaliers, who settled and developed the Old Dominion, brought with them from the mother country the love for outdoor sports. The Pilgrim Fathers may have esteemed

hunting and fishing as a necessity rather than a virtue, but, judging them by some of their splendid descendents, no one could make me believe that they were so stern and austere as not to find the same joy in the chase that we do today. The early settlers, of course, found that nature had emptied her horn of plenty into the lap of this new country in all matters pertaining to fish, game, and forests. Consequently, at first there was no thought given to wild-life conservation, and no need for organized effort. However, as early as 1813 we find the Fowling and Fishing Association of the Township of Cape May organized in New Jersey; in 1844 a State-wide association in New York known as the "New York Sporting Association", which is still in existence and known as the "New York Association for the Protection of Game." In 1886 the Audubon Society, father of the present Nation-wide organization, was formed. The following year the Boone and Crockett Club came into existence. In 1895 the New York Zoological Society was organized, and 3 years later the League of American Sportsmen. In 1905 we had the American Bison Society, and in 1911 there was organized the American Game Protective Association, which latter association has probably done more for the cause of wild-life conservation in America than any other organization. In 1922 the Izaak Walton League of America was organized, and in 1928 the National Committee on Wild Life Legislation.

None of the foregoing organizations were official in character. They were organized by sportsmen and conservatists for the purpose of improving conditions generally or specifically.

In the meantime many States were taking official action. Virginia was one of the first States to pass game laws, but it fell to the lot of the county sheriffs to enforce them. At that time, for instance, my neighboring county of Augusta extended from the Shenandoah Valley to the Mississippi River, and one can well imagine the difficulties of one county sheriff in enforcing the game laws in that area. Maine has the honor of appointing the first official game protectors in the United States; the Governor of Maine in 1843 appointing wardens to patrol the fishing streams in three counties of that State. Massachusetts and New Hampshire were glad to turn their attention from war to more pleasant things in 1865, when each State created fish commissions for the protection of their commercial fisheries, and 2 years later Connecticut and Vermont followed suit. The sportsmen of Vermont felt that they were entitled to as much consideration as the commercial fishermen, and in 1878 the fish commission in that State was reorganized as the board of fish and game commissioners. During the same year California enacted similar legislation, and in 1887 the State of Minnesota created the office of State game warden for the protection of wild life of that State, and Michigan in the same year provided a game and fish warden for administration of its wild-life resources. At this time every State in the Union has official agencies to deal with fish, game, and forests.

In 1871 the Federal Government took action in behalf of the commercial fisheries by establishing a Bureau of Fisheries, which within recent years has included in its activities the production and distribution of game fish. In 1885 the Biological Survey was created by Congress, but its activities consisted chiefly of scientific investigations until the passage of the Lacey Act in 1900, which was the first step taken by the Federal Government looking toward the conservation of wild game.

It is generally recognized that the sovereign States have jurisdiction over the fish and game in their borders and hold these natural resources in trust for the people, but the Federal Government has the power to regulate traffic in interstate commerce, and likewise has power over migratory birds by virtue of a treaty between the United States and Canada.

Years after the establishment of the first two named Federal agencies the Federal Government created the National Forest Service as a bureau of the Department of Agriculture. While this agency was created primarily to conserve our timber resources, its work is becoming more and more intimately associated with the conservation of fish and game, and I suggest that in future years the greatest progress in forestation will be made when combined with game management, as has notably been done in New York and Pennsylvania. The impetus for the expenditure of millions of dollars of public funds for the purpose of forest lands in Pennsylvania was given by the half million or more of licensed hunters, and every acre of State forests in Pennsylvania is either a game reservation or a public hunting ground. George D. Pratt, of New York, an outstanding authority on the subject of forestry, said at one of the conferences of the American Game Association in New York:

> Commercial forestry is a precarious undertaking from a financial point of view, but the cultivation of land to provide the correct environment for wild life opens up many possibilities in the way of financial enterprise.

President Roosevelt has given great impetus to the forestry movement in the United States, and I gave my whole-hearted support to his reforestation bill. It may well be that some of the one hundred and twenty-eight millions to be immediately invested in this work will be wasted, but we will be making an investment in good citizenship on the one hand in the city boys who will be sent to these forest camps, and on the other we will be laying the foundation for the future conservation of great natural resources which in years past have been abused, wasted, and riotously squandered.

Our scientists tell us that our forests antedate the Eocene age, which they roughly fixed at 30,000,000 years ago. Not being a scientist, I cannot undertake to vouch for the age of our forests, and, in fact, have been willing to accept at face value the statement in Genesis that after God had created land and seas, on the third day he made the face of the dry land to blossom forth with green things, grass, shrubs, fruit trees, and trees of the forest. To me, the important fact has been not how long we have had trees but how much longer will we have them. I understand that each year forest fires destroy an area in the United States equal to a strip from Detroit to New York 10 miles wide. One purpose of the civilian conservation camps is to cut fire lanes and trails and to establish lookout towers, with a view to preventing the annual economic loss of timber that runs into millions of dollars, and of the habitat of fish and game, the losses of which will mean even greater millions of dollars.

Our primary needs are but three—food, clothing, and shelter—and the needs of wild life are the same. Clarence Darrow says there has never in the history of the world been an overproduction of food, clothing, shelter, and joy. There are millions of people in Africa, India, and Asia who have never known an adequate supply of these essentials. Roosevelt in his African Game Trails tells of the horrible existence of the East African Negroes, and how they would frequently fall upon the carcass of some animal he had shot and make a hearty meal of blood and guts. Trader Horn tells of Africans who gladly sold themselves into slavery just for salt. The law of the jungle is a cruel law, and involves a constant struggle for food, clothing, and shelter, the preying of the strong upon the weak, and the survival of the fittest. To these natural difficulties man has added the destruction of modern firearms.

Our forests are the natural habitat of all of our game birds and most of our game fish. Surely the preservation of those areas which mean food, clothing, and shelter to wild life mean much to our sportsmen. Even our bobwhite quail, which is primarily a bird of the cultivated area, is more and more being forced to seek for food and shelter in the forests, and those of us who have studied the game supply of the States realize how our forest game, which include deer, bear, turkeys, grouse, and squirrels, have disappeared from those areas in which undue inroads have been made upon the forests by cuttings and forest fires.

By the same token, some of our finest fishing streams have been ruined, since a denuded area means floods in winter and drought in summer, erosion and turbidity and extremes of temperature, especially high temperatures in the summer

months. China is a splendid illustration of the type of country without forests. I am told that wood is so scarce in China that only the rich can afford it either for heating or cooking purposes, the coolies having their meals cooked at a community kitchen on the street, the rivers are turbid streams, and the farming areas are either drenched with torrential downpours or baked by a torrid sun until there is famine and pestilence. Haiti is another example of the wasteful destruction of forests, a country once rich in forests of mahogany wood, and now living in poverty and squalor through the dissipation of this natural resource. Even in that land of romance and big game, the east coast of Africa, the big game has virtually disappeared except in the preserves established by the British and Belgium Governments, and the cutting of timber in the Kenya Province to provide for agriculture and the planting of coffee trees has produced an acute wood shortage.

Mr. Speaker, when we seek to interpret the conservation of the Nation's wild-life resources in terms of clean and wholesome recreation, and in terms of a contribution to human happiness, let us remember that even in these slim times there were last year approximately 7,000,000 people in the United States who purchased fishing licenses and 6,000,000 who purchased hunting licenses. Making due allowance for the sale of combination licenses there were at least 10,000,000 license holders in the United States, and at least that many more who hunted and fished on their own premises without license, or who ventured forth to field and stream to enjoy the beauties of nature and to commune with nature's God. In other words, we know that not less than one seventh of the total population of the United States is definitely interested in wild-life conservation, and when we win this economic war and the man of average means can once more repose in financial security, it will not be extravagant to say at least one half of the people of the United States will welcome an opportunity to enjoy good hunting and fishing and the invigorating experiences of the out-of-doors.

Herein lies a great opportunity for the Congress to make a definite contribution to the happiness of the American people, and likewise to contribute to their physical well-being. And in this connection I should like to offer for consideration of my colleagues the further suggestion that if we are to lose the bulk of our foreign markets for American farm products, as now seems likely to be the case, we must find some new method of utilization of surplus farm lands, border-line lands, and forests. We may temporarily reduce farm production and support farm prices, by spending $200,000,000 per year or more in withdrawing wheat and cotton lands from production, but every sensible man must realize that such expenditures cannot be kept up indefinitely.

Our farmers are as much entitled to a living wage as the workers in our factories, and when we withdraw from the farmers their temporary subsidies and at the same time tell them that this Nation must learn to be self-contained, what new hope have we to hold out to the two or three million surplus farmers? I frankly know of none unless we can develop for them a new source of income from the conservation of their wild-life resources. There is certainly no overproduction of fish and game and with the return of prosperity there will be thousands of city men willing to exchange their dollars with farmers for good hunting and fishing. Instead of Virginia raising more short-horned cattle, and Iowa more hogs, we might give consideration to raising more deer, wild turkeys, and pheasants. Already our annual kill of game amounts to 50,000 tons annually, or an average of 20 pounds each for 5,000,000 families. Our anglers account for possibly 25,000 tons of game fish. It is estimated that the tourist trade in America involves an expenditure of a billion dollars annually. Of this Michigan claims to get $200,000,000, Wisconsin one hundred and seventy-five million, Maine one hundred million, Minnesota ninety million, and so on. The vast army of 10,000,000 hunters and fishermen annually expend $750,000,000 in the enjoyment of their favorite sport. I am not one who has any great confidence in the ability of the Government to set aside the laws of supply and demand. It has been definitely established that we have been producing in the United States, more wheat, cotton, hogs, tobacco, and apples than can be consumed in our domestic markets. If the farmer cannot buy, the manufacturer cannot sell. In natural resources, in industrial equipment, in creative energy, and in ability and willingness to work, our Nation is as rich as it was at the peak of 1929, but when the farmer lost his foreign markets our economic balance was upset and one of the major problems of the "new deal" is to find a proper basis for readjustment. Of course we must strive to regain our foreign markets and adopt with the other nations of the world a live-and-let-live policy, but at the same time we must not overlook any opportunities for readjustment within our own confines. I am firmly convinced, Mr. Speaker, that the proper conservation and development of our wild-life resources offers such an opportunity, and therefore I have presented to the House a resolution for the creation of a committee to be selected with the sole view of promoting this great undertaking.

PAYMENT OF AWARDS, MIXED CLAIMS COMMISSION

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent for the present consideration of House Joint Resolution 183, extending for 1 year the time within which American claimants may make application for payment, under the Settlement of War Claims Act of 1928, of awards of the Mixed Claims Commission and Tripartite Commission.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

Mr. SNELL. Mr. Speaker, I reserve the right to object. Is that the bill the gentleman spoke to me about this morning?

Mr. DOUGHTON. Yes.

Mr. SNELL. There is a unanimous report?

Mr. DOUGHTON. Yes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read the joint resolution, as follows:

House Joint Resolution 183

Resolved, etc., That subsection (g) of section 2 and subsection (f) of section 5 of the Settlement of War Claims Act of 1928, as amended by Public Resolution No. 27, Seventy-second Congress, approved June 14, 1932, are further amended, respectively, by striking out the words "5 years" wherever such words appear therein and inserting in lieu thereof the words "6 years."

The joint resolution was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider laid on the table.

MY JUDICIAL CRUCIFIXION—HOW A JUDICIAL OLIGARCHY RAILROADED ME TO A PENITENTIARY

Mr. SHOEMAKER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein several Supreme Court decisions.

Mr. LAMBETH. Reserving the right to object, how long are the decisions?

Mr. SHOEMAKER. They are very short.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. SHOEMAKER. Mr. Speaker, ladies and gentlemen of the House, since 1928 I have been the victim of an organized conspiracy composed of representatives of the Power Trust, representatives of the chain-banking institutions of this country, crooked and unscrupulous politicians, as well as a corrupt and conniving racketeer who is today hiding his nefarious machinations under the sanctimonious garb of a Federal judge.

I refer to one disgrace known as "John B. Sanborn", who, in connection with a former Member of this House and the heretofore-mentioned parties, was able to stack a grand jury and cause me to be indicted and sent to a Federal penitentiary charged with committing the serious crime of quoting Holy Writ through the sacred mails of the United States of America, all because I dared to challenge the notorious and corrupt manner in which the wealth and property of the common people were being devoured by this relentless

and heartless group of ravenous fiends. The real crime that I committed was that I dared to uncover those who sit in high places; I dared to expose Herbert Hoover, Andrew Mellon, and their satellites, who have robbed the American people of all that is high and holy, fair and just, and who have wrought destruction and calumny upon this fair land of ours. I tried to be a patriot; I tried to be an American citizen; I tried to do my bit to see to it that American Government could be operated in the manner set forth by the Constitution of the United States. I battled for human rights versus property rights and made the battle effective. Hence I was a dangerous character to the State and Nation in the eyes of those hounds of hell who were being blocked and exposed in their nefarious game in the grabbing of loot for their own personal aggrandizement and at the expense of the common people of this great land of ours.

To begin with, since 1928 I have guarded religiously over the electrical energy that could be produced at the newly constructed dam built by the Federal Government in the Mississippi River at Hastings, Minn. Effort after effort on the part of the Power Trust to grab this power has been thwarted by myself and associates; a further crime that I committed against the Power Trust was to assist in blocking the renewal of franchises in approximately 20 cities where their franchises had expired, and they are still blocked, and it is my aim to assist and aid these cities to the fullest of my ability from once more becoming the servile slaves of this power gang.

For a number of years I committed the serious crime of appearing before several legislatures of several States in support of a bill which would make trust companies responsible for trust funds placed in their hands, and through this action I aroused the animosity not of the little, honest country banker but of the great financial institutions in several States, and gave publicity in the publication of which I was the editor, the Organized Farmer, of the manner in which widows and orphans had been looted by trust companies and the manner in which the victims had no recourse or redress under the laws of the United States.

For my activities along the lines heretofore stated, I was made to suffer at the hands of a conspiracy that so far as I know stands unequaled in the last decade. Our printing plant was entered, and our type was strewn all over the floor, our mailing lists were wrecked, and the printing plant almost ruined. Insurance policy after insurance policy for fire insurance was canceled upon the property. Various insurance agents were informed that my policy must be canceled and that they must return the policy to the companies. Thus I was blacklisted even to the extent of being unable to obtain fire insurance, when, as a matter of fact, I have never in my whole life incurred any loss from fire or otherwise. Within 2 weeks' time, through this conspiracy, there resulted a cancellation of advertising contracts with the Organized Farmer, which amounted to many thousands of dollars. Among those canceling contracts were the General Motors Corporation, Durant Co., and many other nationally known advertisers. One, R. W. Putnam, president of the Minnesota Bankers' Association, called me to his office in Red Wing and assured me that my business would be wrecked unless my paper was operated along lines which would coincide with his views, and told me that he would drive me out of town if I did not desist showing up the graft in which he, himself, was implicated. Through the influence and chicanery of a former Member of this House, August H. Andresen, our publication, our mailing lists, and our books were repeatedly investigated by special investigators of the Post Office Department, who in every way tried to find some technicality or some slight infraction of a rule that might give them cause to deny my publication the rights of the mail.

This persecution I was forced to tolerate consistently for over 3 years, thereby causing a financial loss of many thousands of dollars. Every possible effort to get me in some manner was tried by those whom I was exposing, even to the extent of placing a bomb in my car and connecting it with the self-starter, in the hopes that I might blow myself to kingdom come. Post-office inspectors and secret-service men, at the behests of this contemptible tribe of grafters, even went so far as to go to my wife with deliberate falsehoods and try to break up my family with their lies. They even told my wife that I was registered at hotels in Iowa with another Mrs. Shoemaker, which proved to be correct, but the Mrs. Shoemaker I was registered with happened to be my mother, whom I took to Iowa for cancer treatments. This will show you, ladies and gentlemen, the manner in which these hounds operated their espionage system against a man who dared to fight for the rights of the common people, and fight effectively.

One day I received a letter from R. W. Putnam and the address on the envelope read as follows: "F. H. Shoemaker, Editor of the Organized Farmer, any place in the world but Red Wing, Minn." I was constantly annoyed and threatened by anonymous letters sent to me by the conspirators.

In reply to the above letter, I foolishly fell into their trap by addressing a letter as follows: "R. W. Putnam, 'Robbers of Widows and Orphans,' Red Wing, Minn., in care of Temple of Greed and Chicanery." For this crime I was indicted, not under State laws on a charge of libel or slander where I might be in a position to prove what I said was correct, but with the assistance of every petty Federal official from the local Republican postmaster on up to that arch-grafting thief and political reprobate, who disgraced the high and exalted position of Attorney General of the United States, William D. Mitchell, the man who nolle prossed his own case with the Federal Government, and helped beat the United States Government out of several million dollars of inheritance taxes in the Jim Hill-Great Northern Railway Estate. It was this grafter, along with the notorious and crooked Arch Coleman, who caused me to be indicted with a loaded grand jury, and then railroaded me to a penitentiary, after a corrupt judge and district attorney agreed to give me a 30-day suspended sentence along with a judicial chastisement if I would plead guilty. Having faith in a Federal judge I pleaded guilty on that basis. The judge then deliberately double-crossed me, and sentenced me to 1 year and 1 day, and to pay a fine of $500. He then suspended the sentence of 1 year and 1 day, and in lieu thereof placed me on probation for a period of 5 years. The entire object of the sentence was to hold a club over my head for 5 years and silence my tongue against the grafting corporations and politicians who were formerly officially represented in a legal way by the same judge, who sentenced me.

This sentence was passed upon me on December 22, 1929. I at that time wanted to decline the probation offer, but being just a few days before Christmas, I wanted to spend Christmas with my family, which I did, and on the 27th day of December, in the next issue of my paper, I deliberately violated my probation and was called before the judge, who revoked it and committed me to the penitentiary at Leavenworth, Kans. I took the attitude, ladies and gentlemen of the House, that the nearest and dearest thing I had in this world was my liberty and freedom and my right to express my opinions regarding my principles, whether or not they coincided with the views and ideas of others, and that if I was to be forcibly deprived of my liberty and freedom I would rather be locked up behind prison bars for 1 year and 1 day, and know in my own heart that I was a man, than to be locked up on the outside for 5 years and know in my own heart that I was a mental slave and a moral coward, and with this thought in view I gladly chose the lesser of the two atrocities that were offered me, and delivered myself to the court.

Prior to my conviction there was a constant flow of officials from the various large banks in Minnesota, who called upon the judge and discussed my case, including R. W. Putnam, who was a schoolmate of the judge. It might be interesting to my colleagues to know that R. W. Putnam and his banking institution, through my activities and exposures, were finally taken into court in a case where they had deliberately taken money from the trust fund of one Arvid Larson and re-

placed it with worthless securities that had for several years been in the hands of a receiver. This case was first won by the heirs of Larson in the Goodhue County court, where I live. It was later appealed to the Supreme Court of the State of Minnesota, who upheld the lower court and for the first time in the history of any State a precedent was established in which trust companies were made responsible for trust funds accepted by them, so what we failed to accomplish by legislative act became law by judicial decision. My activities in this case did not make the chain-banking fraternity feel any kindlier toward me. Putnam was required to pay back to the heirs not only the original sum but 6 percent compound interest over a period of 13 years. The decision in this case caused many other cases of like nature, which had not been outlawed, to be reopened in the courts of Minnesota, and I have been reliably informed by a former official of the State Bankers' Association that in 7 months after the decision in this case $200,000,000 was paid back to widows and orphans in the State of Minnesota, and I wish to state here and now that if it were possible for me to return another $200,000,000 to widows and orphans I should gladly spend another year in the penitentiary to do so.

It might further be interesting to know that Mr. Putnam, who was going to drive me out of Red Wing, Minn., has himself been driven out. His bank was wrecked through lack of confidence, caused as a result of his fighting me, and I am informed that he is now holding down a position paying him $20 per week working for a chain-banking institution, traveling over the State of Montana counting sheep in order to check the increase in sheep on the chattel mortgages held by the chain banks.

Congressman Andresen was repudiated by the people of Minnesota and is no longer a Member of this House, and never again will be, for the people have eventually learned to know him for what he is. Mitchell and the Hoover gang elevated this notorious scoundrel of a judge to a position on the circuit court of appeals. H. O. Peterson, of Stillwater, Minn., who formerly edited a farmer-labor paper in that city, and who has long been known as a stool pigeon for the Power Trust, and who had the reputation of putting the paper he managed so far in debt as to bankrupt it just prior to a power and light controversy at Stillwater. Peterson, the stool pigeon, was the spokesman in the grand jury who did the talking that caused my indictment by a vote of 5 to 6 with one not voting. The one not voting was Peterson, who asked to be excused to vote, after he saw the way the vote stood on the grounds that he was a personal friend of mine.

Before the indictment Mr. Peterson appeared in the grand jury room in almost rags and tatters. The next day he blossomed out with a new outfit of clothes, and looked like a walking model for some clothing shop. Since that time a printing press has been established, or located in the basement of his home, where it is reported that he is making a handsome living printing monthly statements covering many cities for the Northern States Power Co., whom I battled so effectively in blocking franchises and in cutting rates in various communities, including the city of Red Wing, where as a result of my fight on this corporation, rates were reduced approximately $100,000 per year.

Not alone were these hounds satisfied to have me in a penitentiary, but they consistently carried on their battle against me while I was locked up. Congressman Andresen notified the warden before my arrival that I would make more trouble in the penitentiary than 300 guards could take care of. Consequently, the guards were called together by the warden at a special meeting and were told to keep their eyes on me every minute. So that the persecution was carried on and continued even after I was locked up; and if you people could only realize the misery, anguish, suffering, and mental pain that one goes through in a penitentiary under normal conditions, you might understand how this would be aggravated by the special attention which was accorded me by the prison officials. Congressman Andresen even went so far as to write letters to the penitentiary in which he accused me of feigning sickness in the penitentiary to avoid work.

The depths to which some men can and will degenerate to I shall show by including the following letters in this speech—a letter written by Andresen to the warden, and the warden's reply. They are self-explanatory and need no further comment.

RED WING, MINN., *April 13, 1931.*

Mr. T. B. WHITE,
Warden United States Penitentiary,
Leavenworth, Kans.

MY DEAR WARDEN WHITE: I wish to write you confidentially in regard to FRANCIS H. SHOEMAKER who is now confined to your institution under sentence for 1 year and 1 day imposed by Judge Sanborn of Minnesota, for violation of the postal laws.

I have been informed by several parties who have heard from SHOEMAKER, to the effect that he has been feigning sickness upon several occasions since he arrived at the institution.

I have investigated as to his past conduct and have learned that he is in the habit of complaining of sickness every time the Government has placed some requirements upon him. I am therefore convinced that he has been feigning sickness at your institution in order to get away from work as required by your regulations.

This matter is being called to your attention at this time as I understand that the prisoner has made application for parole, which will be considered at the next meeting of the board.

When this man is not confined to a prison, he is the most active and vigorous animal, and is on the go day and night preaching his radical doctrines in order to "hoodwink" the ignorant into contributing money and support to his cause.

I would appreciate very much if you will cause an investigation to be made as to the alleged sickness of this man and let me know as to your findings, since I am interested to learn something about this man's record while he is confined at your institution.

With kindest personal regards, I am,

Sincerely yours,

AUGUST H. ANDRESEN,
Congressman, Third District, Minnesota.

Following is the answer that the "honorabull" got back from the warden. It will be noted the manner in which the warden knocked him off his pins in a very diplomatic way:

UNITED STATES PENITENTIARY,
Leavenworth, Kans., April 19, 1931.

Hon. AUGUST H. ANDRESEN,
Red Wing, Minn.

DEAR CONGRESSMAN: I am in receipt of your letter of April 13, 1931, inquiring into the health of our Francis H. Shoemaker, registration no. 38163.

Mr. Shoemaker was received here February 1, 1931, and will be eligible for parole on April 29, 1931.

In a report from our prison assistant physician, Dr. K. E. Conklin, I find this paragraph: "His (SHOEMAKER'S) physical condition is good and is not giving him a bit of trouble; he states himself that he is not sick."

SHOEMAKER'S record since he has been here is good, as I find no reports for violations of rules against him.

Thanking you for the information and your interest in the matter, I am,

Very truly yours,

F. L. MORRISON, *Acting Warden.*

I might comment further by saying, or asking since when has it become the duty of a Congressman to run a Federal penitentiary for the warden?

Shortly after I began serving my sentence at Leavenworth, there was considerable criticism of Judge Sanborn with regard to myself. He then realized that he could not hold a club over me for 5 years, as he had originally intended, and he told friends of mine that he would recommend a parole for me at the expiration of 4 months. His correspondence, through channels I am not permitted to relate, came into my hands, and on March 9, 1931, he wrote the following letter:

Mr. H. C. HECKMAN,
Secretary United States Board of Parole,
Washington, D.C.

DEAR MR. HECKMAN: I wrote you a letter before with reference to FRANCIS H. SHOEMAKER, who was sentenced by me for a period of 1 year and 1 day and given a $500 fine. Mr. SHOEMAKER sent an offensive letter through the mail during the heat of a political campaign. He was the editor of a paper at Red Wing, Minn. I at first suspended his prison sentence and placed him on probation. He thereupon wrote an article in his paper which was offensive, and which resulted in his probation being revoked. He has a rather peculiar mental attitude but is not in any sense a criminal type. If he behaves himself well while in your institution, I am inclined to think that it would be for his interests, and the interests of society, if, when he becomes eligible, he is paroled and kept under rather strict supervision for some time thereafter.

I do not believe that his fine should interfere with his being paroled. I am reliably informed that he has no means, and if the fine is to be paid at all, it might be well to let him pay it in installments during the time he is on parole. I think he is more likely to behave himself well if he is paroled after a reasonable length of time than if he is required to serve his entire sentence. His case is a rather peculiar one, and it is a little difficult to know just what course to pursue.

Very truly yours,

JOHN B. SANBORN.

It will be noted by the above letter wherein the judge states—

He has a rather peculiar mental attitude, but is not in any sense a criminal type.

If, as he would like to infer, that my mentality was warped, why did he not send me to a sanitarium, when, according to his own statements, I was not in any sense a criminal type? I should be more than pleased to let the Judiciary Committee of this House diagnose this judge and give us a report on just how nutty he is; and it might further interest you people to know that when Mr. Andresen learned of this correspondence, he immediately made the trip back to Minnesota, where he personally called upon this judge, along with several others, and we then find this judge reversing his first letter to the parole board, doing a judicial somersault, which read as follows:

Mr. H. C. HECKMAN,

Secretary United States Parole Board, Washington, D.C.

DEAR MR. HECKMAN: I have written you before with reference to FRANCIS H. SHOEMAKER, who is serving a sentence in Leavenworth for sending offensive matter through the mail. At the time I wrote you a letter on March 9 I did not have in mind the fact that, if paroled, he would only be under suspension for the balance of his term. I had a feeling that he could be kept under supervision for a considerable length of time and that might have a salutary effect. I am told that Mr. SHOEMAKER's reputation at Red Wing, Minn., is not good with reference to a good many other things than his writings in the newspaper of which he was editor, and that a large number of the best people there felt that the longer Mr. SHOEMAKER is away the better off the community would be. Mr. SHOEMAKER's home was in Wisconsin, and his wife is now living at New London, Wis. The suggestion was made that if Mr. SHOEMAKER would return to Wisconsin and stay out of Minnesota there might not be much objection to his being paroled on that basis. I think that, in view of the fact that there seems to be no method under which Mr. SHOEMAKER's conduct could be supervised for any considerable length of time, I should prefer to withdraw any recommendation which I have made in the matter and permit your Board to exercise its own judgment based upon such information as it may have.

Very truly yours,

JOHN B. SANBORN.

The manner in which politics and political graft enter into our system of jurisprudence at the hands of such notorious crooks as Judge Sanborn can be readily understood from the above letter, along with the facts, that when the parole board met at Leavenworth and heard my case, I was offered a conditional parole. The conditions were, that I should agree never to edit another newspaper and to move out of Minnesota to Wisconsin, and if I would agree to such conditions I could be paroled. I immediately saw the conspiracy and the manner in which Congressman Andresen, along with the judge and others, were trying to eliminate me from Minnesota, so that I might not be able to terminate my fight in behalf of honest government, and against their corruption. So I again refused to accept my liberty with this kind of string tied to it, and I ask you, in all fairness, what kind of justice is it that would make a man a good citizen in Wisconsin but a bad citizen in Minnesota? I should like to see this judge brought before the Judiciary Committee and given an opportunity to defend such contemptible and asinine decisions. It might also be well to find out from the parole board just what would cause them to become tools of this pack of contemptible cutthroats and conspirators.

It might further interest you people to know that this persecution did not end with the termination of my sentence at Leavenworth, but was immediately renewed upon my release from the penitentiary. I was released from Leavenworth on November 4, 1931. Two days later, on November 6, my newspaper was cited with a notice to appear before the Post Office Department and show cause why the second-class mailing permit of the Organized Farmer should not be revoked. So determined were they to gag me and keep me from battling in the interests of justice that the Post Office Department was brought into the picture. Boards of special investigators, and alley rats called inspectors, not only investigated the books of the Organized Farmer but went from house to house and drove over the rural routes calling upon subscribers individually to ascertain whether or not the subscriber had ordered and paid for the Organized Farmer. To the subscribers who were scattered over several States they mailed out a questionnaire direct from the Post Office Department here in Washington, and after much ado about nothing they finally found a few copies of the Organized Farmer that were not paid for. Among this list was a number of charitable institutions, and it is the custom of practically every newspaper in the United States to dole out a few subscriptions to charity.

Among those on my list were the poor farm, State reformatory, city jail, county jail, Young Men's Christian Association, old people's home, and the Minnesota Historical Society. Then on the grounds that I was sending papers through the mail that were not ordered and paid for, the second-class mailing privileges of the Organized Farmer were revoked. This again caused a great financial handicap, for we were compelled to pay 16 times as much postage as any other publication in the United States of America. With our advertising contracts ruined, and the excess postage, we were forced to appeal to the readers of our publication for financial support. Publishing under these adverse conditions we were able to keep the paper going until July 1932, after having all this time paid the excessive postage to the Post Office Department under protest. The conspirators in collusion with the United States Government had again won against a helpless individual, and the publication was forced to suspend. Thus the persecution continued.

Now this may seem strange to you people, but here are the facts: Three days after the official canvassing board of the State of Minnesota declared me elected to Congress in a State-wide congressional race, the Post Office Department returned to the Organized Farmer, which they had wrecked, and caused to be suspended, the excess postage that had been charged for sending it through the mail for those many months, thereby admitting that they were wrong during the entire procedure. But they accomplished the purpose they had in view, and that was to eliminate the Organized Farmer during the Hoover campaign of 1932.

My election to Congress did not terminate the persecution, for after I was elected I was kidnaped from my hotel room and taken to a hospital, where the intent of the kidnapers was to have me adjudged insane, and it was only through my ability to strip the handcuffs off my wrist and escape from the hospital in a suit of pajamas that foiled their plans.

It might further interest you, as Members of the House, to know that the notorious and contemptible scoundrel, William D. Mitchell, Attorney General of the United States, did, on the 28th day of February 1933, assemble into one envelope all the records in my case that were located in the Department of Justice, and with the Superintendent of Prisons, and caused them to be sealed by a special ruling, which he so graciously rendered for my own personal benefit, and locked them up, with instructions forbidding anyone to open said envelope under penalty of contempt of court. This he deliberately did to cover up and seal forever the records which would prove to the world the contemptible manner in which this unjust persecution and frame-up had been perpetrated upon an American citizen who was patriotic enough to show the world the kind of a cutthroat, hijacker, and thief that he himself was.

I ask the Members of this House, out of fairness, out of justice, out of decency, to demand that I be accorded the same consideration that any other Federal prisoners have in the past, and that the world may know in justice to myself, and out of honesty in an effort to clean up the rotten judicial system in American for all time to come. So that American citizens in the future may be spared the suffering and

anguish that can be brought about through political persecution at the hands of unscrupulous political pettifogging at the hands of a group of public officials compared to whom Judas Iscariot would be a prince and a benefactor. Shall history again repeat itself with regard to the decisions of our judges, for it must be noted that all down through the history of the ages it has been the judges who have caused revolution and bloodshed through their decisions. The human rights of the people have been trampled underfoot and the property rights of the wealthy have been sustained. Their vicious rulings in the past have caused every revolution that has ever made it necessary for the commoner to spill his blood to regain the rights that he has been deprived of through the usurpation of those rights by some fanatical tool sitting on some bench, and responsible to no one. We might cite the Dred Scott decision which caused our own Civil War, and the decision of the Iowa judge several weeks back to cause the revolution among the agriculturists in the State of Iowa.

I might go on for hours from personal experience and cite case after case wherein the rights of the people have been trampled underfoot by unscrupulous and atrocious judges, but time will not permit; and I wish at this juncture to thank you all for your kind and undivided attention to these remarks, and let us hope and pray that our judicial system in this country may be renovated, revised, and sterilized, so that the American people may once more have confidence in their own Government, in which the judicial system should be paramount.

Mr. Speaker, I ask unanimous consent to insert in the RECORD the court decision from the Supreme Court of the State of Minnesota *In re Security Bank & Trust Co.*

Without objection, so ordered.

IN RE SECURITY BANK & TRUST CO. (NO. 26954)

SUPREME COURT OF MINNESOTA,
March 8, 1929.

(Syllabus by the court)

1. Trusts, 231 (1): Trust company cannot transfer and sell securities owned by it to estate for which it was trustee (Gen. St. 1923, 7731, 7738).

A Minnesota trust company cannot lawfully transfer and sell securities owned by it to an estate of which it is the trustee.

2. Banks and banking, 311; Trusts, 217 (3): Laws governing trust companies must be rigidly enforced; beneficiaries were entitled to money rather than real estate in which trust company invested money as trustee (Gen. St. 1923, 7736, 7739).

Laws governing trust companies should be rigidly enforced. The statutory provisions should be strictly complied with. Under the facts of this case, the plaintiffs are entitled to money and are not obliged to accept the real estate tendered.

Appeal from district court, Goodhue County; W. A. Schultz, judge.

Action by Victor C. Larson against the Security Bank & Trust Co., consolidated with a petition by the Security Bank & Trust Co. for an accounting and distribution of property under trust agreement, objected to by Victor C. Larson and others. Judgment for plaintiff and objectors, and from an order denying its motion for a new trial defendant appeals. Affirmed.

Shaw, Safford, Putnam & Shaw, of Minneapolis, and Milton I. Holst, of Red Wing, for appellant.

Thomas Mohn, Horace W. Mohn, and Charles P. Hall, all of Red Wing, for respondent.

Hilton, J. Appeal from an order denying defendant's motion for a new trial.

Andrew Larson died testate in 1913, in Goodhue County, Minn., leaving surviving him his widow, Anna S. Larson, and three sons, the latter being plaintiffs here. By the terms of the will and the final decree (dated May 4, 1914), Mrs. Larson was given and assigned, for her natural life, certain real estate and personal property consisting of cash and securities aggregating about $14,000 in value, she to use the income and profits therefrom for her support and maintenance and also with power to sell and dispose of as much of the corpus of the estate as she might deem fit and necessary for her comfortable and necessary maintenance, care, and support. Subject to her life estate and rights above referred to, the three sons were to share equally in the estate after specific legacies were paid. Mrs. Larson was required by the probate court to give, and did give, a $25,000 bond, properly conditioned, against permitting waste of the estate or the use thereof for any other purposes than in the will provided. On May 19, 1914, she turned over to the Security Loan & Trust Co., now called Security Bank & Trust Co., the defendant here, the personal property referred to for handling on her account, including the reinvestment of principal and interest, less such sums as she might deem necessary for her support; the defendant guaranteeing the payment of principal and interest of all investments made by it.

On December 22, 1926, Mrs. Larson died. In 1927 Victor C. Larson, one of the sons, brought an action against the defendant to recover his one third share of the property, and issue was joined. While this action was pending defendant presented a petition to the same court for an accounting and distribution of the property to the three sons, all of whom filed objections. The action and the accounting proceedings were tried together. A stipulation was made whereby the sons accepted all items of property offered to be turned over excepting two Montana farms. Two Montana land mortgages—one known as the Baker mortgage, for $2,000, and the other as the Barrett mortgage, for $1,500, with items amounting to $1,500 for expenses of foreclosure and taxes paid upon the properties covered by the mortgages—constitute the $5,000 in controversy here. The sons demanded the $5,000 in money and refused to accept the land, claiming that it was no part of the estate; that defendant had no authority as trustee or agent of their mother to purchase the mortgages in question from itself or the lands derived from the foreclosure thereof. The trial court made findings of fact and conclusions of law in favor of the sons, plaintiffs, and ordered judgment for $5,000.

The mortgages in question were acquired by defendant for itself as its own corporated property and not as trustee. In 1923 and 1924, respectively, defendant had the Baker and Barrett mortgages foreclosed (not as trustee), and after the expiration of the year of redemption received in its own name sheriff's deeds and acquired absolute title to the lands. On January 20, 1927, nearly a month after the death of the life tenant widow and when plaintiffs were the owners of the property of the estate in defendant's hands, defendant executed two deeds in blank, neither naming a grantee—one with date of acknowledgment not stated, covering the lands in the Baker mortgage, and the other the lands in the Barrett mortgage. They were placed in the defendant's files for the papers belonging to the estate. Neither mortgage was ever assigned to the estate nor to anyone representing or interested therein, nor was there any assignment of the sheriff's certificates of foreclosure sale or deeds. The trust company did intend that the expenditures were for the benefit of the Larson estate and that the property should belong thereto.

The Baker mortgage as of date March 2, 1917, appeared in an entry made in the books of defendant as "held by Anna S. Larson estate", and also entries as to expenses and taxes paid relative thereto. The same is true as to the Barrett mortgage, except that its date of entry was May 2, 1917. The name of that account was "Mrs. Anna S. Larson, estate of Andrew Larson." Running through the general accounts of the defendant appeared interest items collected on these mortgages. Of date January 18, 1927, appears a charge for taxes and foreclosure expenses on the Barrett mortgage of $506.91, and same date a like charge relative to the Baker mortgage of $993.09. The items making up these totals are of various dates when they were charged to "suspense and tax account."

(1) 1. The question is raised as to whether the defendant had the right to sell and transfer these securities owned by it to the Larson estate. Under the common law this could not be done, nor could it on December 13, 1901, when *St. Paul Trust Co.* v. *Strong* (85 Minn. 1, 88 N.W. 256) was decided. In that decision the court says: "Had the legislature intended to abolish the well-known and well-established rule, it would not have done so by implication, and would not have left the matter to be inferred, but, on the contrary, would have expressly provided that investments might be made by trust companies in securities held and owned by such companies, provided they were of the character prescribed by law."

At the time of this decision, the statute relative to trust companies provided in substance that investments of sums over $100 in the hands of trustees should be invested as soon as practicable (Laws 1899, c. 200, 5). The legislature, knowing of this decision, in 1903 (Laws 1903, c. 70, 2) enacted what now appears as G.S. 1923, 7738. The suggested language found in the opinion—"held and owned"—was not followed, but "held by it or specially procured by it" was used instead. A trust company generally owns securities of its own (as these mortgages originally were). It also holds securities as trustee which were originally turned over to it when it undertook a trust or which it had purchased by the use of trust-fund money. Under the 1903 law the defendant could have specially procured, by purchase, securities on the market with the Larson estate moneys, or could have purchased such securities held by it in some other trust fund. Could it buy, for that purpose, securities owned by itself? We think not. Had the legislature so intended it would have used the language of the St. Paul Trust Co. case. The failure so to do shows a contrary intent. Even if the legislative intent is not manifest, statutes in derogation of the common law are to be strictly construed. (*St. Paul Trust Co.* v. *Strong, supra; Turner* v. *Fryberger*, 94 Minn. 433, 103 N.W. 217, 110 Am. St. Rep. 375; *Arnold* v. *Smith*, 121 Minn. 116, 140 N.W. 748; *Congdon* v. *Congdon*, 160 Minn. 343, 200 N.W. 76; *Bandfield* v. *Bandfield*, 117 Mich. 80, 75 N.W. 287, 40 L.R.A. 757, 72 Am. St. Rep. 550; 39 Cyc. 366; 6 Dunnell, Minn.Dig. (2d. ed.), 8958.)

The word "held" should be construed in the sense in which it is found elsewhere in the trust company laws. (*School Dist.* v. *Con. School Dist.*, 151 Minn. 52, 185 N. 961.) In G.S. 1923, 7731, a trust company is authorized to "hold property in trust." This means, having in possession and under control property (not its own) for others.

(2) 2. The laws governing trust companies call for rigid enforcement. Trust companies perform a most important and needful service; to them are given broad powers and privileges. As between a trust company and the cestui que trust the strictest

accountability is required. (*St. Paul Trust Co.* v. *Strong*, supra.) Anna S. Larson was in effect, at least as far as plaintiffs are concerned, a trustee of the property of the estate. She could use it only for the purposes and in the manner prescribed in the will and the final decree. She gave a $25,000 bond to guarantee this result. To her was given the power of handling all property and the investing of the moneys of the estate within the exercise of sound discretion. To relieve herself of the responsibilities devolving upon her and to make the defendant a lawful trustee, R.L. 1905, 3041, now G.S. 1923, 7736, must be complied with. It provides: "The trustees of any estate or property may surrender and resign such trust in favor of such trust company which will accept the same, and convey and deliver to it all property and assets of such trust. * * * If such original trust was created under a last will, or an order or decree of a court of record, then such transfer shall not be valid except upon the judgment or decree of such court as would have jurisdiction of an action to remove the acting trustee, and full compliance with the terms and conditions of such judgment or decree."

The sons did not consent to the transfer of the estate property to the trust company nor did they know of the Montana mortgage and land transactions, nor was there any decree of court secured therefor. The trust company could not and did not become a trustee de jure, and did not by the procedure here adopted relieve Mrs. Larson of her trust responsibilities, nor could it exercise the discretion vested in her under the final decree. Under the facts in this case, neither the Larson estate nor the plaintiffs ever became the owners of the mortgages in question nor of the land.

R.L. 1905, 3044, now G.S. 1923, 7739, relative to a trust company, provides: "Besides its general books of account, it shall keep separate books for all trust accounts. All funds and property held by it in a trust capacity shall at all times be kept separate from the funds and property of the corporation. * * * Every security in which trust funds or property are invested shall at once, upon receipt thereof, be endorsed and transferred to it as trustee, * * * and not in blank or otherwise, and immediately entered in the proper books as belonging to the particular trust whose funds have been invested therein. Any change in such investment shall be fully specified in and under the account of the particular trust to which it belongs, so that all trust funds and property can be readily identified at any time by any person." There was a failure to comply with the terms of this law.

Defendant is accountable in money for the $5,000 portion of the Larson estate and the plaintiffs are not required to take the land; this without taking into account the trust company's guaranty of all investments made by it. Defendant contends, and there is nothing in the record to the contrary, that the lands secured by the foreclosure are of value in excess of the principal, interest, taxes, and costs of foreclosure. Fortunately for it, there will be no monetary loss. There is, in this case, no intimation of bad faith or lack of integrity on the part of the defendant or its officers. There was, however, a failure to follow the statutory requirements. A trust relationship is one jealously guarded by the law. Courts do, and should, so guard it even in a case such as this where loss in value is not involved and where there is no charge of an attempt to overreach or defraud. The findings of the trial court are amply supported by the evidence, and its conclusions are correct.

Order affirmed.

(Taken from Northwestern Reporter, Iowa, Nebr., Mich., N.D., Minn., S.D., Wis., C2-224, pp. 235-237.)

ANDREW JACKSON, AMERICAN, AND THE FRENCH DEBT—FAILURE OF FRANCE TO PAY AMERICA INSTALLMENTS DUE ON WORLD WAR AND POST WORLD WAR DEBTS RECALLS STERN, SUCCESSFUL MEASURES TAKEN BY HICKORY"

Mr. LUNDEEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Without objection the gentleman is recognized for 1 minute.

There was no objection.

Mr. LUNDEEN. Mr. Speaker, there has been a great deal of discussion about how to handle our foreign debts—the French debts and other debts. I ask unanimous consent to revise and extend my remarks to show the wonderful statesmanlike manner in which Andrew Jackson, a real fighting American and a great Democrat, handled a similar situation in his time. [Applause.]

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. LUNDEEN. Mr. Speaker, between the years 1800–1817 a series of unprovoked aggressions upon our commerce was authorized and sanctioned by the Government of France, most of which occurred during the time that Napoleon was conducting his many wars, and particularly his wars against England. There is a striking parallel between the aggressions on our commerce at that time and the aggressions committed on our commerce by the contending parties in 1914, 1915, 1916, and 1917, during the World War; the only difference being a matter of degree, and the fact that lives were lost by reason of the aggressions during this last war.

Our Government during this terrific struggle between the Government of France, headed by Napoleon, and the other European countries, took the attitude that any damage to our commerce or injury that we received by reason of said war could be adjusted after the war was over. As a result, at the conclusion of these wars our Government insisted that the French Government pay for these wrongs perpetrated upon our commerce; and after considerable negotiations a treaty between our Government and the French Government was concluded and signed, on the 4th day of July 1831, by which it was stipulated and set forth as stated in President Jackson's message to Congress, December 1, 1834, that—

The French Government, in order to liberate itself from all reclamations preferred against it by citizens of the United States for unlawful seizures, captures, sequestrations, confiscations, or destruction of their vessels, cargoes, or other property, engages to pay a sum of 25,000,000 francs to the United States, who shall distribute it among those entitled, in the manner and according to the rules it shall determine.

According to this treaty the French Government was to pay this 25,000,000 francs in six annual installments of 4,166,666 francs and 66 centimes each—

The first installment to be paid at the expiration of 1 year next following the exchange of the ratification of this convention, and the others at successive intervals of a year, one after another, till the whole shall be paid. To the amount of each of the said installments shall be added interest at 4 percent thereupon * * *.

This treaty was duly ratified by both parties, and the ratification was exchanged at the city of Washington on February 2, 1832.

Jackson in his message goes on to say:

No legislative provision has been made by France for the execution of this treaty, either as it respects the indemnity to be paid or the commercial benefits to be secured to the United States. * * * Advice of the exchange of ratifications reached Paris prior to April 8, 1832. The French Chambers were then sitting, and continued in session until the 21st of that month, and although one installment of the indemnity was payable on February 2, 1833, 1 year after the exchange of ratifications, no application was made to the Chambers for the required appropriation; and in consequence of no appropriation having then been made, the draft of the United States Government for that installment was dishonored by the Minister of France, and the United States thereby involved in much controversy.

The next session of the Chambers commenced on November 19, 1832, and continued until April 25, 1833. Notwithstanding the omission to pay the first installment had been the subject of earnest remonstrance on our part, the treaty with the United States and a bill making the necessary appropriations to execute it were not laid before the Chamber of Deputies until April 6, nearly 5 months after its meeting, and only 19 days before the close of the session. The bill was read and referred to a committee, but there was no further action upon it.

The next session of the Chambers commenced on April 26, 1833, and continued until June 26 following. A new bill was introduced on June 11, but nothing important was done in relation to it during the session.

In the month of April 1834, nearly 3 years after the signature of the treaty, the final action of the French Chambers upon the bill to carry the treaty into effect was obtained, and resulted in a refusal of the necessary appropriations. * * *

The refusal to vote the appropriation, the news of which was received from our Minister in Paris about the 15th day of May, last (1834), might have been considered the final determination of the French Government not to execute the stipulations of the treaty, and would have justified an immediate communication of the facts to Congress, with a recommendation of such ultimate measures as the interest and honor of the United States might seem to require. But with the news of the refusal of the Chambers to make the appropriation were conveyed the regrets of the King and a declaration that a national vessel should be forthwith sent out with instructions to the French Minister to give the most ample explanations of the past and the strongest assurances for the future. After a long passage the promised dispatch vessel arrived. The pledges given by the French Minister upon receipt of his instructions were that as soon after the election of the new members as the charter would permit the legislative chambers of France should be called together and the proposition for an appropriation laid before them; that all the constitutional powers of the King and his cabinet should be exerted to accomplish the object; and that the result should be made known early enough to be communicated to Congress at the commencement of the present session.

The French Government of 1834 had the decency to apologize for its failure to pay an obligation.

Andrew Jackson, relying upon these pledges, did not communicate the above facts to Congress, relying as he did, upon the assurances of the French Government. In this message of December 1, 1834, Andrew Jackson goes on to say:

I regret to say that the pledges made through the Minister of France have not been redeemed. The new Chambers met on July 31 last, and although the subject of fulfilling treaties was alluded to in the speech from the throne, no attempt was made by the King or his cabinet to procure an appropriation to carry it into execution.

Andrew Jackson then makes this emphatic assertion:

The idea of acquiescing in the refusal to execute the treaty will not, I am confident, be for a moment entertained by any branch of this Government, and further negotiation upon the subject is equally out of question.

And then Andrew Jackson goes on to say:

Our institutions are essentially pacific. Peace and friendly intercourse with all nations are as much the desire of our Government as they are the interest of our people. But these objects are not to be permanently secured by surrendering the rights of our citizens or permitting solemn treaties for their indemnity, in cases of flagrant wrong, to be abrogated or set aside.

Andrew Jackson was not a man who indulged in fine speech, but when he was through speaking no one could doubt the meaning of his words. For example, he goes on to say:

There is but one point in the controversy, and upon that the whole civilized world must pronounce France to be in the wrong. We insist that she shall pay us a sum of money which she has acknowledged to be due, and of the justice of this demand there can be but one opinion among mankind.

And a few sentences later in his message he said:

It is my conviction that the United States ought to insist on a prompt execution of the treaty, and in case it be refused or longer delayed, take redress into their own hands. After the delay on the part of France of a quarter of a century in acknowledging these claims by treaty, it is not to be tolerated that another quarter of a century is to be wasted in negotiating about the payment. The laws of nations provide a remedy for such occasions. It is a well-settled principle of the International Code that where one nation owes another a liquidated debt which it refuses or neglects to pay the aggrieved party may seize on the property belonging to the other, its citizens, or subjects sufficient to pay the debt without giving just cause of war. This remedy has been repeatedly resorted to and recently by France herself toward Portugal, under circumstances less unquestionable.

And, then, listen to the American attitude of a real American when he says:

Since France, in violation of the pledges given through her Minister here, has delayed her final action so long that her decision will not, probably, be known in time to be communicated to this Congress, I recommend that a law be passed authorizing reprisals upon French property in case provision shall not be made for the payment of the debt at the approaching session of the French Chambers. Such a measure ought not to be considered by France as a menace. Her pride and power are too well known to expect anything from her fears and preclude the necessity of a declaration that nothing partaking of the character of intimidation is intended by us. She ought to look upon it as the evidence only of an inflexible determination on the part of the United States to insist on their rights. That Government by doing only what it has itself acknowledged to be just will be able to spare the United States the necessity of taking redress into their own hands and save the property of French citizens from that seizure and sequestration which American citizens so long endured without retaliation or redress. If she should continue to refuse that act of acknowledged justice and, in violation of the law of nations, make reprisals on our part the occasion of hostilities against the United States, she would but add violence to injustice, and could not fail to expose herself to the just censure of civilized nations and to the retributive judgments of Heaven.

Collision with France is the more to be regretted on account of the position she occupies in Europe in relation to liberal institutions, but in maintaining our national rights and honor all governments are alike to us.

The result of this message to Congress was the cause of great excitement in France, and the French Government instead of acknowledging that they were in the wrong and offering to make amends to pay the debt which they had solemnly declared to be due under the treaty dispatched war fleets to the coasts of this country, and bills were introduced in the French Chambers for increased military activity, looking to war with the United States. In other words, France was on the point of going to war with the United States over 25,000,000 francs rather than pay her honest and acknowledged obligation. However, we had in the White House a man who not only was a real American but one who could not be frightened even in the early days of this Republic by the power and majesty of the French Government.

Without going into further details of this controversy, the firm American attitude of Andrew Jackson resulted in the full payment by the French Government of this obligation within a very short time, and without any war, and the net result was a greater respect for the American Republic on the part of the French Government than they had ever entertained before. It might also be added that during the Jackson administration the American Government had money coming from Denmark, from Spain, from The Two Sicilies, and that Jackson in each and every case insisted on the prompt payment of these obligations; and when he left the Presidency, every foreign debt due the United States had been paid in full with the exception of Portugal's, which was paid in 1851.

It might also be added that during the Revolutionary War France loaned the United States $8,000,000, and when the treaty of peace was signed in Paris, September 3, 1783, the French demand for a payment of this debt reached the United States before news of the signing of the treaty of peace reached our Government. Our American forefathers did not in reply plead poverty, did not shout to high heaven that they had just emerged from a 7-year war in defense of human liberty, and ask for "funding" of the debt on ability to pay. They paid in full and with interest.

France must be taught the lesson in 1933 that a debtor who refuses to pay should be treated accordingly. That we Americans refuse to assume any more of her financial obligations to enable her to strut before the world the most militaristic nation on earth, spending over $500,000,000 a year on armaments, while she has the second largest gold reserve in the world. She must be taught that breaking treaties and solemn obligations is just as dishonorable when perpetrated by France as when indulged in by any other nation. That dishonor is dishonor; that repudiation is repudiation. She must be taught that we have too high a regard for France herself to permit her in such a high-handed manner to flaunt the solemn obligation of her Government; and, lastly, she must be taught that we still believe what Jackson so forcibly said, that "in maintaining our national rights and honor all governments are alike to us." [Applause.]

Mr. Speaker, ladies and gentlemen of the House, let me quote again from Jackson's fourth annual message. Speaking of keeping out of the quarrels of Europe, he said:

Nor have we less reason to felicitate ourselves on the position of our political than of our commercial concerns. They remain in the state in which they were when I last addressed you—a state of prosperity and peace, the effect of a wise attention to the parting advice of the revered Father of his Country on this subject, condensed into a maxim for the use of posterity by one of his most distinguished successors—to cultivate free commerce and honest friendship with all nations, but to make entangling alliances with none. A strict adherence to this policy has kept us aloof from the perplexing questions that now agitate the European world and have more than once deluged those countries with blood. Should those scenes unfortunately recur, the parties to the contest may count on a faithful performance of the duties incumbent on us as a neutral nation, and our own citizens may equally rely on the firm assertion of their neutral rights.

Andrew Jackson's two terms as President of the United States covered the period from March 4, 1829, to March 4, 1837, and Europe, always on the brink of war, was in a dangerous frame of mind then, as now.

Having followed in the footsteps of the Washington-Jefferson policy, Andrew Jackson was able to say in his fifth annual message, December 3, 1833:

A large balance will remain in the Treasury after satisfying all the appropriations chargeable on the revenue for the present year.

Jackson, in his sixth annual message, declared the country "free from public debt, at peace with the world."

The foreign policy he followed has been observed by every worthwhile statesman from Washington to April 6, 1917. Permit me to call attention to a changed foreign policy in recent years. I read here an editorial from the Minneapolis Tribune of January 27, 1929:

AMERICA ARMS THE WORLD

Senator TYDINGS, of Maryland, wants the United States to use its money power as a club to force the rest of the world to disarm. He reasons that since the rest of the world is forced to come to America for loans, this country could exert an influence for good by putting an embargo on money against nations that maintain excessive armies and navies. To this end he proposes a resolution directing the Secretary of State to forbid American bankers to make the objectionable loans. This is, perhaps, a sample of the "hard boiled" attitude which former Secretary of War Newton D. Baker was urging this country to adopt the other day toward bellicose governments.

Secretary Kellogg has been doing something like this for the past few years, exercising a veto on loans to governments which refuse to settle their war debts to America, but success of the plan depends on voluntary cooperation of the bankers. Although there is no power in the Government to compel submission of loans to the State Department for approval, the bankers in practice find it advisable not to run counter to the wishes of Secretary Kellogg. Whether they would submit so easily to a general embargo on all loans to half the world is another matter.

Senator TYDINGS' resolution, however, has served the useful purpose of calling attention to the fact that America is lending many countries every year about the full amount of their military expenditures. These loans, of course, are chiefly to private business, but the sums so released abroad thereby become available for use of armies and navies. Viewed in this rather indirect way, the United States is supporting about half the military establishments of Europe.

The United States can hardly embark on any such crusade as Senator TYDINGS wants, but it is a striking commentary on the inability of the world to learn from experience that 10 years after the war to end war Europe has an aggregate standing army of more than 3,000,000 soldiers. Europe is as much an armed camp today as in 1914, and so long as that is true, it is idle to talk of another war as "impossible."

And let me say this to our American people: That misrepresentatives of America have been supporting the military establishments of Europe and the Emperors and empires of Europe ever since the World War. It is time to put a stop to the misleadership of these so-called "gentlemen" who have been busily engaged in destroying American prosperity.

Serving in the Continental Army under George Washington, Andrew Jackson, American soldier lad of 14, flung back the taunts and insults of British officers whose boots he refused to clean, and suffered wounds at their hands.

This American soldier, famous general and statesman supreme, drove the last of the British armies from American soil in a decisive and brilliant victory at New Orleans, and they never returned from that day to this, except as propagandists to propagandize us into the quarrels of Europe.

Can anyone doubt what the stand of Andrew Jackson would have been in 1917, when another Democrat plunged us into the quarrels of Europe after solemnly promising the American people that if they would reelect him he would keep us out of war?

I commend the state papers of Andrew Jackson as real American literature, virile, living today, as they were throbbing with life in his time. The greatness of Jackson resulted very largely from his virile Americanism and his following the precepts and advice of the founders of the Republic.

I want you, my fellow Americans, to know the words of Washington, and I want you to know that they are pertinent today. I read you an editorial dated February 22, 1930, printed on Washington's birthday, in the Minneapolis Tribune:

WASHINGTON'S WORDS ARE PERTINENT TODAY

Less 2 years, it is exactly two centuries today since George Washington was born.

And 3 years before he died he left as a legacy to the American people a farewell address which formulated the main principles of the foreign policy this young Nation was to adopt.

In words forever memorable he spoke as follows:

"Europe has a set of primary interests which to us have none or a very remote relation. Hence she must be engaged in frequent controversies the causes of which are essentially foreign to our concerns. Hence, therefore, it must be unwise in us to implicate ourselves by artificial ties in the ordinary vicissitudes of her politics or the ordinary combinations and collisions of her friendships or enmities.

"Our detached and distant situation invites and enables us to pursue a different course. If we remain one people, under an efficient government, the period is not far off when we may defy material injury from external annoyance; when we may take such an attitude as will cause the neutrality we may at any time resolve upon to be scrupulously respected; when belligerent nations, under the impossibility of making acquisitions upon us, will not lightly hazard the giving us provocation; when we may choose peace or war, as our interests, guided by justice, shall counsel.

"Why forego the advantages of so peculiar a situation? Why quit our own to stand on foreign ground? Why, by interweaving our destiny with any part of Europe, entangle our peace and prosperity in the toils of European ambition, rivalship, interest, humor, or caprice?"

These words are as pertinent as if they were spoken yesterday. They apply directly to two issues now engaging the attention of the American people.

The first issue is the Mediterranean pact which France hopes to see adopted at the London Conference.

The second is the Philippine situation.

As regards the first, France wishes to make as a price for her participancy in the American reduction plan America's promise to aid France, in the event of war, in the Mediterranean. The proposition is not couched in terms quite that bald, but that is its clear meaning. Needless to say, the words of Washington, as quoted above, counsel rejection of any such proposal.

As regards the second, the Philippine Islands, it is clear that had Washington's advice been followed they would never have been taken over. "Why forego the advantages of so peculiar a situation?" asks Washington, "Why quit our own to stand upon foreign ground?"

That is exactly the question the Northwest is asking today about our presence in the Philippines. Why are we over at Asia's doorstep at all? With two ocean frontiers and the best situation in the world for defense why have we loaded ourselves up with a vulnerable possession at the other end of the globe—a possession which would automatically become our theater of war in the event of conflict with an Asiatic power?

We acquired the Philippines in defiance of the advice laid down by the far-seeing founder of the Republic, and we have had nothing but trouble ever since. The agricultural competition from the Philippines is inflicting damaging blows upon an agriculture already in great distress; Minnesota today is paying out more for the Philippines than for running its entire State government. And naturally our whole agricultural population is fuming today about our continued retention of the Philippines.

The foreign policy enunciated by Washington in his Farewell Address represented the final word on the subject. Nobody has ever been able to find a better one. We have never experienced anything but grief when we ignored his message. We have never gone wrong in following his advice.

Those individuals who are today seeking to make up their minds concerning the courses America should pursue in relation to the proposal to sign a Mediterranean pact or to free the Philippines should ponder the words spoken by the Father of this Country 134 years ago.

Jackson Americanism and Jackson democracy can save America today. Jackson was a follower of Jefferson, as Lincoln was a follower of Jefferson, and Jefferson, Jackson, and Lincoln were all followers of the foreign policy of the revered George Washington.

It is not enough to build monuments to the Father of our Country. That alone will not save us in this day and hour of trial. It is not enough to read his Farewell Address in the House and Senate on February 22. It is not enough to print editorials in great dailies. In our foreign policy we must follow the immortal advice given by Washington in his Farewell Address.

I agree with the Minneapolis Tribune that the foreign policy enunciated by Washington in his Farewell Address represented the final word on that subject. I agree that nobody has been able to find a better one. I agree that we have never experienced anything but grief when we ignored his message. I agree that we have never gone wrong in following his advice; but I wish to remind the Minneapolis Tribune and the Minneapolis Journal and the great dailies of America that when Ernest Lundeen followed Washington's advice; when Charles A. Lindbergh followed Washington's advice; when the immortal Robert M. La Follette followed Washington's advice; the great press of America forgot Washington, sneered at Washington, laughed at the disciples of Washington; but "while the lamp holds out to burn, the vilest sinner may return."

UNIFORM SYSTEM OF BANKRUPTCY

Mr. McLEOD. Mr. Speaker, I ask unanimous consent to extend my remarks on the bill, H.R. 5950.

The SPEAKER pro tempore. Without objection it is so ordered.

There was no objection.

Mr. McLEOD. Mr. Speaker, in supporting H.R. 5950 I desire to call to the attention of the House that a nationwide spread of default on municipal debts has increased to the point where it has become a matter of the deepest and gravest concern. Recent hearings before the Judiciary Committee disclosed that as of March 25, 1933, there were scattered among 41 States, 895 cities, counties, taxing districts, and so forth, which were in actual default. This alarming number is now over 1,000, with well-informed authorities predicting default of 2,000 more cities within the next year. Vitally necessary civic functions, such as health, education, police, and fire protection are being dangerously curtailed.

My own city of Detroit has made heroic efforts to meet its obligations in their entirety. Expenses have been cut to an irreducible minimum and budget estimates slashed to the greatest possible degree. Events beyond human control have made it impossible to carry on necessary civic activities and meet maturing obligations. The Michigan State Legislature has just enacted laws providing for the refunding of Detroit's $400,000,000 bonded indebtedness. This plan of refunding, however, can only be successfully carried out by enactment of H.R. 5950. The mounting condition of tax delinquency and other related effects of the depression have made the legislation embodied in this bill the solution to one of the most vital problems confronting the Nation in the present crisis.

The underlying and attributive causes of this grave situation are many and varied. Generally speaking, however, they may be laid principally to the deflated real-estate values, averaging perhaps not more than 50 percent of the former price level. Unemployment, with its consequent staggering burden for emergency relief of the destitute, deflation of commodity prices, and other concomitants, have been considerable factors. In some cities this condition has been much aggravated by overexpansion of municipal debt during the post-war prosperity period. As an example of the welfare burden cities are being compelled to bear because of the depression, I will state that in my own city of Detroit nearly a fifth of the total population, or approximately 300,000 people, are receiving welfare aid. This vital and necessary aid is costing the city $1,250,000 a month.

A drastic reduction in capacity for payment of taxes has taken place throughout the entire country. It has become an impossibility to collect taxes based and assessed on the inflated values of the boom period. In some municipalities tax delinquency has reached the total of nearly 80 percent. Of necessity, actual present values, instead of the former inflated prices, must form the base for purposes of taxation.

Bonded obligations of States, counties, and cities now outstanding total approximately $16,000,000,000, or $1,000,000,000 more than the total outstanding in railroad bonds. Congressional action has been necessitated by the financial collapse of the railroad structure, and immediate action is imperative to forestall a chaotic condition in municipalities throughout the Nation.

Bad as the results of railroad insolvencies are, they can hardly be compared to the disastrous consequences of widespread municipal default. Under existing law nonresidents may sue defaulting cities in Federal courts in the same way that a private person may be sued for debt. Cities unable to meet their bonded debts can be compelled by mandamus to levy increased taxes to meet the demands of their creditors. City officials may be sent to jail for contempt if they decline to levy and collect additional taxes. The situation has reached the point where the principal question involved is whether we shall have either complete collapse and breakdown of municipal government to permit the payment of interest and principal on bonds, which under such conditions could not last, or whether we shall provide legislation that will permit intelligent and reasonable adjustments between municipalities and bondholders.

An extension of maturity dates is needed by some municipalities. Others require merely a temporary reduction of interest rates, while still others require the major remedy of scaling down the principal indebtedness.

Under provisions of the bill we are considering today it will be possible for a municipality, or taxing district, upon its own initiative, to institute proceedings that will lead to a satisfactory adjustment of its debts.

Since initiating legislation for the relief of insolvent municipalities during the last days of the Seventy-second Congress, when I fathered H.R. 14789, which bill was favorably reported to the House on March 1, I have seen a most encouraging growth of support and understanding of the real and vital need for this essential relief.

Enactment of this measure is imperative, not only to rebuild and restore the credit of municipalities now in default but to protect the credit of cities facing default on current maturities. Only by the enactment of such legislation can we avoid further common losses to property owners and bondholders, stabilize values, and check the progressive demoralization of real-estate values throughout the country. It is my sincere conviction that by passing this bill today we will be taking a most urgent and progressive step toward preserving the peace, happiness, health, and safety of citizens, not only in those municipalities which already are in default but in the thousands of other municipalities which are in imminent danger of becoming so.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. BROOKS, for 3 days, on account of important business.

To Mr. O'MALLEY, for 5 days, on account of illness in family.

To Mr. PETERSON (at the request of Mr. BYRNS) on account of death of father.

To Mr. LLOYD, for 1 week, commencing June 12, on account of important business.

DEFICIENCY APPROPRIATION BILL

Mr. BYRNS. Mr. Speaker, the Committee on Appropriations is working on the deficiency bill and it may be completed tonight. In that event, I ask unanimous consent that that committee may have until 12 o'clock tonight within which to file its report.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee [Mr. BYRNS]?

There was no objection.

ORDER OF BUSINESS

Mr. BYRNS. Mr. Speaker, I want to remind the House that we meet at 10 o'clock tomorrow, and if the Members are here so as to avoid the necessity of a quorum call we can dispatch a great deal of business and may be able to get away tomorrow night. [Applause.] That, of course, is contingent upon the fact that we do not take up too much time in discussing matters.

Mr. SNELL. Will the gentleman yield for a question?

Mr. BYRNS. I yield.

Mr. SNELL. Is there anything new or more definite in regard to adjournment than when I talked to the gentleman a little while ago?

Mr. BYRNS. No; nothing new.

Mr. LUNDEEN. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. LUNDEEN. I would like to ask the majority leader just how we are getting along with the soldier legislation?

Mr. BYRNS. That will come up at 10 o'clock tomorrow morning. I am very happy to say that I believe an understanding has been reached which, when presented to the House tomorrow, will meet with the approval of the House, or at least a great majority of the Members of the House. I think they have agreed upon a proposal which presents some concessions upon the part of the President which I

believe will meet the views of most of the Members of the House.

Mr. LUNDEEN. I would like to see the economy bill repealed; but if it cannot be repealed, I hope you will give us a practical repeal.

Mr. BYRNS. Well, this would not amount to practical repeal, I will say to the gentleman, and I would hate to think that it did; but it does make some modifications which will be apparent tomorrow.

Mr. GOSS. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. GOSS. There is a Democratic-Republican baseball game for charity in the afternoon. I was wondering if the gentleman had made any plans with reference to that schedule, as some of the Members will be required to be there or else disappoint the people who have bought seats for charity.

Mr. BYRNS. I have not; but I thought, if we met at 10 o'clock tomorrow and proceeded with dispatch, it might be possible tomorrow afternoon to take a recess for 2 or 3 hours, because it is fairly possible there will be nothing for us to do anyway, and we can come back later on.

Mr. SNELL. I think that is a good suggestion.

Mr. LUNDEEN. I would like to say to the gentleman that when the Republicans and Democrats are through with their championship game, the Farmer-Labor Party challenges the winner. [Laughter and applause.]

SENATE BILLS AND CONCURRENT RESOLUTION REFERRED

Bills and a concurrent resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 512. An act for the relief of Peter Pierre; to the Committee on Claims.

S. 690. An act for the relief of Charles L. Graves; to the Committee on Claims.

S. 723. An act to amend the act of March 13, 1924 (43 Stat.L. 21), so as to permit the Flathead, Kootenai, and Upper Pend d'Oreille Tribes or Nations of Indians to file suit thereunder; to the Committee on Indian Affairs.

S. 815. An act to provide for the survival of certain actions in favor of the United States; to the Committee on the Judiciary.

S. 1126. An act for relief of M. M. Twichel; to the Committee on Claims.

S. 1742. An act granting consent of Congress to Ernest N. Hutchinson, Otto A. Case, and A. C. Martin to construct, maintain, and operate a bridge across Deception Pass between Whidby Island and Fidalgo Island in the State of Washington; to the Committee on Interstate and Foreign Commerce.

S. 1745. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across the Umpqua River at or near Reedsport, Douglas County, Oreg.; to the Committee on Interstate and Foreign Commerce.

S. 1746. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across Yaquina Bay at or near Newport, Lincoln County, Oreg.; to the Committee on Interstate and Foreign Commerce.

S. 1747. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across Alsea Bay at or near Waldport, Lincoln County, Oreg.; to the Committee on Interstate and Foreign Commerce.

S. 1748. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across Coos Bay at or near North Bend, Coos County, Oreg.; to the Committee on Interstate and Foreign Commerce.

S. 1749. An act granting the consent of Congress to the State of Oregon to construct, maintain, and operate a toll bridge across the Siuslaw River at or near Florence, Lane County, Oreg.; to the Committee on Interstate and Foreign Commerce.

S. 1774. An act to provide for extension of time for making deferred payments on homestead entries in the abandoned Fort Lowell Military Reservation, Ariz.; to the Committee on the Public Lands.

S. 1780. An act to provide for the discontinuance of the use as dwellings of buildings situated in alleys in the District of Columbia and for the replatting and development of squares containing inhabited alleys, in the interest of public health, comfort, morals, safety, and welfare, and for other purposes; to the Committee on the District of Columbia.

S. 1807. An act to provide for the exchange of Indian and privately owned lands, Fort Mojave Indian Reservation, Ariz.; to the Committee on Indian Affairs.

S.Con.Res. 2. Concurrent resolution providing for the printing, with an index, of the Constitution of the United States, as amended to April 1, 1933, together with the Declaration of Independence; to the Committee on Printing.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 4220. An act for the protection of Government records;

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.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1094. To authorize the Reconstruction Finance Corporation to subscribe for preferred stock and purchase the capital notes of insurance companies, and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on June 8, 1933, present to the President, for his approval, bills of the House of the following titles:

H.R. 1767. An act to authorize the acceptance of certain lands in the city of San Diego, Calif., by the United States, and the transfer by the Secretary of the Navy of certain other lands to said city of San Diego;

H.R. 5239. An act to extend the provisions of the act entitled "An act to extend the period of time during which final proof may be offered by homestead entrymen", approved May 13, 1932, to desert-land entrymen, and for other purposes; and

H.R. 5690. An act to legalize the manufacture, sale, or possession of 3.2 percent beer in the State of Oklahoma when and if the same is legalized by a majority vote of the people of Oklahoma or by an act of the Legislature of the State of Oklahoma.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 19 minutes p.m.), under the order previously entered, the House adjourned until tomorrow, Saturday, June 10, 1933, at 10 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

91. A letter from the Secretary of War, transmitting, pursuant to section 1 of the River and Harbor Act approved January 21, 1927, and the Flood Control Act of May 15, 1928,

a letter from the Chief of Engineers, United States Army, dated May 24, 1933, submitting a report, together with accompanying papers and illustrations, containing a general plan for the improvement of Mississippi River above Coon Rapids Dam, Minn., for the purposes of navigation and efficient development of its water power, the control of floods, and the needs of irrigation (H.Doc.No. 66); to the Committee on River and Harbors and ordered to be printed, with illustrations.

92. A letter from the Secretary of War, transmitting pursuant to section 1 of the River and Harbor Act, approved January 21, 1927, a letter from the Chief of Engineers, United States Army, dated May 15, 1933, submitting a report, together with accompanying papers and illustrations, containing a general plan for the improvement of Yadkin-Peedee River, N.C. and S.C., for the purposes of navigation and efficient development of its water power, the control of floods, and the needs of irrigation (H.Doc. No. 68); to the Committee on Rivers and Harbors and ordered to be printed, with 20 illustrations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. COCHRAN of Missouri: Committee on Accounts. House Resolution 172. A resolution authorizing the payment of expenses for conducting the investigation authorized by House Resolution 163 (Rept. No. 212). Ordered to be printed.

Mr. SUMNERS of Texas: Committee on the Judiciary. H.R. 5863. A bill to prevent the loss of the title of the United States to lands in the Territories or Territorial possessions through adverse possession or prescription. Without amendment (Rept. No. 215). Referred to the Committee of the Whole House on the state of the Union.

Mr. LEWIS of Colorado: Committee on the Judiciary. S. 813. An act to remove the limitation on the filling of the vacancy in the office of senior circuit judge for the ninth judicial circut. Without amendment (Rept. No. 216). Referred to the Committee of the Whole House on the state of the Union.

Mr. SUMNERS of Texas: Committee on the Judiciary. H.R. 5862. A bill to provide for the removal of American citizens and nationals accused of crime to and from the jurisdiction of any officer or representative of the United States vested with judicial authority in any country in which the United States exercises extraterritorial jurisdiction. Without amendment (Rept. No. 217). Referred to the House Calendar.

Mr. BROWNING: Committee on the Judiciary. H.R. 5909. A bill to transfer Bedford County from the Nashville division to the Winchester division of the middle Tennessee judicial district. Without amendment (Rept. No. 218). Referred to the House Calendar.

Mr. CHAVEZ: Committee on the Public Lands. H.R. 5397. A bill to authorize the exchange of the use of certain Government land within the Carlsbad Caverns National Park for certain privately owned land therein; without amendment (Rept. No. 219). Referred to the Committee of the Whole House on the state of the Union.

Mr. CHRISTIANSON: Committee on Indian Affairs. H.R. 5083. A bill providing for payment of $100 to each enrolled Chippewa Indian of the Red Lake Band of Minnesota from the timber funds standing to their credit in the Treasury of the United States; with amendment (Rept. No. 227). Referred to the House Calendar.

Mr. POU: Committee on Rules. House Resolution 185. A resolution providing for the consideration of H.R. 5389, an act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes, with Senate amendments; without amendment (Rept. No. 228). Referred to the House Calendar.

Mr. KEMP: Committee on the Territories. S. 313. An act to amend section 5 of the act approved July 10, 1890 (28 Stat. 664), relating to the admission into the Union of the State of Wyoming; with amendment (Rept. No. 229). Referred to the Committee of the Whole House on the state of the Union.

Mr. DIES: Committee on Coinage, Weights, and Measures. H.R. 5821. A bill to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary in 1936 of the independence of Texas, and of the noble and heroic sacrifices of her pioneers, whose revered memory has been an inspiration to her sons and daughters during the past century; without amendment (Rept. No. 230). Referred to the Committee of the Whole House on the state of the Union.

Mr. STEAGALL: Committee on Banking and Currency. S. 320. An act to provide for direct loans by Federal Reserve banks to State banks and trust companies in certain cases, and for other purposes; without amendment (Rept. No. 231). Referred to the Committee of the Whole House on the state of the Union.

Mr. STEAGALL: Committee on Banking and Currency. S. 1425. An act to amend the act entitled "An act to provide relief in the existing national emergency in banking, and for other purposes", approved March 9, 1933; with amendment (Rept. No. 232). Referred to the Committee of the Whole House on the state of the Union.

Mr. STEAGALL: Committee on Banking and Currency. S. 1634. An act to provide for the redemption of national-bank notes, Federal Reserve bank notes, and Federal Reserve notes which cannot be identified as to the bank of issue; without amendment (Rept. No. 233). Referred to the Committee of the Whole House on the state of the Union.

Mr. STEAGALL: Committee on Banking and Currency. S. 1648. An act to amend the Reconstruction Finance Corporation Act, as amended, to provide for loans to closed building and loan associations; with amendment (Rept. No. 234). Referred to the Committee of the Whole House on the state of the Union.

Mr. TARVER: Committee on the Judiciary. H.R. 5153. A bill to amend an act entitled "An act to equip the United States penitentiary, Atlanta, Ga., for the manufacture of supplies for the use of the Government, for the compensation of prisoners for their labor, and for other purposes", approved July 10, 1918 (U.S.C., title 18, sec. 794); with amendment (Rept. No. 235). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 257. A bill to authorize full settlement for professional services rendered to an officer of the United States Army; without amendment (Rept. No. 220). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 1403. A bill for the relief of David I. Brown; without amendment (Rept. No. 221). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 1413. A bill for the relief of Leonard L. Dilger; without amendment (Rept. No. 222). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 2439. A bill for the relief of William G. Burress; without amendment (Rept. No. 223). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 2509. A bill for the relief of John Newman; without amendment (Rept. No. 224). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 3997. A bill for the relief of Erney S. Blazer; without amendment (Rept. No. 225). Referred to the Committee of the Whole House.

Mr. COFFIN: Committee on Military Affairs. S. 727. An act for the relief of Francis N. Dominick; without amendment (Rept. No. 226). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. PEYSER: A bill (H.R. 5996) to increase the purchasing power of the Nation, to promote trade, and to aid national economic recovery, and for other purposes; to the Committee on Banking and Currency.

By Mr. McFADDEN: A bill (H.R. 5997) to provide for the immediate payment to veterans of the face value of their adjusted-service certificates; to the Committee on Ways and Means.

By Mr. BUCK: A bill (H.R. 5998) to provide for the sale of the old post-office property at Stockton, Calif., to the county of San Joaquin, Calif.; to the Committee on Public Buildings and Grounds.

By Mr. TRUAX: A bill (H.R. 5999) to expedite prosecution of patent applications pending more than 3 years; to the Committee on Patents.

By Mr. DUNN: A bill (H.R. 6000) to prevent fraud, deception, or improper practice in connection with business before the United States Patent Office, and for other purposes; to the Committee on Patents.

By Mr. RICH: A bill (H.R. 6001) permitting single signature in patent applications and validating joint patent for sole invention; to the Committee on Patents.

By Mr. DISNEY: A bill (H.R. 6002) granting a pension to the regularly commissioned United States deputy marshals of the United States court in the Indian Territory or the United States District Court for the Western District of Arkansas, including the Indian Territory, now the State of Oklahoma, and to their widows and dependent children; to the Committee on the Judiciary.

Also, a bill (H.R. 6003) authorizing the Secretary of the Interior to purchase certain lands in Ottawa County, Okla.; to the Committee on Indian Affairs.

By Mr. ROMJUE: A bill (H.R. 6004) authorizing the Chamber of Commerce of the City of Hannibal, Mo., its successors and assigns, to construct, maintain, and operate a bridge across the Mississippi River at or near the city of Hannibal, Marion County, Mo.; to the Committee on Interstate and Foreign Commerce.

By Mr. DISNEY: A bill (H.R. 6005) making an appropriation for improving the Arkansas River from Tulsa, Okla., to the point where it flows into the Mississippi River, for purposes of navigation; to the Committee on Rivers and Harbors.

Also, a bill (H.R. 6006) amending the act entitled "An act authorizing the Court of Claims to hear, determine, and render judgment in the civilization-fund claim of the Osage Nation of Indians against the United States", approved February 6, 1921 (41 Stat. 1097); to the Committee on Indian Affairs.

Also, a bill (H.R. 6007) to confer jurisdiction on the Court of Claims to hear and determine certain claims of the Pawnee Indians against the United States, and for other purposes; to the Committee on Indian Affairs.

Also, a bill (H.R. 6008) to facilitate poor plaintiffs having meritorious causes to sue in the courts of the United States without depositing moneys or security for cost and relieving their attorneys of any liability for costs; to the Committee on the Judiciary.

Also, a bill (H.R. 6009) to carry out certain obligations to certain enrolled Indians under tribal agreement; to the Committee on Indian Affairs.

Also, a bill (H.R. 6010) authorizing appropriations for cooperating with States granting old-age and disabled-persons pensions, and for other purposes; to the Committee on the Judiciary.

By Mr. KRAMER: A bill (H.R. 6011) to empower assignee of inventor to file divisional, continuation, renewal, or reissue application; to the Committee on Patents.

By Mr. WEIDEMAN: A bill (H.R. 6012) to limit inventors to priority of 2 years before filing applications for patents; to the Committee on Patents.

By Mr. DIMOND: A bill (H.R. 6013) to authorize the sale of land and houses at Anchorage, Alaska; to the Committee on the Territories.

By Mr. ELLZEY of Mississippi: Resolution (H.Res. 181) authorizing the investigation of the Federal Radio Commission; to the Committee on Rules.

By Mr. COCHRAN of Missouri: Resolution (H.Res. 182) for the relief of Catherine Jane McKee; to the Committee on Accounts.

By Mr. DOUGHTON: Resolution (H.Res. 183) authorizing the Committee on Ways and Means to make an investigation of the internal revenue laws of the United States; to the Committee on Rules.

Also, resolution (H.Res. 184) authorizing the payment of expenses incurred by the Committee on Ways and Means in conducting the investigation authorized by House Resolution 183; to the Committee on Accounts.

By Mr. POU: Resolution (H.Res. 185) providing for the consideration of H.R. 5389, an act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes, with Senate amendments; to the Committee on Rules.

By Mr. SMITH of Washington: Resolution (H.Res. 186) calling upon our State Department, provided it be compatible with the public interest, to communicate to the Government of Germany the fact that it views with disfavor and deplores the cruel and inhuman treatment being accorded to the Jews in Germany, and expresses the hope and desire that the same be discontinued forthwith; to the Committee on Foreign Affairs.

By Mr. DISNEY: Joint resolution (H.J.Res. 201) to repeal all acts pertaining to the construction and remodeling of certain Government buildings; to the Committee on Public Buildings and Grounds.

By Mr. IGLESIAS: Joint resolution (H.J.Res. 202) providing for extension of cooperative work of the Geological Survey to Puerto Rico; to the Committee on Insular Affairs.

By Mr. LEMKE: Joint resolution (H.J.Res. 203) to make available a portion of the appropriation for crop-production loans for loans to counties for control of grasshoppers; to the Committee on Agriculture.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. AUF DER HEIDE: A bill (H.R. 6014) extending the benefits of the Emergency Officers' Retirement Act to John J. Lettieri; to the Committee on Military Affairs.

By Mr. BROWN of Michigan: A bill (H.R. 6015) for the relief of Cadreau Bros.; to the Committee on Claims.

By Mr. CROWE: A bill (H.R. 6016) for the relief of M. P. Creath; to the Committee on Claims.

By Mr. CROWTHER: A bill (H.R. 6017) to authorize the Secretary of War to donate to the Broderick-Fuller-Nekola Post of the American Legion, Schenectady, N. Y., two bronze cannons; to the Committee on Military Affairs.

By Mr. JOHNSON of West Virginia: A bill (H.R. 6018) granting an increase of pension to Josinah Brown; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6019) granting an increase of pension to Margaret E. Gorrell; to the Committee on Invalid Pensions.

By Mr. KELLY of Pennsylvania: A bill (H.R. 6020) for the relief of G. P. Ponti; to the Committee on Claims.

By Mr. MARSHALL: A bill (H.R. 6021) for the relief of John B. H. Waring; to the Committee on Military Affairs.

By Mr. MERRITT: A bill (H.R. 6022) granting a pension to Thomas J. Barbour; to the Committee on Pensions.

By Mr. PARKER of Georgia: A bill (H.R. 6023) for the relief of John T. Garity; to the Committee on Claims.

By Mr. RAYBURN: A bill (H.R. 6024) granting a pension to Jane Edwards; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6025) granting a pension to Guy H. Stedham; to the Committee on Pensions.

Also, a bill (H.R. 6026) granting a pension to Lon G. Cody; to the Committee on Pensions.

Also, a bill (H.R. 6027) for the relief of the estate of W. Y. Carver, deceased; to the Committee on Claims.

Also, a bill (H.R. 6028) for the relief of Chilton Craddock; to the Committee on Naval Affairs.

By Mr. SNYDER: A bill (H.R. 6029) granting an increase of pension to Sarah J. Hochstetler; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6030) granting an increase of pension to Margaret C. Mills; to the Committee on Invalid Pensions.

Also, a bill (H.R. 6031) granting an increase of pension to Mary E. Wetmiller; to the Committee on Invalid Pensions.

By Mr. TURPIN: A bill (H.R. 6032) granting a pension to Leander Simonson; to the Committee on Invalid Pensions.

PETITIONS, ETC.

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

1347. By Mr. DONDERO: Petition of the Common Council of the Legislative Body of the City of Detroit, urging and requesting the President of the United States of America to transmit a message to Congress urging the passage of the so-called "Sumner bill", H.R. 5885, or legislation to enable the city of Detroit to refund its bonded indebtedness in order to prevent default and to continue and maintain orderly government and to preserve the peace, health, and safety of its citizens; to the Committee on the Judiciary.

1348. By Mr. JOHNSON of Minnesota: Resolution by the Vincent L. Gantvalley Post, No. 234, American Legion, protesting against harshness of veteran reductions under Economy Act; to the Committee on Expenditures in the Executive Departments.

1349. By Mr. LEA of California: Petition of 442 residents of California, to restore to all service-connected disabled veterans their former benefits, privileges, etc., which existed prior to the enactment of the so-called "Economy Act"; to the Committee on Expenditures in the Executive Departments.

1350. By Mr. LINDSAY: Petition of Advertising Topographers of America, New York City, urging Congress and the Senate to approve labor provision amendment to the national industrial recovery bill, S. 1712; to the Committee on Ways and Means.

1351. Also, petition of Rochester Chamber of Commerce, Rochester, N.Y., concerning the National Industrial Recovery Act; to the Committee on Ways and Means.

1352. Also, petition of Joint Committee of Affiliated Substitutes of Brooklyn, favoring House bills 5206, 4017, 3101—the 30-year retirement bill, adoption of 2-cent letter rate, etc.; to the Committee on the Post Office and Post Roads.

1353. Also, petition of Nelson H. Budd, editor, Canning Age, New York City, concerning the national industrial recovery bill; to the Committee on Ways and Means.

1354. By Mr. McCORMACK: Petition of Dorchester Board of Trade, Dorchester, Mass., Patrick J. Connelly, president, representing a district of 200,000 people, urging early passage of the Industrial Recovery Act; to the Committee on Ways and Means.

1355. By Mr. WELCH: Petition of citizens of the State of California, requesting Congress to restore to all service-connected disabled veterans their former benefits, ratings, etc.; to the Committee on Expenditures in the Executive Departments.

1356. By Mr. WITHROW: Memorial of the Legislature of the State of Wisconsin, 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; to the Committee on Banking and Currency.

1357. Also, memorial of the Legislature of the State of Wisconsin, relating to the purchase of additional lands for Federal forest purposes in Wisconsin; to the Committee on the Public Lands.

1358. By the SPEAKER: Petition of the committee on grievances of Supreme Court of the District of Columbia in regard to complaint against Alfred A. Wheat, Chief Justice of Supreme Court of the District of Columbia, for impeachment and removal from office; to the Committee on the Judiciary.

SENATE

SATURDAY, JUNE 10, 1933

(Legislative day of Tuesday, June 6, 1933)

The Senate met at 10 o'clock a.m., on the expiration of the recess.

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

The VICE PRESIDENT. The clerk will call the roll.

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

Austin	Copeland	McCarran	Sheppard
Bachman	Cutting	McGill	Smith
Barkley	Frazier	McKellar	Thomas, Okla.
Black	Hale	McNary	Thompson
Bratton	Hatfield	Metcalf	Trammell
Brown	Hayden	Patterson	Vandenberg
Bulow	Kendrick	Pope	Walsh
Byrnes	Keyes	Robinson, Ark.	
Capper	Logan	Robinson, Ind.	
Coolidge	Long	Russell	

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

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.

The VICE PRESIDENT. Thirty-seven 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. LONERGAN and Mr. WHITE answered to their names when called.

Mr. ADAMS, Mr. ASHURST, Mr. BAILEY, Mr. BANKHEAD, Mr. BARBOUR, Mr. BONE, Mr. BORAH, Mr. BULKLEY, Mr. BYRD, Mrs. CARAWAY, Mr. CAREY, Mr. CLARK, Mr. CONNALLY, Mr. COSTIGAN, Mr. DAVIS, Mr. DICKINSON, Mr. DIETERICH, Mr. DILL, Mr. DUFFY, Mr. ERICKSON, Mr. FESS, Mr. FLETCHER, Mr. GEORGE, Mr. GLASS, Mr. GOLDSBOROUGH, Mr. GORE, Mr. HARRISON, Mr. HASTINGS, Mr. HEBERT, Mr. JOHNSON, Mr. KEAN, Mr. KING, Mr. LA FOLLETTE, Mr. LEWIS, Mr. McADOO, Mr. MURPHY, Mr. NEELY, Mr. NORRIS, Mr. NYE, Mr. OVERTON, Mr. REED, Mr. REYNOLDS, Mr. SCHALL, Mr. SHIPSTEAD, Mr. STEIWER, Mr. STEPHENS, Mr. THOMAS of Utah, Mr. TOWNSEND, 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 have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate resolutions adopted by veterans and ex-service men assembled at the United States Soldiers' Home in Washington, D.C., favoring the prompt repeal of the so-called "Economy Act" and the immediate restoration of the compensations, pensions, disability allowances, and hospital and domiciliary rights of veterans without discrimination as to race, color, creed, or political affiliations, and also favoring the immediate cash payment of the remainder of the adjusted-service certificates (bonus), which were referred to the Committee on Finance.

He also laid before the Senate resolutions adopted by Beckley Chapter, No. 9, Disabled American Veterans of the World War, of Beckley, W.Va., favoring the restoration of