2784. By Mr. KVALE: Petition of 59 farmers of Kandiyohi and Renville Counties, Minn., urging passage of farm relief legislation; to the Committee on Banking and Currency.

2785. Also, petition of members of the Congregational Church of Barnesville, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2786. Also, resolution of the Minnesota Conservation Commission, opposing any action on House bill 2833; to the Committee on Indian Affairs.

2787. Also, resolution of the Minnesota Conservation Commission, urging the Federal Government to remove debris, etc., from the waters of the upper Mississippi reservoirs because of their menace to navigation; to the Committee on Rivers and Harbors.

2788. By Mr. LINDSAY: Petition of National Committee on Wild Life Legislation, favoring the passage of Senate bills 2277, 2529, and 2633; to the Committee on Agriculture.

2789. Also, petition of Men's Energetic Club of Brown Memorial Baptist Church, Brooklyn, N.Y., urging the enactment of the Wagner-Costigan antilynching bill; to the Committee on the Judiciary.

2790. By Mr. LUNDEEN: Petition of the Farmer-Labor Association of Polk County, Minn., urging that the Frazier bill for refinancing farm loans be immediately passed; to the Committee on Banking and Currency.

2791. Also, petition of the Farmer-Labor Association of Polk County, Minn., opposing the Prince plan, or any other similar plan of merger of railroads; to the Committee on Interstate and Foreign Commerce.

2792. Also, petition of Branch 9, National Association of Letter Carriers, urging Congress to defeat wage reductions for postal employees; to the Committee on the Post Office and Post Roads.

2793. Also, petition of the St. Louis County Club and Farm Bureau Association, Gilbert, Minn., urging that the St. Lawrence Treaty be ratified; to the Committee on Foreign Affairs.

2794. Also, petition of the Farmers Educational and Cooperative Union of America, Big Stone Local, No. 160, Ortonville, Minn., urging that the Frazier bill, the Swank-Thomas bill, and the Wheeler bill be passed, and that Congress take upon itself their constitutional power to issue currency and regulate the value thereof; to the Committee on Coinage, Weights, and Measures.

2795. Also, petition of the Brown County Farm Bureau Association, Inc., Sleepy Eye, Minn., urging an immediate embargo on imports of all dairy products, fats, and oils; control over the manufacture of oleomargarine and butter substitutes; the elimination of diseased dairy cows; the use of a portion of the processing tax to meet the cost of a national disease-control program; and a further reduction of interest rates on loans to farmers; to the Committee on Agriculture.

2796. By Mr. MARTIN of Massachusetts: Memorial of the General Court of Massachusetts, relative to increasing immigration quotas so as to enable persecuted Jewish people in Germany to enter the United States; to the Committee on Immigration and Naturalization.

2797. By Mr. MEAD: Petition of the Ladies' Society of the Brotherhood of Locomotive Firemen and Enginemen, Holly Lodge, No. 70, Buffalo, N.Y., protesting against the plan for railroad consolidation; to the Committee on Interstate and Foreign Commerce.

2798. Also, petition of the Society of Polish Apothecaries, Buffalo, N.Y., urging adoption of legislation for protection of drug stores; to the Committee on Agriculture.

2799. By Mr. RUDD: Petition of National Committee on Wild-Life Legislation, favoring Senate bills 2277, 2529, and 2633; to the Committee on Agriculture.

2800. Also, petition of the Men's Energetic Club of Brown Memorial Baptist Church, 629 Herkimer Street, Brooklyn, N.Y., favoring the passage of the Wagner-Costigan antilynching bill; to the Committee on the Judiciary.

2801. By Mr. SINCLAIR: Petition of J. L. Maupin and 155 others of Minot, New Rockford, and other points in North Dakota, favoring House bill 7401 to limit the car length of trains; to the Committee on Interstate and Foreign Commerce.

2802. By Mr. STRONG of Pennsylvania: Petition of the teachers of the Johnstown Senior High School, Johnstown, Pa., favoring Senate bill 2000; to the Committee on Interstate and Foreign Commerce.

2803. Also, petition of the Westmont Woman's Christian Temperance Union, Johnstown, Pa., favoring the Patman bill for the Federal supervision of motion pictures; to the Committee on Interstate and Foreign Commerce.

2804. By Mr. TAYLOR of Colorado: Petition of citizens of Dolores, Colo., urging legislative action for the remonetization of silver; to the Committee on Coinage, Weights, and Measures.

2805. Also, petition of citizens of Rico, Colo., urging legislative action for the remonetization of silver; to the Committee on Coinage, Weights, and Measures.

2806. By the SPEAKER: Petition of the city of Amarillo, Tex., regarding the demobilization of the Civil Works Administration; to the Committee on Agriculture.

SENATE

WEDNESDAY, MARCH 7, 1934

(Legislative day of Wednesday, Feb. 28, 1934)

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

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

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

S. 407. An act for the relief of Willie B. Cleverly;

S. 2277. An act to establish fish and game sanctuaries in the national forests;

S. 2461. An act to amend an act entitled "An act to give the Supreme Court of the United States authority to prescribe rules of practice and procedure with respect to proceedings in criminal cases after verdict"; and

S. 2529. An act to promote the conservation of wild life, fish, and game, and for other purposes.

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

Mr. HEBERT. I desire to announce that my colleague the senior Senator from Rhode Island [Mr. METCALF], the Senator from South Dakota [Mr. NORBECK], and the Senator from Delaware [Mr. HASTINGS] are necessarily absent.

Mr. LEWIS. I desire to announce that my colleague the junior Senator from Illinois [Mr. DIETERICH] and the Senator from South Carolina [Mr. SMITH] are unavoidably detained from the Senate, and that the Senator from Kansas [Mr. MCGILL] is absent because of a severe cold.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

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

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a telegram in the nature of a memorial from Olin West, secretary of the American Medical Association, Chicago, Ill., remonstrating on behalf of the association against the adoption of proposed legislation in House bill 6663, the independent offices appropriation bill, as passed by the Senate granting hospitalization and domiciliary care at Federal expense to all veterans who make oath to inability to pay for such care, irrespective of whether the disability, disease, or defect for which treatment is sought is or is not due to military service, which was ordered to lie on the table.

Mr. SHIPSTEAD presented the memorial of the Minnesota Humane Education Society (by its president), remonstrating against the passage of the so-called "Tugwell-Copeland pure food and drug bill", which was referred to the Committee on Commerce.

Mr. TYDINGS presented resolutions adopted by the board of directors of the Congregation Adath Jeshurun, of Philadelphia, Pa., favoring the passage of Senate Resolution 154 (submitted by Mr. TYDINGS), opposing alleged discriminations against Jews in Germany, which were referred to the Committee on Foreign Relations.

He also presented petitions of several citizens of Cleveland, Ohio, praying for the passage of Senate Resolution 154 (submitted by Mr. TYDINGS), opposing alleged discriminations against Jews in Germany, which were referred to the Committee on Foreign Relations.

Mr. COPELAND presented resolutions adopted by several women's organizations and petitions of sundry citizens of the State of New York praying for the passage of House bill 6097, providing higher moral standards for films entering interstate and foreign commerce, which were referred to the Committee on Interstate Commerce.

He also presented petitions of sundry citizens of the State of New York praying for the enactment of legislation relating to hours of labor and service, length of trains, and disposition of disputes between carriers and their employees, which were referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by Rome, N.Y., Post No. 2246, Veterans of Foreign Wars of the United States, protesting against the enactment of legislation limiting the freedom of speech and of the press, which was referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by the Property Owners Association, of Middle Village, Long Island, Inc., favoring lengthening the period of amortization of mortgage loans from the Home Owners' Loan Corporation to 25 years and the unconditional guaranty of the principal of bonds of the Corporation, which was referred to the Committee on Banking and Currency.

He also presented a petition of the Spuyten Duyvil Property Owners Association, of New York City, praying for the enactment of legislation to reduce the interest rate of 6 percent on loans on real estate made by the Home Owners' Loan Corporation, which was referred to the Committee on Banking and Currency.

He also presented a petition of sundry citizens of Hornell, N.Y., praying that the revaluation of gold be followed by an adequate issuance of currency, the restoration of silver to be used as money along with gold, and that new currency be used to cancel interest-bearing war bonds, which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted by the St. Lawrence County subdistrict of the Dairymen's League Co-operative Association, Inc., of New York State, favoring the passage of legislation to prohibit the manufacture and sale of oleomargarine, which was referred to the Committee on Agriculture and Forestry.

He also presented a resolution adopted by the Democratic Club of the First Assembly District of the Borough of Queens, Long Island City, N.Y., favoring the transportation and delivery of mail by Army and Navy airplanes and pilots, which was referred to the Committee on Post Offices and Post Roads.

He also presented two petitions of sundry citizens of Queens County, N.Y., praying for the enactment of legislation to repeal the Federal tax of 1 cent per gallon on gasoline, which were referred to the Committee on Finance.

He also presented a petition of sundry citizens of Queens County, N.Y., praying for the enactment of legislation incorporating the United States, to limit the printing and issuance of money and the control of credit to the Government only, and to discontinue the issuance of tax-exempt interest-bearing bonds to bankers, which was referred to the Committee on Finance.

He also presented a resolution adopted at Syracuse, N.Y., by the Onondaga County Holstein Club favoring a 5-percent tax on importations of all animal, vegetable, fish, or other fats or oils coming into competition with butterfat, which was referred to the Committee on Finance.

He also presented resolutions adopted by the Erie County Committee of the American Legion, of Buffalo, N.Y., to permit veterans sitting on adjudication boards to receive compensation, and remonstrating against the removal of the regional office of the Veterans' Administration from Buffalo to Batavia, N.Y., which were referred to the Committee on Finance.

He also presented a resolution adopted at New York City by the National Association of Manufacturers of the United States favoring the holding in abeyance of action on the Great Lakes-St. Lawrence Deep Waterway Treaty until a survey has been made covering expenses of operation, volume of traffic, savings in transportation costs, returns on and amortization of the investment, and other economic aspects involved, which was ordered to lie on the table.

He also presented a resolution adopted by the Massena Democratic Club, of Massena, N.Y., favoring the ratification of the Great Lakes-St. Lawrence Deep Waterway Treaty, which was ordered to lie on the table.

He also presented a resolution adopted by the Wayne County Committee, the American Legion, Department of New York, favoring the enactment of legislation providing for building the Navy to the strength permitted by the Washington and London Naval Treaties, which was ordered to lie on the table.

He also presented memorials of sundry citizens and organizations of the State of New York, remonstrating against the passage of legislation providing for building the Navy to the strength permitted by the Washington and London Naval Treaties, which were ordered to lie on the table.

FEDERAL EMERGENCY RELIEF IN ARIZONA

Mr. ASHURST presented a letter from the Assistant Federal Emergency Relief Administrator, which was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

FEDERAL EMERGENCY RELIEF ADMINISTRATION,
Washington, February 28, 1934.

Hon. HENRY F. ASHURST,
United States Senate, Washington, D.C.

MY DEAR SENATOR ASHURST: I am in receipt of your letter of February 24. We are putting into Arizona for transient care something like $250,000 per month, more than in any other State in the Union, more than we are putting into Mississippi, Arkansas, Louisiana, Tennessee, and Missouri combined.

Very truly yours,

AUBREY WILLIAMS,
Assistant Administrator.

U.S.S. "CONSTITUTION"

Mr. WALSH. Mr. President, I present and ask to have printed in the RECORD and appropriately referred resolutions adopted by the House of Representatives of the Massachusetts General Court, petitioning the Secretary of the Navy to enshrine the U.S.S. *Constitution* as a national museum in its home port of Boston, Mass.

The resolutions were referred to the Committee on Naval Affairs and ordered to be printed in the RECORD, as follows:

THE COMMONWEALTH OF MASSACHUSETTS,
OFFICE OF THE SECRETARY,
Boston.

Resolutions relative to the U.S.S. *Constitution*

Whereas the U.S.S. *Constitution* was originally built in Boston at Hartts Shipyard, near what is now Constitution Wharf, and was rebuilt and restored at the Boston Navy Yard; and

Whereas it was through action by the people of Boston and of the Commonwealth of Massachusetts that said U.S.S. *Constitution* was saved from destruction; and

Whereas it is proposed that said ship be kept in Washington as a national museum; and

Whereas it is the desire of the citizens of Massachusetts that said ship be returned to its home port and kept there as a national museum: Therefore be it

Resolved, That the House of Representatives of the General Court of Massachusetts petitions the Secretary of the Navy of the United States requesting the Navy Department in its wisdom to enshrine the U.S.S. *Constitution* as a national museum in its home port of Boston; and be it further

Resolved, That a copy of these resolutions be sent forthwith by the secretary of the Commonwealth to the President of the United States, to the Secretary of the Navy, and to each United States Senator and Congressman from Massachusetts.

In the house of representatives, adopted March 1, 1934.

[SEAL] FRANK E. BRIDGMAN, *Clerk.*

A true copy.

Attest:

F. W. COOK,
Secretary of the Commonwealth.

THE WORLD COURT

Mr. BARBOUR. Mr. President, I ask unanimous consent that a resolution adopted by the annual international relations dinner at Elizabeth, N.J., be printed in the RECORD and referred to the Committee on Foreign Relations.

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

Resolution in favor of prompt completion of the adherence of the United States to the World Court, passed by a group of 250 citizens at the annual international relations dinner in Elizabeth, N.J., May 18, 1933

Whereas our Government is making a tremendous effort at this time, through an emergency program, to heal an economic condition resulting largely from the last war; and

Whereas the World Court, in the 11 years of its existence, by successfully settling 48 international disputes, has proved its practical value as a peaceful agency; and

Whereas 7 years have elapsed since the United States Senate, by a vote of 76 to 17, passed a resolution providing for the adherence of the United States to the World Court if five conditions were met; and

Whereas in the view of the Department of State and of such authoritative bodies as the American Bar Association these conditions have been entirely met by the three World Court treaties now awaiting the action of the United States Senate; and

Whereas public opinion has shown its impatience with the continued delay in settling this question, the most notable instance of this being the recent passage, by an overwhelming majority in both houses, of the New Jersey Legislature's resolution calling on the National Senate to complete our adherence to the World Court by ratifying the three pending treaties: Now, therefore, be it

Resolved, That this group of 250 citizens, gathered at the annual international relations dinner in Elizabeth, hereby declares its belief that it is contrary to sound legislative policy to postpone further settlement of such a vital issue as our adherence to the Court and urges the Senate to ratify at the earliest practicable moment, and with no reservation that will invalidate such action, the three World Court treaties now pending in the Senate.

REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Commerce, to which was referred the bill (S. 1194) to amend section 4 of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, as amended, reported it without amendment and submitted a report (No. 415) thereon.

Mr. WHEELER, from the Committee on Indian Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 236. An act to provide funds for cooperation with the school board at Queets, Wash., in the construction of a public-school building to be available to Indian children of the village of Queets, Jefferson County, Wash. (Rept. No. 416); and

S. 2891. An act to authorize turning over to the Indian Service vehicles, vessels, and supplies seized and forfeited for violation of liquor laws (Rept. No. 417).

Mr. WHEELER also, from the Committee on Indian Affairs, to which was referred the bill (S. 1826) for expenditure of funds for cooperation with the public-school board at Poplar, Mont., in the construction or improvement of public-school building to be available to Indian children of the Fort Peck Indian Reservation, Mont., reported it with an amendment and submitted a report (No. 418) thereon.

Mr. LOGAN, from the Committee on Military Affairs, to which was referred the bill (H.R. 2632) for the relief of Wilson G. Bingham, reported it with an amendment and submitted a report (No. 419) thereon.

Mr. STEPHENS, from the Committee on Claims, to which was referred the bill (S. 2898) conferring jurisdiction upon the Court of Claims of the United States to hear, consider, and render judgment on certain claims of George A. Carden and Anderson T. Herd against the United States, reported it with an amendment and submitted a report (No. 420) thereon.

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 6th instant that committee presented to the President of the United States the enrolled bill (S. 1759) to revive and reenact the act entitled "An act granting the consent of Congress to the Mill Four Drainage District in Lincoln County, Oreg., to construct, maintain, and operate dams and dikes to prevent the flow of waters of Yaquina Bay and River into Nutes Slough, Boones Slough, and sloughs connected therewith", approved June 17, 1930.

BILLS INTRODUCED

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

By Mr. TYDINGS:

A bill (S. 2970) for the relief of George Edwin Godwin (with an accompanying paper); to the Committee on Naval Affairs.

A bill (S. 2971) granting a pension to Annie Cantwell (with accompanying papers); to the Committee on Pensions.

By Mr. COPELAND:

A bill (S. 2972) for the relief of John N. Knauff Co., Inc.; and

A bill (S. 2973) for the relief of First Lt. Walter T. Wilsey; to the Committee on Claims.

A bill (S. 2974) to incorporate the American National Institute (Prix de Paris) at Paris, France; to the Committee on the Library.

A bill (S. 2975) for the relief of Charles Wellesley Berrington; and

A bill (S. 2976) for the relief of Raymond Nelson Hickman; to the Committee on Naval Affairs.

By Mr. WHEELER:

A bill (S. 2977) granting a pension to Mary Lange; to the Committee on Pensions.

A bill (S. 2978) to amend the act of March 3, 1927, amending section 1 of the act of May 26, 1926, entitled "An act to amend sections 1, 5, 6, 8, and 18 of an act approved June 4, 1920, entitled 'An act to provide for the allotment of lands of the Crow Tribe, for the distribution of tribal funds, and for other purposes'"; and

A bill (S. 2979) to repeal the act approved March 3, 1927 (44 Stat.L. 1365) entitled "An act to amend section 1 of the act approved May 26, 1926, entitled 'An act to amend sections 1, 5, 6, 8, and 18 of the act approved June 4, 1920, entitled "An act to provide for the allotment of lands of the Crow Tribe, for the distribution of tribal funds, and for other purposes"'"; and to prevent the execution of competent grazing and farming leases in advance of the expiration of existing leases affecting said lands by competent Crow allottees and to make possible a unified system of leasing between competent and incompetent Crow allottees, and for other purposes; to the Committee on Indian Affairs.

By Mr. SHIPSTEAD:

A bill (S. 2980) to modify the effect of certain Chippewa Indian treaties on areas in Minnesota; to the Committee on Indian Affairs.

By Mr. NEELY:

A bill (S. 2981) to amend section 201 (a) of the Emergency Relief and Construction Act of 1932 so that the Reconstruction Finance Corporation may loan money to States, municipalities, and so forth, for the purchase of bridges and to operate and free the same from collection of tolls; to the Committee on Banking and Currency.

By Mr. VANDENBERG:

A bill (S. 2982) to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes; to the Committee on Territories and Insular Affairs.

INCLUSION OF CATTLE AS A BASIC COMMODITY—AMENDMENT

Mr. O'MAHONEY submitted an amendment intended to be proposed by him to the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes, which was ordered to lie on the table and to be printed.

E. BARRETT PRETTYMAN

Mr. TYDINGS. Mr. President, due to the fact that I have to be absent this afternoon when the nomination of Mr. Robert H. Jackson as general counsel for the Bureau of Internal Revenue, Income Tax Department, will come before the Senate, and inasmuch as his predecessor, Mr. E. Barrett Prettyman, is a constituent of mine, I feel it proper and appropriate that I should make a brief statement about Mr. Prettyman.

First, while I did not recommend Mr. Prettyman for this position at the time he was appointed, I was asked by the authorities whether or not his appointment would be agreeable to me. Knowing Mr. Prettyman to be a man of splendid legal attainments and of outstanding ability and integrity it was a pleasure for me to endorse his appointment.

When Mr. Prettyman took over the position of general counsel of the Income Tax Department of the Bureau of Internal Revenue he found there about 20,000 claims in litigation, involving over half a billion dollars of back taxes, which the Government sorely needed, because its financial plight at that time was so desperate that the compensation of veterans and Federal employees and others had to be cut in order to sustain, it was said, governmental credit. Mr. Prettyman immediately began a reorganization of the Income Tax Department, insofar as his duties applied to it, and evolved certain modes of procedure which were calculated to speed up the collection of these taxes which were in dispute.

I wish to call the attention of the Senate for just a moment to the situation which he faced. As I have said, there were about 20,000 claims in litigation or in dispute pending in that department. The amount of taxes in dispute was estimated to be about $550,000,000, or over a half billion dollars. Mr. Prettyman has in the short while that he has been in charge of the legal end of the Income Tax Department speeded up greatly the machinery of collection; he has evolved a new set-up for the handling of these cases, and now there is some promise that these cases—some of which are 10, 12, or more years old—will be disposed of in the near future.

Bear in mind, Mr. President, we have been settling only about 1,800 claims a year; they have been accumulating over the past 5 or 6 or 8 years at the rate of 6,000 a year; and we have been settling only about 1,800, or a third of those which yearly are in dispute and come to the counsel for settlement. So that, if the old system had prevailed, in 5 or 6 or 8 more years the Bureau would have had 40 years' work ahead of it.

Mr. Prettyman faced that situation with ability, and the scheme he devised to collect the taxes in dispute and settle the cases has been accepted by the Treasury Department. I regret that he has tendered his resignation because, as I have said, he is a man well versed in the income tax laws, a man of unimpeachable integrity and of outstanding ability in his profession.

However, the new Secretary of the Treasury, Mr. Morgenthau, for reasons best known to himself, wanted in that position a man whom he knew. He said he had nothing at all by way of criticism to say of Mr. Prettyman; that his work had been splendid; that he had applied himself with great diligence to the collection of the taxes and the settlement of the disputes, but he said he thought it was only fair, inasmuch as he had the ultimate and final responsibility in the matter, that he should have a man as general counsel whom he knew, and that for no other reason he was anxious to place Mr. Robert H. Jackson in the position because he had been associated with Mr. Jackson for some time in the past.

I rose to make the statement that I regret the Government has lost the services of so splendid a man as Mr. Prettyman in that office. I rose to make the statement because I should like it to be known from Mr. Morgenthau and others that there is not the slightest criticism of the conduct of that office under Mr. Prettyman. I should like it to be known that there is no cloud, no suspicion, no reasonable room for criticism of the conduct of the Income Tax Bureau under Mr. Prettyman. On the contrary, all authorities over and under him, so far as I know, are in accord that he has done an excellent piece of work in collecting the half billion dollars of back taxes which are 8, 10, and 12 years overdue, and that the plan he has evolved will be followed by his successor and by the Bureau.

Since Mr. Prettyman tendered his resignation in order to accommodate Mr. Morgenthau in his desire to have a man whom he knew, I opposed the confirmation of Mr. Jackson because I thought we were losing too good a man in that very vital department, a man who could not be approached, a man whose conduct is exemplary, a man who knows the income tax laws from beginning to end.

However, Mr. Prettyman does not care to remain in the office if Mr. Morgenthau, Secretary of the Treasury, does not wish him to do so. I am authorized to say that in accepting his resignation there is no reflection upon Mr. Prettyman from any source whatsoever in the Government.

While I have been displeased to see Mr. Prettyman surrender this important post, it is gratifying to know that his services are so outstanding that he has been offered the position of Corporation Counsel of the District of Columbia. While he does not care for that kind of work, yet at the request of the President he has been glad to undertake it. I know in that position he will make a record equal to that which he has already made in the Internal Revenue Bureau.

I felt that I owed it to Mr. Prettyman to make this statement in order that people might know there is no cloud of suspicion or reflection in any way upon him in tendering his resignation, but that his desire to cooperate with the new administration was the sole reason for that action.

GREAT LAKES-ST. LAWRENCE WATERWAY TREATY

Mr. WHEELER. Mr. President, I desire to announce at this time that tomorrow, at the first opportunity when I can obtain recognition, I shall address the Senate on the pending St. Lawrence Waterway Treaty.

VISIT OF PRINCE TOKUGAWA, OF JAPAN

Mr. COPELAND. Mr. President, I wish to make a brief verbal report on behalf of the Committee on Rules.

On Friday we had a visit from a very distinguished citizen of Japan, Prince Tokugawa. In view of the fact that the Senate was in recess on last Friday and Saturday, I escorted His Grace about the Capitol and showed him its various attractions. Also we visited the House of Representatives.

His Grace wished me to convey to the Senate his regrets that he did not meet Senators personally. I expressed to

him then, as I do now, our great regret that we were not in session to greet him and extend to him the privileges of the floor.

AMENDMENT OF AGRICULTURAL ADJUSTMENT ACT

Mr. O'MAHONEY. Mr. President, I desire to offer an amendment to the bill (S. 2732) to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes, and I ask unanimous consent to proceed for 2 or 3 minutes in explanation thereof.

The VICE PRESIDENT. Is there objection to the Senator proceeding as requested? The Chair hears none, and the Senator is recognized for the time designated.

Mr. O'MAHONEY. Mr. President, in June 1933 the Congress enacted the National Industrial Recovery Act. There is contained in it a provision known as section 208 which made an appropriation of $25,000,000 to be used by the President of the United States under rules and regulations to be issued by him for the purpose of encouraging subsistence homesteading. In the language of that section the purpose was "to aid in the redistribution of the overbalanced population in industrial centers."

For many years the Federal Government through the Reclamation Service has been developing what are really very efficient subsistence homesteads but in a slightly different form. In my State and in other States in the West there are numerous reclamation projects constructed by the Federal Government, settled at the invitation of the Government by men and women of high standards. Those projects, some of which are devoted to the raising of sugar beets, are particularly successful. In the opinion of those who live on the homesteads and those of us who are familiar with them, they offer an ideal answer to the query which, so to speak, was before the Congress and in the mind of the President when this particular section of the National Industrial Recovery Act was adopted.

I have in mind one particular project, the North Platte project, the chief town of which in my State is Torrington. That project was settled by veterans of the World War who were invited by the Federal Government to take up the homesteads. They have been engaged in the raising of sugar beets. In the neighborhood of Riverton is another project of similar homesteads and at Powell is another. It is the feeling of the settlers who, under contract with the United States, have made their homes there, and certainly it is my feeling that any action by the Federal Government now which would undertake to cut down the opportunity of those settlers to continue the work in which they are engaged would amount almost to a breach of faith. It is with that thought in mind that I am presenting the amendment and soliciting the very earnest consideration of all Senators thereof.

Mr. President, I am advised that the area in reclamation projects now devoted to the raising of sugar beets is scarcely more than 10 percent of that in the country which is so utilized.

I ask that the amendment may be printed in the RECORD.

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

The amendment is as follows:

On page 5, line 18, after the word "thereto", to insert the following: "*Provided, however,* That production of sugar beets upon any reclamation project constructed under the Reclamation Act shall not be curtailed: *And provided further,* That the Secretary of Agriculture may authorize the production of sugar beets upon any reclamation project construction of which was initiated prior to the approval of this act."

The VICE PRESIDENT. The amendment will be referred to the Committee on Finance and printed.

INCLUSION OF CATTLE AS A BASIC COMMODITY

The Senate resumed the consideration of the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes.

Mr. CONNALLY. Mr. President, on yesterday I outlined the provisions and the purposes of this measure, and it is not my intention to consume much of the time of the Senate.

At this point I ask unanimous consent to have printed in the RECORD my remarks before the House committee during the hearings, and also my remarks before the Senate Committee on Agriculture and Forestry, when the bill was pending before that committee.

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

The matter referred to is as follows:

[From hearing of Wednesday, Jan. 17, 1934, before the Committee on Agriculture of the House of Representatives]

STATEMENT OF HON. TOM CONNALLY, UNITED STATES SENATOR FROM THE STATE OF TEXAS

Senator CONNALLY. Mr. Chairman and gentlemen of the House Agriculture Committee, I want to thank you for this opportunity of appearing before the committee. I understand you are now considering a bill introduced by your chairman, Congressman JONES, to make cattle a basic agricultural commodity for the purposes of the Agricultural Adjustment Act. I want to say to the committee that I have introduced a similar bill in the Senate.

As you, perhaps, know better than I when this Agricultural Adjustment Administration bill was first proposed, the cattlemen, as I understand, by their own request, or at the request of the representatives of the industry, were omitted from the provisions of the measure. But since that time I have been convinced that there is now a change, almost a radical change, on the part of cattlemen with regard to the Agricultural Adjustment Administration and the possibility of aid to cattle thereunder.

Other agricultural commodities have been benefited tremendously. Speaking for cotton particularly, since I am very familiar with it, I think that the operation of the Agricultural Adjustment Act last year absolutely saved the cotton industry from disintegration and disaster. Its condition was already disastrous but there would have been an absolute holocaust in my State if it had not been for the program of relief adopted by the administration made possible under this act which put us back on the road to recovery at least.

Now wheat and a great many other agricultural commodities have been benefited, but cattle and the cattlemen are in a very bad situation. I have had telegrams from the president of the Texas and the Southwest Cattle Raisers Associations to the effect that according to their view 90 percent, and perhaps 95 percent of the cattlemen in my State want cattle included in the Agricultural Adjustment Act as a basic commodity.

The American National Livestock Association's executive committee, I believe, had a meeting at Albuquerque and from wires I received from the Texas members attending that meeting I am informed that of the 45 representing the Texas cattlemen attending that meeting 40 had voted to have cattle included as a basic commodity, and only 5 were voting against.

I also had wires from the Panhandle Cattle Raisers Association, from the Northeast Panhandle Hereford Association, with which you are very familiar, Congressman Jones, and I believe they are almost unanimous in wanting cattle included in this act as one of the basic commodities.

I believe if the committee will investigate further it will find that the cattle industry as a whole is very strongly in favor of having cattle brought within the purview of the Agricultural Adjustment Act.

Of course, I do not need to urge upon this committee the importance of taking some steps to relieve the cattlemen, but I do urge that the committee proceed with such hearings as you decide to have so that the bill may be reported for action of the House at an early date.

With reference to the suggestion for a tariff on the importation of canned goods as a means to relieve agriculture: When the last tariff bill was before the Senate I was a member of the Senate Finance Committee, and the amendment for increasing the tariff on live cattle was proposed by me, and adopted by the Senate, and agreed to by the House. While I am in favor of adequate protection for cattle, at the same time the volume imported is appreciably small compared with the volume produced, and I am convinced that no tariff legislation alone is going to remedy the situation, because the passage of a tariff measure for the further protection of cattle is not going to reach the spot in the present situation. Duties on canned meats ought to be raised. Now, as you know, on account of the foot-and-mouth disease in Argentina and other South American countries, we have had practically an embargo on cattle from the Argentine. I do not think that would apply to canned goods, but it does to live cattle, so that gate has been closed up.

There are very few cattle coming into the United States from Mexico; some cattle were being brought in, but the cost is almost prohibitive today and because of the international exchange condition they can hardly bring cattle in now.

The only measure that offers early help for the cattlemen is to be found in relief of the kind here proposed, and I am very strongly in favor of and urge this committee to include cattle as a basic commodity in the Agricultural Adjustment Act, and I believe I speak the sentiments of a majority of those in the industry.

The other basic commodities covered in the act have been taken care of or are being taken care of pretty well, and if cattle is not

a basic commodity or a basic agricultural industry it will be hard to find an industry that is basic.

Mr. Chairman, I am hoping that this committee will be able to complete its hearings very quickly on this bill and report it to the House recommending the inclusion of cattle in the act, as it was originally included when the measure first passed the House.

I believe I have expressed the attitude of the cattlemen of my State, have I not, Congressman KLEBERG?

Mr. KLEBERG. I think that is correct, Senator CONNALLY.

Senator CONNALLY. And so I hope very much that the committee will proceed and conclude its hearings on the bill, so there will be no delay in having cattle brought under the provisions of the Agricultural Adjustment Act and its administration.

I believe that a vast majority of the cattlemen are now in favor of including cattle. I just had a letter from a man in Houston, Tex., who is very active in the industry, and he stated that the cattlemen of that portion of the country and through south Texas, that the cattlemen were now anxious to bring cattle under the act as a basic commodity. I have had many wires and telegrams from the cattlemen in my State, and I believe that I am speaking the views of the vast majority of the cattlemen in urging the inclusion of cattle.

Mr. Chairman, I do not want to suggest to this committee what it should do, but I understand before any program can be worked out for the cattle industry we must have this legislation. Of course they might have their marketing agreement under the present act, but what we need is to have sufficient authority vested in the Department of Agriculture to put this program over; and I was going to suggest that this legislation be enacted, with the assurance on the part of the Department of Agriculture that before adopting the concrete manner in which the program was to be worked that a hearing be held to which all the cattlemen would be invited to give their views, because many of the interested parties will want to appear before the actual details of the plan are put into operation.

Mr. KLEBERG. May I suggest, Senator, that you include in your remarks a request that the Department of Agriculture express its attitude on the matter of the program to be worked out, and that before such a program is adopted that a hearing be held here in Washington on this question, to be attended by the cattlemen and that such a program be arrived at based on the suggestions and evidence presented at such a hearing.

Senator CONNALLY. Yes.

Mr. KLEBERG. If that meets with your suggestion.

Senator CONNALLY. I would be glad to do that. Mr. Chairman, I think it is hardly necessary for me to urge upon you the procedure to be followed.

The CHAIRMAN. I will state in that connection that Secretary Wallace is appearing before another committee this morning and if he gets through in time he expects to appear before us.

Senator CONNALLY. That matter can be covered by him.

The CHAIRMAN. Yes.

Senator CONNALLY. I was just going to suggest that you request either the Secretary of Agriculture or a representative of the Department to appear before the committee, and you can put that matter up to them.

The CHAIRMAN. I am sure that will be the procedure followed, as that is the usual method of the Department in developing these programs.

Senator CONNALLY. Yes. I was just suggesting that you get from the Department some assurance that if cattle are made a basic commodity under the act that the program would be worked out with those interested in the industry, by the representatives of the industry at a hearing.

I am sure that the Secretary when he appears before the committee will tell you that he is in favor of cattle being included under the Agricultural Adjustment Administration. I know what his attitude is with reference to the matter. I attended a meeting some time ago with representatives of farm groups and farm organizations in the office of the Secretary of Agriculture at which time this very matter was discussed, and the purpose of the meeting was to find out the sentiments of those groups with reference to putting cattle under the Agricultural Adjustment Administration, and the Secretary at the time submitted to the group his ideas for a plan or method in the very illuminating and interesting address he made advocating the giving to the Department of Agriculture a fund of $200,000,000 with which to administer the beef cattle and the dairy cattle industry, on the theory that he would be able to recoup that amount through some processing tax or some other arrangement of that kind.

The CHAIRMAN. May I suggest, Senator, if you have the time, in order to get your reaction to it, that I understand there has been some insistence on the part of hog producers, especially, that cattle be taxed as a competing commodity. I am advised that has been deferred for the present for the reason that the cattle industry would not be able to pay it. And if they are required to pay a compensatory tax they will not be able to benefit from any of the proceeds of such a tax. In other words, it might be possible under the terms of the present law to tax cattle as a competing commodity but there is no authority to pay any of those benefits to cattle.

Senator CONNALLY. Yes.

The CHAIRMAN. And if such a tax is to be levied certainly it would be to the advantage of the cattle industry to have the total proceeds of such a tax so applied, under some program that might benefit the industry.

Senator CONNALLY. Yes.

The CHAIRMAN. In that connection, if a processing tax were levied on cattle, then a compensatory tax might be levied in addition to the tariff on imports of other commodities.

Senator CONNALLY. Yes.

The CHAIRMAN. For the protection of the domestic market, and through which the cattle industry would receive some advantage if it is made a basic commodity.

Senator CONNALLY. I agree entirely with you, Mr. Chairman, in the very clear statement you have made of the situation.

Of course, I do not believe we ought to tax cattle as a competing commodity with hogs, for the benefit of hogs, most certainly unless you are going to bring cattle within the range of benefits from the Agricultural Adjustment Administration. I cannot see why we should. Of course, the hog people would like to get the benefit that would accrue from an increase on cattle, but I do not see why one class of the farming people should be taxed for the benefit of another engaged in another branch of the same industry. I know there are certain reasons being urged for taxing one branch for the benefit of the distressed producer in another line, but I do not believe there ought to be a tax unless its operations will apply to all.

Now, Mr. Chairman, those are briefly my views, and I simply want to say that I am heartily in accord with the views of the chairman of the committee, with whom I have been cooperating, and with whom I shall continue to cooperate.

And I want to take this occasion to congratulate the committee in having as its chairman one of our own distinguished Texans and one who is familiar with these matters, and who has shown such a grasp of the whole situation.

Mr. MARSHALL. Mr. Chairman, I should like to ask the Senator a question.

The CHAIRMAN. Mr. Marshall.

Mr. MARSHALL. Senator Connally, I should just like to ask you if you would care to express an opinion whether the operation of the processing tax has been successful, so far as hogs are concerned, or whether it has caused a shift to the consumption of cattle or beef products.

Senator CONNALLY. Frankly, I do not know much about the hog program, because we do not produce hogs for the market in large volume, and I am not familiar with just how the processing tax has affected the consumption of pork. But, of course, any processing tax which increases the cost of an article has a tendency to decrease the consumption, just like the cost of any article; when the price goes up the use of it declines to a certain degree. But if you do not increase the price to the consumer you are not going to be able to raise the price to the producer. You have got to raise the price and, of course, the consumer will have to suffer, somewhere along the line; the consumer will have to pay more if it is going to do any good. So the effect of a processing tax, even though it must result in the consumer paying a little more for the article, if it does not result in an increase in the price to the consumer, we cannot get a better price to the producer.

Mr. KLEBERG. Senator, may I ask you another question?

Senator CONNALLY. Yes.

Mr. KLEBERG. There have been times when the market for cattle on the hoof was very good when there was no appreciable difference noted in the price to the consumer on the different types of meat. How would you explain that? In other words, when cattle or beef was at 8 cents the price of beefsteak per pound, or roast, and the other cuts, remained about the same; the housewife paid about the same, with very little change in price to her, regardless of the price of beef on the hoof.

Senator CONNALLY. Of course, that involves a good many factors. For instance, the packing industry is interested in maintaining a stable level, I assume, insofar as it can, on all products handled in that industry, so that it is not a question altogether of the price of livestock or of beef cattle on the hoof.

Then there are distributing factors, freight factors, and many other factors which would enter into that situation, as they do in any other situation. When a man rides on a Pullman and gets a steak and pays a dollar or a dollar and a half for it, naturally he must expect to pay for the service involved in furnishing him that service.

The cost of everything—distribution, freight rates, overhead, facilities for furnishing the service are all things that must be taken into consideration in arriving at the price of the finished product.

Mr. KLEBERG. The reason I asked that question was to bring out whether or not the Senator did not think that it is barely possible that the distributors of the commodity, those who are interested in beef and cattle, possibly were in position to absorb very largely a part of the processing tax on these various livestock products if it were found desirable to levy a processing tax.

Senator CONNALLY. I will say that they are bound, naturally, to absorb some of it. We always have a law that when an article reaches a certain level, at which the price becomes burdensome, its use falls off. For instance, take the gasoline tax. When you put a gasoline tax on of half a cent, immediately that is reflected in the market price of gasoline, and if the tax is increased to a cent a gallon, the consumption of gasoline will fall off a little more. That is true all over the country. Now, the same thing is true in other commodities. When the price of beef gets too high immediately the consumption falls off. Necessarily if the processing tax is an appreciable amount, resulting in additional cost to the consumer, the packers have got to absorb some of it at least, by reason of the fact that consumption is going to decrease to a certain extent, resulting in the falling off in their volume of business.

And, of course, the greater the volume of business the less the pro rata expense per pound in handling the commodity is.

Mr. FULMER. May I ask the Senator a question?

Senator CONNALLY. Yes.

Mr. FULMER. During the consideration of the Agricultural Adjustment Act last year I advised the committee at that time that the program would work 100 percent so far as cotton was concerned.

Senator CONNALLY. Yes.

Mr. FULMER. Because so far as its application to cotton is concerned there was a considerable demand for export cotton and cotton would bring a better price. In other words, they would have to take the cotton, and so far as its operation with cotton is concerned the users of cotton would not have an opportunity to beat down the price to the farmer; they have had to pass it on to the consumer. At that time I stated that I was perfectly willing to go along with the hog and wheat and other commodities included in the act, but I could not understand how we were going to keep the packer from taking the price, increased price by virtue of the processing tax out of the farmer unless we had a fixed price.

Senator CONNALLY. Yes.

Mr. FULMER. And that is the way the plan has worked out in my section. Of course, if we had fixed the price at 6 cents and then the packer had cut the farmer's price down to 5 cents we would have had the privilege of raising a tax, increasing the tax 1 cent, so that there would have been no advantage to the packer in cutting the price to the farmer, and therefore instead of passing this tax back to the farmer, resulting from the processing tax, naturally the packers would have passed it on to the consumer.

Senator CONNALLY. Yes.

Mr. FULMER. And without fixing the price at which hogs are to be sold, or for that matter, any other commodity, the principal part of which is consumed in this country, unless we fix the price we are going to be met with the same situation; the benefit will not be passed back to the farmer, but they will take this tax out of the price paid to the farmer and the producer will have to absorb the tax just as the farmers have had to absorb it on hogs.

Senator CONNALLY. Of course, you cannot avoid some problems. We might take some of the cattle out of production.

Mr. FULMER. At the same time it is my belief that with the experience of the Department in dealing with cotton they will be able to work out a program that will meet this situation.

Senator CONNALLY. Yes. The Department has been learning things. There were a lot of things for them to do. These matters were all new and had to be worked out, and I think the Department of Agriculture has learned a lot of things in the administration of these various programs.

I want to stress one thing which your chairman brought out, and that is this: That, insofar as importation is concerned, you put cattle under the Agricultural Adjustment Administration as a basic commodity and then give the power to the Department of Agriculture to go ahead to put such restrictions upon the importation of beef as may be necessary; with the addition of the processing tax which could be imposed, the industry could receive a benefit. You are going to get much quicker results in that way than you could through any tariff legislation.

If you proposed a tariff to meet this situation, the tariff legislation will be opened up all along the line. Once you undertake to legislate on the tariff any Member of the Senate can ask a revision of the tariff on any article and you would upset this whole program. The best way to get at this is through the Agricultural Adjustment Administration by giving the Department of Agriculture power to balance the situation through restriction of imports and through such imposition of processing taxes as may be necessary to protect the domestic market.

Of course, Congressman FULMER, a tax on cotton has resulted in raising the domestic price. That is the only way that you are going to raise the domestic price to the producer, increase the cost to the consumer. That is the only way we are going to be able to raise the farmer's price. We probably cannot raise the price to the farmer as much as is desirable, but it is necessary to increase the price to the consumer more than was being effected through the tariff. We can, through the process of this processing tax, raise the domestic price and give the people here at home, the farmer, a better price for his commodity and take out of production some of this surplus which has been competing with what the farmer has been raising, and which has been destroying the industry. That is the only way that it can be done.

Mr. FULMER. In other words, the farmer is put in the position whereby he can receive the benefit of his own production through a tax, a processing tax on his commodity.

Senator CONNALLY. Yes, sir.

Mr. FULMER. And at the same time reduce, as has been done, the production of cotton.

Senator CONNALLY. Yes. Congressman JONES had a bill in the House and I introduced a bill in the Senate, what was known as the "export-debenture plan." Now, the export-debenture plan turned the tariff around, and the tariff benefited the industry and benefited the importer. And, therefore, to get the industries in this country back to raising the cost and to make the people here at home pay more for those articles in order that the farmer may receive a better price, we simply turned the tariff around and, instead of saving that, the manufacturer was going to be able to charge the consumer a greater price because of the tariff protection he had on his output; we provided that the producer would receive a better price, require the processor to pay more, and pass that on to the consumer. In other words, we simply turned the tariff around through a device whereby the producer would receive more and the consumer would have to pay for that export debenture, just as he has had to pay more by virtue of the tariff on the finished article.

Mr. FULMER. In other words, make the consumer pay just what he has paid heretofore?

Senator CONNALLY. Yes; the consumer has paid the increased cost just as he has been paying it for a hundred years in the case of the manufactured articles, and in the case of a great number of other commodities that have been imported into this country on which the farmer has been paying the price plus the tariff. They have had to pay that bounty, through the tariff, and the plan here provided is to give the benefit to the cattleman and to the farmer.

Mr. FULMER. Is it not a fact, Senator, that the program has been working out something like this, that as soon as we give the farmer a fair price for his commodities through the program of the National Recovery Administration, prices for the commodities which he purchases have increased so that the farmer after all is not benefiting as much as he otherwise would?

Senator CONNALLY. You are correct, Congressman FULMER. Of course, everything that the farmer buys is affected by the increase resulting through increase in wages, and the benefits to those engaged in the other industry resulting from the program of the National Recovery Administration.

Mr. FULMER. But is not the trouble this, that as fast as the Agricultural Committee here presents legislation and the Department of Agriculture and the Agricultural Adjustment Administration finds some way of doing something for the farmer, in raising his price, that the other industries, through the program of the National Recovery Administration are just placed in position to be a jump ahead of the farmer with the result that everything that the farmer has to buy has increased in price anywhere from 20 to 50 percent over what it was last year?

Senator CONNALLY. Well, I do not want to get into an argument about the other act, Congressman FULMER. But I am very much concerned in meeting this question of how we are going to help the cattlemen because I feel that something must be done for them, to offset whatever additional charges the cattleman has had to pay, and I believe the Department will be able to work out a program if we adopted the suggestion contained in this legislation.

The CHAIRMAN. Any further questions?

Mr. MITCHELL. Why was cattle stricken out from the original act as a basic commodity? I understand it was included originally in the bill.

Senator CONNALLY. I tried to make that clear. Evidently I did not make it clear when I first started. At the time the bill was pending in the Senate the cattlemen's position was represented by Senator Kendrick, of Wyoming, who was a very distinguished cattleman who was largely representing the cattle industry. He was on the Agricultural Committee in the Senate and was very much opposed to placing cattle in the Agricultural Adjustment Act, and most of the cattlemen, apparently, were opposed to it. They were afraid of getting into a program under which they might be taxed in some way. I do not remember all their reasons but at any rate, when the measure came up, cattle were excluded.

Since that time, however, there has been a radical and vital change of opinion among cattlemen, and I believe the overwhelming majority of them are now in favor of including cattle as a basic commodity in the Agricultural Adjustment Act.

Mr. Chairman, I wish to thank the committee for permitting me to appear before you. I beg your pardon for taking so much of your time.

The CHAIRMAN. Thank you very much, Senator CONNALLY, for your presentation.

Senator CONNALLY. I hope the committee will be able to report the bill forthwith and get it over to the Senate so we can act on it over there.

[From hearings of Friday, Feb. 9, 1934, before the Senate Committee on Agriculture and Forestry]

STATEMENT OF HON. TOM CONNALLY, A UNITED STATES SENATOR FROM THE STATE OF TEXAS

Senator CONNALLY. Mr. Chairman, I thank you for the courtesy of granting me this opportunity. I do not have any long, prepared statement with statistics, and so on.

This is the cattle bill. The committee was good enough the other day to report favorably a similar bill by me, and this is the House bill, and the reason I am asking that you also report this bill is that my bill, which was reported favorably, simply puts cattle under the Agricultural Act as a basic commodity. It did not include the clause which this bill carries making an authorization for an appropriation of $200,000,000 to be recouped, of course, through processing taxes, and I was afraid if we did not report this I would not be able to take it up and substitute it for my bill when mine is reached on the calendar. There is no pride of authorship; I want to get the measure through. My idea was that my bill is already on the calendar, and when we got to my bill I would take it up and substitute the House bill for it; but if the House bill has not been reported by this committee, I am afraid I cannot do that.

Senator FRAZIER. Your bill did not carry the $200,000,000?

Senator CONNALLY. No; but that part of it is the administration program. The Secretary of Agriculture is for it and everybody, so far as I know, is for it. It passed the House practically unanimously, so I should like to get this bill out and get it into shape so that I can take it up in lieu of my bill and get it right through.

Senator FRAZIER. This includes dairy cattle as well as beef cattle?

Senator CONNALLY. Yes; it includes dairy cattle, so that the dairy interests are for this as well as the cattle people.

In December I attended a meeting with the Secretary of Agriculture of the dairy and cattle interests, and at that time the Secretary of Agriculture proposed, in substance, this measure: First, to put cattle under the law as a basic commodity, under the act, and then to provide a fund to take care of dairy and cattle interests, to be recouped by a processing tax.

The cattle interests of the country are generally for this measure. My State is the biggest cattle State in the Union, and the president of the association there has wired me and written me that he thinks 90 percent of the cattle interests of our State are favorable to this measure. Recently at a meeting out in Albuquerque of the board of directors of the national association—and while the national association did not take any action because it felt that each State organization ought to express its views—there were 45 Texas cattlemen attending that convention, and 40 of them voted for this measure, expressing their approval of this bill, and 5 otherwise. So that is a pretty fair reflection of the sentiment of the cattlemen.

As you know, cattle is one agricultural product that has not done very well because it is not included. You remember, Mr. Chairman, a year ago the cattlemen themselves asked to be left out of the agricultural bill, and quite a change of sentiment has taken place, and I think if the committee would report this bill favorably and put it into shape where we could get early action on it, it would be a very good thing for the cattle industry.

Senator MCGILL. Senator, under the terms of your bill, the only reason for having the raising of cattle declared a basic industry would be to make it possible that a processing tax could be collected?

Senator CONNALLY. That is largely it; yes.

Senator MCGILL. Do you not understand that the cattle industry generally over the country are opposed to the processing tax on cattle or beef?

Senator CONNALLY. They are very largely, but that thing has been met in this way, Senator: While a great many of them are against the processing tax, yet they realize that something has got to be done about the cattle situation. Now, here is what is going to happen: They have had assurances, I understand, that the Secretary of Agriculture, after this bill shall have been enacted, will call a conference of all the dairy people and the cattlemen here or somewhere, and will undertake to work out a plan, under the act, of handling the situation which will be agreeable to the cattle people. As you know, the powers of the Secretary under the original act are very broad. He can do a lot of things, but the whole plan of this thing—the cattlemen have been here for some time conferring with the Secretary and his agents every day, and they have reached the point now where they think that the best thing that can be done is to pass this act, and after it is passed the Secretary then is going to have these conferences with the cattle people and try to work out something that will be satisfactory to them toward handling the situation.

Senator MCGILL. I am simply speaking from the knowledge I have from communications that I have had from my own State, and out there they seem to be opposed unalterably to a processing tax with reference to beef cattle. I can see that this is a different arrangement, and I can understand why mostly any industry would be willing to take an appropriation of this sort for its own benefit and probably its interest. I am not talking against it, but I think our people are opposed to a processing tax. They figure that a processing tax will be——

Senator CONNALLY (interposing). Will make beef higher.

Senator MCGILL. No; it will just be deducted from the price of the cattle.

Senator CONNALLY. It has a double effect, either way you take it, according to their view. Their view is that if you put it on cattle the consumer will eat hogs, pork, or something else; or if the producer pays it, it will come out of his pocket.

Senator MCGILL. Do you not think that a processing tax on beef cattle would be deducted from the price of the cattle rather than making cattle higher?

Senator CONNALLY. It probably would be a little of both.

Senator MCGILL. Do you not think it would fall right back on the producer?

Senator CONNALLY. To some extent. Probably a little of both. Let me say this to you, Senator: The packers are a big factor in this situation, and it is believed that, if the Secretary of Agriculture has some controlling power over the cattle situation, he can exact more consideration for the cattlemen from the packers than in any other way, because the packers are more or less a monopoly; and if the Secretary of Agriculture is given a little monopolistic power himself, he can probably make those boys act a little better than he can if we just turn them loose on the cattlemen. My information is that the packers made more money last year than they have made in any year for quite a considerable period of time. Well, that is all coming out of the cattlemen.

Senator CAPPER. They have collected a lot of it from the hog raisers.

Senator MCGILL. They have collected it from the men who produce hogs.

Senator CONNALLY. To be sure. That is the situation now.

Senator MCGILL. That did not help the hog producers.

Senator CONNALLY. That is the situation now; but if the Secretary of Agriculture is given a good deal of power in this and works out a plan that is agreeable to the cattle people, he can probably make those packers do a little jumping.

Senator MCGILL. Well, it seems to me that the beef-cattle industry and the hog-raising industry are a good deal in the same situation here.

Senator CONNALLY. That is true.

Senator MCGILL. If we are going to appropriate money for the benefit of the beef-cattle industry, we likewise should appropriate it for the hog industry. Why discriminate between the two?

Senator CONNALLY. I will say frankly, Senator, that the theory is that this sum will be gotten back into the Treasury through some method of processing tax which is hereafter to be worked out. The chances are it will not all get back into the Treasury, because of the law of abrasion there will be rubbed off part of this Government money.

Senator MCGILL. I think it is clear that even under the House bill the processing tax can be used, but the complaints I have had with reference to the pork industry indicates that the producer is the man who finally has to pay the tax.

Senator FRAZIER. Mr. Chairman, I think the House bill carrying this appropriation is an improvement on the Senator's bill.

Senator CONNALLY. Oh, yes; it is.

The CHAIRMAN. That is what he has come here to testify to.

Senator CONNALLY. When I originally introduced my bill, however, it was the understanding that this other was coming along. Congressman JONES, of my State, Chairman of the Committee on Agriculture in the House, and myself have been working absolutely in harmony. He introduced this the first day of the session, simply putting cattle under the Agricultural Adjustment Act as a basic commodity. Later on they worked out this plan of appropriation, so I did not amend my bill but waited till the House got its bill in shape, and I am now here asking the committee to report the House bill.

The CHAIRMAN. So that when his bill is reached on the calendar he can substitute the House bill for his bill.

Senator MCGILL. I agree that this is a better bill; that we had better provide for this appropriation. The only thing that is in my mind here is whether we should not make it possible to levy a processing tax; whether that is a detriment rather than a benefit, either to the hog or the cattle industry.

Senator FRAZIER. The Department is trying that processing tax out; and if they are going to try it out on hogs, it seems to me there would be the chance to make it more effective if we include cattle. I thought so last spring when we had the executive session and voted to put cattle in at that time.

Senator CONNALLY. Let me say, Senator MCGILL, that if they have the power to put the processing tax on, they do not have to do it; but if they go along and find later that it is necessary and they have got no power to do it under the legislation, then we are tied up again. So why not report the bill and give them the power and let them work it out with the cattle and dairy people?

Senator MCGILL. Would you have any objection to putting hogs, pork, under the same category here as you do cattle?

Senator CONNALLY. Are they not there now?

Senator FRAZIER. They are now.

Senator MCGILL. No. They have to have a processing tax, do they not?

Senator FRAZIER. They have; yes.

Senator MCGILL. In order to have any money. We are making an appropriation here for cattle and we are not for hogs.

The CHAIRMAN. But you must remember that hogs are already in the original bill. They are a basic industry.

Senator MCGILL. That is true.

The CHAIRMAN. And they are coming in to be taken care of just as this bill here provides, and they have apportioned in this bill $200,000,000 for the purpose of putting that industry in the same category as the others.

Senator CAPPER. The processing tax is now paid by the hog raiser. The allotments here are to be paid out of the Public Treasury, which is all right with me.

Senator MCGILL. The point I am getting at is this: That it only applies to cattle—beef cattle and dairy cattle. Now, if we are going to appropriate money here for the cattle and dairy industries, I think we ought to appropriate it for the hog industry.

Senator CAPPER. They ought to be on the same basis.

Senator MCGILL. That is the point I am getting at. Would you have any objection to that?

Senator CONNALLY. I do not know hardly what to say about that. Of course, I should like to get the bill up just as it is, but I would have no objection to offering an amendment on the floor. I would not object to it. I should like to get this out quickly, so that we can get some action on it, because I have assurances of the leadership that we can get this bill up pretty promptly if we can get it out.

Senator BULOW. You do not know what the attitude of Secretary Wallace is toward it?

Senator CONNALLY. He is for it. As I stated a while ago, Senator, we had a meeting last December, and this is the Wallace plan. This is his proposal. He is thoroughly for it. We had a big meeting of the cattle and dairy men, and Secretary Wallace really proposed this. This is an administration measure.

Senator CAPPER. As it stands now, he is not planning to levy this processing tax on the cattle raiser.

Senator CONNALLY. He is going to call a conference, Senator, as soon as the bill is enacted, of the cattle and dairy people and work out some plan that they hope will be agreeable to all interests. I cannot say what that plan is going to be, but he cannot do that unless he has got this authority, Senator. Unless we pass this legislation he cannot do anything.

Senator CAPPER. There is a general protest throughout our part of the country against this processing tax being passed back to the producer.

Senator CONNALLY. I know.

Senator CAPPER. And that is what is being done.

Senator FRAZIER. That was not the intention of the original bill.

Senator MCGILL. But that is what happens.

Senator CONNALLY. But they are learning some lessons out of that, and are trying to avoid that situation with regard to this particular product.

Senator FRAZIER. There was a group of representatives of the dairy interests of those Middle and Northern States down here 2 or 3 weeks ago. I had two or three conferences with them and the rest of our group out there, and we also went down to see the Secretary at that time. They wanted $200,000,000 appropriated for dairy cattle alone at that time.

Senator CONNALLY. They worked that out with the Secretary, I am sure.

Senator FRAZIER. Their plan was to have $200,000,000. There are some States that have not cleaned up on the tuberculosis of their dairy cows. They wanted that cleaned up. Then they suggested that surplus dairy cows be purchased by the Government out of this money and distributed to Indian reservations where they did not have any cows, just for the individual families, not in competition in the dairy business, and to some of the southern cotton farmers who did not have any cows—renters, I suppose—to distribute down through there, to take this surplus of dairy cows out of production at present. That was their plan, and the Secretary was quite favorable to it, although he was not sure whether we could get that amount of money or not, and I am satisfied that when this bill gets on the floor of the Senate they will attempt to amend it to increase that amount for dairy cattle.

Senator CONNALLY. Well, they may. But this has the hearty approval of the Secretary and the administration.

The CHAIRMAN. Senator CONNALLY, we are very much obliged to you for coming in and making this statement. This meeting was called and witnesses have been subpenaed on this other matter.

Senator FRAZIER. Can we vote on this bill right now? I think everybody understands it.

Senator CONNALLY. I wish we could.

Senator MCGILL. It is subject to any amendments we want to offer on the floor?

Senator CONNALLY. Certainly.

The CHAIRMAN. I will put the motion to report the bill.

(The motion was put and carried.)

The motion is carried, and it is so ordered.

Senator CONNALLY. I am certainly very grateful to you, Mr. Chairman and members of the committee.

Mr. CONNALLY. Mr. President, there is a committee amendment pending; but I desire to say that I wish to offer a substitute for the committee amendment. I will not press the matter for the moment, however.

The VICE PRESIDENT. The Senator may do that at any time. The question is on the committee amendment.

Mr. VANDENBERG and Mr. ROBINSON of Indiana addressed the Chair.

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

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

Mr. VANDENBERG. Mr. President, am I correct that this is the first basic commodity written into the Agricultural Adjustment Act for which a direct appropriation has been proposed?

Mr. CONNALLY. Does the Senator mean since the enactment of the measure?

Mr. VANDENBERG. Yes.

Mr. CONNALLY. So far as I know, this is the first amendment of the Agricultural Adjustment Act adding a commodity.

Mr. VANDENBERG. Or in the act itself? Is there any basic commodity in the act itself which is not wholly dependent upon processing taxes for its revenue?

Mr. CONNALLY. Oh, yes! In the original act, as I understand, funds were provided in somewhat similar fashion to this amendment, for instance in the cotton campaign and in the hog and other campaigns, which were subsequently reimbursed through processing taxes.

Mr. VANDENBERG. Precisely. It was a revolving fund for the purpose of reimbursement subsequently?

Mr. CONNALLY. I shall say to the Senator that if he were here yesterday, he will recall that it was stated that under this bill the Agricultural Administrator will have power to levy a processing tax to reimburse the Government for this appropriation.

Mr. VANDENBERG. I was here yesterday, and that is what disturbs me, because when one of the Senators asked the Senator from Texas something about the processing tax, the Senator from Texas interrupted to say, "If it is ever levied."

Mr. CONNALLY. I did.

Mr. VANDENBERG. Indicating a possibility that under the Senator's prospectus there will be no processing tax.

Mr. CONNALLY. No; on the other hand, Senators who occupied the other position and did not want any processing tax tried to get an admission from the Senator from Texas that there would be none levied; and he expressly stated that that was a matter that the Secretary would determine after the enactment of the bill and the outlining of the program. I do not know whether the Secretary will levy a processing tax or not.

Mr. VANDENBERG. Would it be fair, then, to say—and I am only seeking information—that under the bill as it stands it would rest within the authority of the Secretary to use this $200,000,000 in the nature of a bounty if he so saw fit?

Mr. CONNALLY. I do not think he could do it as a direct bounty, but he could do it if he expended it in carrying out any of the provisions of the Agricultural Adjustment Act.

Mr. VANDENBERG. And he could do it without reimbursement?

Mr. CONNALLY. I rather think he could expend it in carrying out the act, but not in paying benefits directly.

Mr. BORAH. Mr. President——

Mr. CONNALLY. I yield to the Senator from Idaho.

Mr. BORAH. Why was it not thought wise to determine definitely by the terms of the bill whether or not a processing tax should be levied? Why should we leave it open? It seems to me that as a matter of fairness to the cattle industry we should know where we are going.

Mr. CONNALLY. Of course, that is a matter of policy that the Senate can easily determine; but the bill simply puts cattle under the act along with other commodities, to be treated just as all other commodities have been treated under the previous legislation.

Mr. BORAH. In view of the policy which has been adopted with reference to other commodities, we would be justified in assuming that the same policy would be carried out with reference to cattle, and therefore that a processing tax would be laid. Would not that be reasonable?

Mr. CONNALLY. It is reasonable to assume that there will be a processing tax. I cannot say that there will be or that there will not be; but let me read to the Senator the proposed amendment which I shall offer as a substitute for the Senate committee amendment. It is to go in on page 2, line 2. This has reference to the appropriation:

> With respect to the dairy- and beef-cattle industries, to carry out any of the purposes described in subsections (a) and (b) of this section (12), and to support and balance the markets for the dairy- and beef-cattle industries.

That makes the appropriation available to carry out any of the purposes of section 12, subsections (a) and (b).

Several Senators addressed the Chair.

The VICE PRESIDENT. Does the Senator from Texas yield the floor?

Mr. CONNALLY. I do not care to occupy further time of the Senate.

Mr. BORAH. Mr. President, just a moment before the Senator takes his seat. I call attention to the statement of the Secretary, who says:

> I can agree with you, Congressman HOPE, that through a great program, involving a vast expenditure of time and money that it will require the sympathetic cooperation of the great bulk of the cattlemen to make it really effective. And I am inclined to think that it might be just as well, in case of the cattlemen, to make cattle a basic commodity now and after that let the thing lay there until next fall, do nothing, just let the cattlemen suffer from low prices, go ahead and let the whole thing wait to see whether they want a processing tax; let them stew and see how the corn-hog thing comes out, and next fall formulate something, if they want to go without the processing tax, and next fall, when hog prices go up and there has been an increase in hog production and consumption of hog meat and perhaps a shift to the consumption of beef and a compensatory tax is put on cattle, then I think they would like to have the bill, making cattle a basic commodity, so they can avoid the compensatory tax going on cattle.

Just what does the Senator understand by that?

Mr. CONNALLY. The Senator understands that the Secretary was answering the contention of those particular cattlemen who wanted all the benefits of the act, and yet wanted to be guaranteed that there never would be a processing tax. He was replying to that attitude.

Mr. BORAH. As I understand the statement of the Secretary, it indicates very clearly that he intends to levy a processing tax.

Mr. CONNALLY. I so stated yesterday, that he had the power. I do not know whether he is going to do it or whether he is not. I cannot speak for the Secretary in advance; but it is clear that under the bill he has the power to do it if he sees fit to do so. I stated that yesterday repeatedly, and I reaffirm it today.

Mr. ROBINSON of Indiana. Mr. President——

Mr. CONNALLY. Mr. President, before I yield the floor, I desire to appeal to Senators to let us get along with this bill. It is my hope to have it passed today; and I hope Senators will not interpose and discuss extraneous matters if they can avoid doing so.

Mr. MURPHY and Mr. NORRIS addressed the Chair.

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

Mr. CONNALLY. I yield first to the Senator from Iowa.

Mr. MURPHY. Mr. President, with respect to the appropriation of $200,000,000, this colloquy occurred in the Senate Committee on Agriculture and Forestry, with Mr. Davis present:

Senator MURPHY. How do you propose to recover this $200,000,000?

Mr. DAVIS. We have not gone into that phase of it, Senator. This appears to be an authorization for an outright appropriation. In that respect, that is a good deal like the $100,000,000 in the amendment last year. It was out of any money not otherwise appropriated.

Senator MURPHY. You do intend to impose processing taxes?

Mr. DAVIS. Yes, sir.

Senator MURPHY. You do not know when you will impose them?

Mr. DAVIS. We would have to impose them when the program first begins, and that should be regarded, I think, as a supplement to the income from processing taxes, so that more money can go out to the farmer, rather than substitute the price.

Mr. BORAH. Mr. President, may I interrupt there?

Mr. CONNALLY. I yield to the Senator from Idaho.

Mr. BORAH. May I ask the Senator from Iowa if Mr. Davis was representing the Agricultural Department?

Mr. MURPHY. Yes; he was.

Mr. BORAH. That leaves no kind of doubt as to what the plan is, it seems to me.

Mr. MURPHY. I have not any doubt in my own mind, I will say to the Senator, that under this bill the purpose and intent of the Agricultural Administration are to impose a processing tax.

Mr. BORAH. I do not think anyone could have any doubt in view of the statement of Mr. Davis.

Mr. MURPHY. Mr. Davis left no doubt of that fact in my mind at the meeting of the committee.

Mr. CAREY and other Senators addressed the Chair.

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

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

Mr. CAREY. I should like to ask the Senator from Iowa whether Mr. Davis did not also admit at the hearing that if processing taxes were imposed, they would be passed on to the producer rather than to the consumer? Does the Senator recollect his testimony?

Mr. MURPHY. I would not quote Mr. Davis as saying that; but Mr. Davis did resist the contention that the processing tax had been passed on to the producer, insisting that there was a twilight zone, and that nobody could determine where the tax went.

Mr. CAREY. It has been admitted that when prices are low, the producer must necessarily assume that tax.

Mr. MURPHY. That is my contention.

Mr. GEORGE and Mr. CAPPER addressed the Chair.

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

Mr. CONNALLY. I yield first to the Senator from Georgia.

Mr. GEORGE. Mr. President, I desire to say that in the Public Works section of the National Recovery Act an appropriation of $100,000,000 was carried last year to enable the Agricultural Adjustment Administrator to administer that act. When the bill was passed, and the question of imposing a processing tax upon certain of the basic commodities originally included in the Agricultural Adjustment Act was before the Secretary of Agriculture, the very definite position was taken that the Secretary would impose the processing tax, and he did impose the processing tax, although there were repeated and most earnest and insistent requests that the processing tax on certain of the basic commodities covered by the operations of last year, particularly cotton, be deferred for the time being. As I understood, the Secretary of Agriculture took the position that he was, if not legally bound, at least morally obligated to impose the processing tax for the purpose of reimbursing the Treasury, as well as for the purpose of carrying on the operations of the Agricultural Adjustment Administration under the Adjustment Act.

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

Mr. CONNALLY. I yield to the Senator from Arizona.

Mr. HAYDEN. I desire to ask the Senator from Georgia a question. A processing tax was levied on cotton, as I understand.

Mr. GEORGE. It was levied on cotton.

Mr. HAYDEN. Does the Senator feel that the tax was passed on to the producer of cotton?

Mr. GEORGE. Well, that question would lead to quite a good deal of debate.

Mr. HAYDEN. The statement was made a moment ago, on the other side of the aisle, that it was generally conceded that the producer paid the processing tax. If that was invariably so, it would be true with respect to cotton. The price of cotton has advanced, as I understand.

Mr. GEORGE. The price of cotton has advanced, but my own judgment is that the producer of cotton paid the processing tax last year, as a matter of fact.

Mr. HAYDEN. Was that a temporary situation?

Mr. GEORGE. I do not think so.

Mr. HAYDEN. I ask that question because it has been said that, while the producer might pay the processing tax temporarily, with respect to hogs it was stated that by next fall it is hoped the price of hog products will have so advanced that the tax will not be a burden to the producer.

Mr. GEORGE. I want to say in answer to the Senator from Arizona that the cotton farmers have received benefits under the Adjustment Act, beyond all doubt, and under other administrative measures taken during the year 1933.

Mr. HAYDEN. In the judgment of the Senator from Georgia, would the price of cotton be now as high if no processing tax had been levied?

Mr. GEORGE. I do not think the processing tax had a great deal to do with it. I think that other things that were done, wholly outside and irrespective of any processing tax, have had more to do with the price of cotton. But the benefits were given to the cotton farmer. In the first instance, they were made immediately available out of the hundred million dollars appropriated, but, at the same time, the processing tax was levied; and my own opinion—and I believe it to be the opinion of those engaged in the cotton business generally—is that the producer himself probably absorbed the tax last year.

Mr. HAYDEN. But the producer could afford to do that if he received a higher price for his cotton?

Mr. GEORGE. He did receive a higher price, and he received certain definite and distinct benefits through various operations undertaken.

Mr. HAYDEN. Mr. President, my reason for asking the question is that I have received the following telegram from the president of the Arizona Cattle Growers Association:

Arizona Cattle Growers Association has no serious objection cattle being made basic commodity, but object strenuously to processing tax on beef, because, as beef is competitive commodity, tax would immediately be taken off price of cattle same way it has been taken off price of hogs. With cattle market at present low level, any further reduction in income from sales would be added burden which the industry is unable to stand.

J. M. CARTWRIGHT,
President Arizona Cattle Growers Association.

I am trying to find out from the expressions of the Senator from Georgia how the processing tax worked with respect to cotton, and whether we could entertain the hope that the operation of the entire plan would ultimately effect an increase in the price of beef, so that the producers of livestock will be benefited rather than injured.

Mr. VANDENBERG. Find out how it worked in the case of hogs. That is the better way of ascertaining the probable effect in the case of cattle.

Mr. GEORGE. It is a debatable question, and I have given the Senator the benefit of my own opinion.

Mr. MURPHY. Mr. President, will the Senator from Texas yield to me?

Mr. CONNALLY. I yield.

Mr. MURPHY. In reply to the Senator from Arizona, I will say that there is a fundamental difference between the processing tax on cotton and the processing tax on hogs and beef. That difference lies in the fact that cotton is not a perishable commodity, while beef and hogs are perishable commodities.

I think it is a fundamental truth that if a processing tax is imposed on a perishable commodity of which there is a surplus production, inevitably that tax is taken out of the producer, and we will not be able to collect it from the consumer until such time as the supply falls short of the demand.

The price of beef will be depressed by a processing tax, as the price of hogs was depressed by a processing tax, and the price of beef now being so low, it ought not to be driven lower, and we ought to give discretion to the Department of Agriculture in the imposition of the tax. I myself would make it mandatory, if there were any way of doing it, and provide that the processing tax should not be imposed until such time as consumption should make it possible to raise the price.

Mr. CONNALLY. Mr. President, I send the proposed amendment to the desk and ask that it be read for the information of Senators.

The VICE PRESIDENT. The clerk will read.

The CHIEF CLERK. On page 2, in lines 2 and 3, it is proposed to strike out the words "to make advance rental and/or benefit payments with respect thereto" and to insert in lieu thereof the following: "to carry out any of the purposes described in subsections (a) and (b) of this section (12) and to support and balance the markets for the dairy- and beef-cattle industries."

Mr. BORAH. Mr. President, in connection with the question we have just been discussing, as to where the incidence of this tax will finally lie, I have before me a letter from Swift & Co. with reference to the processing tax on hogs. A farmer in Kerkhoven, Minn., dropped a postal card to Swift & Co. asking for information, and they replied to him as follows:

DEAR SIR: Replying to your post card of February 8, it was undoubtedly intended by the framers of the law that the processing tax on hogs would be paid by the consumer in the form of higher prices. The packer on whom the tax is first assessed was supposed to pass it along.

So far as we are able to tell, it has been impossible to get higher prices from consumers as a result of the tax. What consumers will pay for pork depends upon their incomes, as has recently been shown by the United States Department of Agriculture. Since the imposition of a tax on hogs does not increase the consumer's purchasing power, it does not enable the packer to get more for his pork products.

As you know, pork is highly perishable and must be sold for what the consuming public will pay, whether the price is satisfactory or unsatisfactory. The same is not true of other less perishable products like wheat, cotton, and tobacco, where it has been found possible to pass along processing taxes in the form of higher prices. The packer is in a position where he must sell at a market determined for him by the purchasing power of consumers.

In effect the processing tax has been an added expense to the packer and has had the effect, like he pays for hogs and what he is able to get for pork products. The packer's margin is not wide enough and never has been to enable him to bear the tax himself. It has therefore made the price of hogs lower than it would otherwise have been.

In my judgment, that is precisely what would happen with reference to cattle.

Mr. CAREY. Mr. President, does not the Senator believe that if the $2.25 processing tax which is being imposed were not imposed, the producer would be receiving that additional money in the price of his hogs?

Mr. BORAH. I should think so.

Mr. CAREY. I think so. I think it is simply taken out of the price.

Mr. BORAH. Undoubtedly the packers are taking it out of the price of hogs.

Mr. TYDINGS. Mr. President, is it not the opinion of the Senator from Idaho that the higher we make the price of hogs, through any process, whatever it may be, the less consumption of hog meat there will be?

Mr. BORAH. Undoubtedly. What has happened is that they have passed this tax on to the producer of hogs. He has paid it, and the price of his hogs is that much lower.

CANCELATION OF AIR-MAIL CONTRACTS—OPERATIONS OF N.R.A.

Mr. ROBINSON of Indiana. Mr. President, referring again to the ruthless cancelation of the air-mail contracts by the administration, and the tragic results which followed the Executive order directing the Army fliers to carry the mails, I have an editorial, published in the Logansport Press a day or two ago, under the caption: "Farley, Air Mail, and Death", which I ask to have read from the desk by the clerk.

The PRESIDING OFFICER (Mr. GEORGE in the chair). Without objection, the clerk will read.

The Chief Clerk read as follows:

[From the Logansport (Ind.) Press]

FARLEY, AIR MAIL, AND DEATH

What mail do the Army planes carry one half so precious as the lives of the flyers?

When Postmaster General Farley launched his age-old political trick of the ins building themselves up by showing the shortcomings of the outs, he visioned the drama, the snap, the headlines, the partisan plaudits, the "turn the rascals out!"

Always with himself basking beneath the halo of the good and faithful servant of the public.

And, to show that he, Postmaster General Farley, is a man of infinite resource he had his alternative ready for the time when commercial flying of the mail should cease, "The Army will fly the mail!"

Terse, dramatic, looked good in headlines—but it meant death and disaster to boys who bravely jump at a task set them by a fat, sassy, plausible politician safely on the ground.

All the mail carried is not worth one of the lives that have been lost.

Why, in the name of humanity, did the Postmaster General have to fix on this homicidal alternative? Is this ghastly thing also a product of the "brain trust"?

Suppose the Postmaster General felt it his duty to cancel the contracts to fly the mail—what then?

Is there law requiring that this circular and that market letter and this pep letter to salesmen be carried in the air?

Why could it not have been carried as mail has always been carried up until a few years ago?

Is industry so booming, is business so rushing, that the trains could not handle it, at least until the flyers were trained in the courses and the new work set to them?

In the greatest years of boom prosperity the mail seemed to get there on trains. Business was a whole lot better and faster than it is now. And the mail was heavier.

What emergency exists to throw untrained flyers into the break of political scandal? Whether or not Postmaster Farley was right or wrong in revoking the air-mail contracts is not the question.

The question is: Why, in the name of God, he cannot put the mail on the trains until this matter is settled or until his Army flyers have a chance for their lives?

Postmaster Farley before becoming a statesman and a king maker was a member of the New York Boxing Commission. It was a lousy, corrupt thing dealing with the dregs of humanity and his record for a short turn and a crosscut was an odorous thing on all the sports pages of America.

Someone, some person, should tell him that he cannot send a clean-cut American boy aloft to certain death with the same nonchalance that the boxing commission sent "set-ups" into the boxing ring to be brutally beaten in order to build up the reputation of some favored slugger in whose fistic destinies some of Farley's political cronies held an interest.

President Roosevelt is a genuine humanitarian. Six flyers have already been done to death in this crazy, irrational thing. We believe that the man who can grieve for the afflicted child can also feel for the relatives of these boys who are sent into unknown and needless danger as pawns on the politician chessboard.

Until the Government is prepared with experienced mail flyers let the mail be carried on trains, on auto—even by horse and buggy—rather than this holocaust which has a Nation wondering "who will be next?"

Mr. ROBINSON of Indiana. Mr. President, further, in connection with the cancelation of the air-mail contracts, there was published on the front page of the Washington Star, Monday, March 5, 1934, an article by the Associated Press, the headlines of which read as follows:

Morgan revealed air-stock seller as cancelation of pacts neared. Evidence 4,500 shares of United Aircraft was disposed of is given to Senate committee. "Leak" among Federal officials being hunted.

I will read this much of the story:

Evidence that J. P. Morgan, head of the big banking house bearing his name, sold a block of 4,500 shares of United Aircraft stock within 2 weeks before Government cancelation of the air-mail contracts, was presented today to the Senate Banking Committee.

Morgan's name was on a list—submitted to the committee by the New York Stock Exchange—of those who sold more than 1,000 shares of the air-transport stocks from a long position within the 2 weeks before cancelation.

Then further down in the article appears this item:

Morgan was listed as selling the 4,500-share block of United Aircraft through Richard Whitney & Co.

So it appears, Mr. President, that the international bankers knew all about the proposed cancelation before it took place. It would be interesting to know how the House of Morgan learned that the contracts were to be canceled. Evidently the money changers have not been driven out of the temple.

I note in another part of the article it is said that James Seligman also sold 800 shares of United Aircraft, 12,400 shares of Curtiss-Wright, and 5,200 shares of Douglas Aircraft. I understand James Seligman is of the Seligman Banking House, with which Mr. Earle Bailie was connected, the Mr. Bailie who was the right-hand man of the present Secretary of the Treasury, Mr. Morgenthau, until the latter's confirmation itself was held up by the Senate Finance Committee until he should get rid of Bailie. Evidently the Seligmans, as well as the international bankers generally, knew all about the proposed cancelation.

All this, Mr. President, is certainly food for thought for the American people in connection with one of the most ruthless, high-handed actions ever taken by an administration in the history of this or any other country.

Mr. LONG. Mr. President——

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

Mr. ROBINSON of Indiana. I yield.

Mr. LONG. I wonder if the Senator did not know that in the case he was speaking of the bankers were just pursuing an ordinary course. It is nothing out of the ordinary. I should like to call the Senator's attention to the fact that when the bankers discovered what was being done in Cuba, and the Chase National Bank's confidential report showed that the loans were being carelessly spent and that the funds were being squandered, and when all the other illegalities that were being committed by Machado were discovered by them, the result was that they promoted a little stock offering to the public and cleared the vaults of the Chase National Bank of the Cuban securities and put them out to the public. The bankers are now fixing to see if they can clear up this air-mail business, penalizing the general public in order to take care of the matter. It is only customary with these big men that when they wish to cancel out something they have, they pawn it off on the little man a few days ahead of the time an unfavorable situation becomes known. I think the Senator is just wasting time in discussing it. It is nothing out of the ordinary.

Mr. ROBINSON of Indiana. I thank the Senator for his observation.

Mr. President, there are other concerns that evidently sold the aircraft stock with advance knowledge. There was published last night in the Washington Star a long list of the short sellers, the names of whom I shall not mention at this time.

It now develops, Mr. President, that in connection with the so-called "air probe" one man, at least, close to the administration, has had enough of it, and complains rather bitterly. Last night the Washington Star carried a story, again by the Associated Press, with the following headline:

James Roosevelt assails air probe. Declares Democrats on committee owe apology to Adams.

The story follows:

LOWELL, MASS., March 6.—James Roosevelt, in an address before the combined service clubs of this city last night, described as "absolutely silly" that phase of the air-mail contract investigation involving Charles Francis Adams, former Secretary of the Navy.

He declared the probe has become "focused on personalities", and added that Democratic members of the investigating committee owe the former Hoover cabinet member an apology for summoning him to Washington.

James Roosevelt is the son of the President of the United States. So much for that, Mr. President.

While I am on my feet I desire to mention an incident that took place with reference to the N.R.A. A great deal was said here yesterday and the day before about the accomplishments of the administration during the past year. Much has been made of it by members of the Democratic Party and representatives of the President on this floor and elsewhere. But apparently all is not well.

I suppose the cornerstone of the President's recovery program, probably the foundation for it all, is the N.R.A. It has been brought out on the floor of the Senate by distinguished Members of this body and by others throughout the country that the N.R.A. works under the present set-up in the interest of big business, but the little business interests throughout the country are finding small opportunity under this despotic sway. Evidently the President knows that by this time.

At the end of the first year of the present administration the President addressed a great assembly of business men and citizens in this city, in the Auditorium. Anyone would have thought, if all we read be true of the great recovery that has taken place, that that audience would have warmed up to the occasion. As a matter of fact, the Washington Daily News, which has been very friendly to the administration, published a report of that meeting which was addressed by the President. The meeting must have been very disappointing to the administration, from the story that appears in this newspaper which is so very friendly to the administration. The article is written by Martha Strayer and is entitled:

ROOSEVELT AUDIENCE WEARS POKER FACE, SITS ON HANDS

I send the article to the desk and ask that it may be read by the clerk.

The PRESIDING OFFICER. The clerk will read the article.

The Chief Clerk read as follows:

[From the Washington Daily News, Mar. 5, 1934]

ROOSEVELT AUDIENCE WEARS POKER FACE, SITS ON HANDS

By Martha Strayer

President Roosevelt will never face a tougher audience than the 4,000 American business leaders who heard him open the big code conference today at Constitution Hall.

They brought along their poker faces and sat on their hands.

They made one of the most amazing gatherings of the Roosevelt or any other administration.

Every seat of the 4,000 in Constitution Hall was taken, and there were two overflow meetings of people who wanted to get in and couldn't. Outside the doors were other hopeful souls who asked ticketholders, sotto voce, if they had any extras they weren't using.

Inside there was the Marine Band, in scarlet coats, out of sight in the orchestra pit and playing a concert for the half hour before the President arrived.

On the stage were Frances Perkins, Frances Robinson, Democratic Cabinet members, Senators, and others high in official life.

In the boxes were Cabinet members' wives, and other well-dressed women.

On the main floor and in the balconies were rows and rows and rows of men, with a very small scattering of women.

The meeting was opened like a session of Congress, with a prayer by Senate Chaplain ZeBarney Phillips.

An elevated platform was in the middle of the orchestra, supporting at least half a dozen sound-picture machines and operators.

There were Klieg lights above to play on the President, and flashlights of many exploding camera bulbs.

"The President of the United States", said Gen. Hugh Johnson, introducing Roosevelt.

The President began.

It was 5 minutes before he got even a flicker of applause.

He said, to an accompaniment of deep silence:

"For your support I give you my thanks."

When he quoted a question which has been much on the lips of American people, answering critics of N.R.A.:

"Well, what do you suggest?" there was a spontaneous burst of laughter.

When he said:

"One thing is very certain: We are not going back either to old conditions or old methods", Senator GEORGE NORRIS led the applause which came closer to rocking the building than at any other time in the speech.

The meeting was held up after his address until General Johnson could return after accompanying the President to the overflow gatherings.

Mr. ROBINSON of Indiana. Mr. President, evidently among the people themselves, if we get away from the ballyhoo of the administration and the propaganda, certain features of the program, notably the basic structure—the N.R.A.—are not so popular with the country.

This morning there is published in the Washington Herald an editorial on the front page entitled, "Government by Personal Whim Is Despotism." I shall not read it all, but just a paragraph or two, and then ask that the entire editorial may be incorporated in the RECORD in connection with my remarks. Some of these statements are startling:

We are advancing fast toward absolutism. We are retreating fast from constitutional democracy.

Encroachment after encroachment upon popular liberties follow one another.

Usurpation leads to further usurpation of dictatorial authority.

The President seems to think he can easily enlarge his already extended powers by merely weaving into a request for new authorizations some passing reference to the "existing emergency" and the "prevailing unemployment."

This is the familiar balustrade upon which he again leans in casually asking Congress for power personally to negotiate and conclude tariff treaties without their submission to the Senate for ratification, without recommendation or guidance by the Tariff Commission, without check from any quarter, without the concurrence of any other person or official body, without revealed method or proven principle or established precedent or even thorough survey of the facts.

Autocratic authority is so substituted for constitutional prerogatives and procedure.

The President becomes the panjandrum of American business, with power, by personal treaties, independently of any action by the representatives of the people, to raise or lower tariff rates 50 percent in all trade bargaining with foreign nations.

I shall read no more of the editorial, Mr. President, but I want to point out at this juncture if the bill giving the President alone and single handed the power to deal with foreign nations in tariff matters shall ever pass both Houses and become a law, that will be the end of the war debts. If the Congress should vote to him the complete power that is concealed within the bill as proposed, then he would have absolute authority to cancel the war debts, notwithstanding the fact that the American people, to the extent of at least 90 percent, are opposed to any such procedure.

Let the Senate take warning. If that bill shall be enacted, the majority in the Congress will be giving the President of the United States the power, himself alone, without ever referring it back to the Senate or the other House of Congress, to do that thing against the interests of the people of this country which Congress has solemnly said no President should do, namely, cancel the debts. I ask at this point that the entire editorial, a part of which I have just read, may be incorporated in the RECORD.

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

The editorial is as follows:

[From the Washington Herald, Mar. 7, 1934]

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The President becomes the panjandrum of American business, with power, by personal treaties, independently of any action by the representatives of the people, to raise or lower tariff rates 50 percent in all trade bargaining with foreign nations.

Conceding the virtuous intentions of the President and without dwelling upon the naive insensibility to business actualities revealed in his proposals, it is manifest—clear beyond all shadow of doubt—that this power should not be given at all.

The authority belongs to Congress and should be exercised by Congress!

If Congress, in its servile desire to surrender its functions, should confer more of its powers on the President, that power in this instance should be limited strictly to the right to raise tariff rates as a reprisal for prohibitive rates or quotas imposed by foreign nations on American products.

This power would at least be the right to defend American industry.

But the power to lower tariff rates 50 percent is the power to destroy American industry!

It is the power to cripple the 95 percent of production and employment which supplies domestic markets in order to favor the 5 percent which competes in foreign markets.

Such a policy is not only allowing the tail to wag the dog; it is destroying the dog to save the tail.

And the tail would be utterly valueless without the dog, not only in the simile but in the actuality.

There is another reason—although no other reason is needed for not giving the President power to make these bargains with foreign nations—and that reason is that the bargains will not be scrupulously carried out by foreign nations, most of which are unreliable in their dealings with America, and some of which are definitely dishonest.

The American Government is an utter innocent in the diplomatic field, and the foreign nations know it.

They borrow money of us and do not pay it. They make agreements and do not keep them.

To use the popular phrase, they are sharpers and we are hicks. We play their shell game and they make fools of us.

We buy their green goods and they laugh at us. We lose our money, and they take it and spend it to compete with us.

We labor under a load of taxation inherited from their war, and they show their appreciation by piling their taxation upon us on top of our own.

They have not even the gratitude which a sharper should show toward the simpletons who support him.

If we open our home markets to their goods, on their worthless pledges, we will find that we have sacrificed American industry and American labor for a bond that is without value, and a word that is without honor.

Take Mr. Roosevelt's historic apple swap, an example of ingenious innocence which has never been matched in the whole history of our fatuous foreign relations.

Under this arrangement the United States permits the entry of some $10,000,000 worth of French wines and France agrees to allow the importation of some $1,000,000 worth of American apples.

For some reason or other even this one-sided agreement has not operated reciprocally, various shipments of American apples having been left to rot on the French docks or seek a market elsewhere.

We confidently leaned again on the broken reed of French sincerity and honest intent, and experienced the usual consequences.

What reason have we to believe or to hope that other bargains would be more scrupulously kept, or that the United States can ever depend on the pledges of nations which repudiate their debts and dishonor their agreements?

The reaction of Congress to this startling proposal of the President's will be watched by thoughtful Americans with profound concern.

Perhaps it is with the issue here presented that real recovery in the United States will begin—the recovery of itself and its self-respect—the recovery of its constitutional rights, its independence, and its liberty.

Mr. VANDENBERG. Mr. President——

Mr. ROBINSON of Indiana. I yield to the Senator from Michigan.

Mr. VANDENBERG. I should like to call the Senator's attention to a really challenging hazard. Many of us were constrained to object when the money bill permitted the

Secretary of the Treasury, in his unaccountable and unaudited wisdom, to play with $2,000,000,000 in the dark. The domestic market is worth $90,000,000,000, and, if it was hazardous to permit one executive to play with $2,000,000,000 in the dark, it is 45 times more hazardous to permit another executive to play with $90,000,000,000 in the dark.

Mr. ROBINSON of Indiana. The Senator is exactly right, Mr. President, and I am grateful to him for the suggestion. As a matter of fact, it is my opinion that the Senate of the United States will never cease to regret the day it turned over $2,000,000,000 of the people's money to the youthful Secretary of the Treasury with which to gamble in the international poker game. The truth is that there he sits in with those who know so much more about that game than he does that there is no comparison. In my opinion, inevitably the entire $2,000,000,000 will be lost, while at the same time the veterans of the war are positively refused any consideration as far as the $2,000,000,000 due them is concerned. We turn that vast amount over to a young man, the Secretary of the Treasury, with utterly no experience, to gamble away as he pleases for a period of 3 years, and even the Senate cannot question him as to what he may do with it. Furthermore, as has been suggested, he has no definite policy at this moment. He has $2,000,000,000 and does not know today what to tell the people he proposes to do with it. He has, by his own statement, no policy of any kind. So far have we drifted, Mr. President, from safety.

LIMITATION OF INCOMES AND WEALTH

Mr. FESS obtained the floor.

Mr. LONG. Mr. President——

Mr. FESS. I yield to the Senator from Louisiana.

Mr. LONG. I thought I had the floor. I beg the Senator's pardon.

Mr. FESS. I yield to the Senator.

Mr. LONG. Mr. President, I want to call the attention of the Senator from Mississippi [Mr. HARRISON] and of the Senate to Senate Joint Resolution 65 and Senate Resolution 113, which I have offered, and I want to ask that, following the disposition of the present unfinished business, they become the unfinished business of the Senate.

The PRESIDING OFFICER. Is the Senator from Louisiana submitting a request for unanimous consent?

Mr. LONG. I am asking unanimous consent or I will ask the consent of the Senate.

Mr. McNARY. Mr. President, what is the nature of the Senator's request?

The PRESIDING OFFICER. The Senator from Louisiana requests that, immediately following the disposition of the pending bill, Senate Joint Resolution 65 and Senate Resolution 113 be taken up for consideration.

Mr. LONG. Mr. President, for the information of the Senator from Oregon, I will read Senate Resolution 113, if the Senator from Ohio will permit me. It is as follows:

Resolved, That it is the sense of the Senate of the United States, and that it accordingly does instruct the Senate Finance Committee, that it reform all revenue bills coming before it during the Seventy-third Congress, so that no person shall have an annual income in excess of $1,000,000; so that no person during his or her lifetime shall receive by gifts, inheritances, or other bequests more than $5,000,000; and so that all estates shall be limited so as not to exceed $50,000,000 to the person, all surplus above such allowances to become payable to the Government, in cash or in kind, on such terms as may be prescribed by said Finance Committee.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana?

Mr. HARRISON. Mr. President, this is a resolution which expresses the sense of the Senate. It is not a resolution that calls for any expenditure. It seems to me that the better procedure would be that when the revenue bill reaches the Senate the Senator offer his amendment to the bill at that time.

I have no objection to the Senate expressing its sense at any time. The resolution does not come within the category of resolutions which first have to go to a standing committee. I think the better plan in this case would be to wait until the revenue bill comes to the Senate and then offer an amendment accordingly.

Mr. LONG. The purpose is to work out the matter in the committee. In other words, it can be much more readily worked out in the committee than on the floor of the Senate. If the Senate decides to carry out the program which our President has announced, then I propose to make the method of its confirmation very practical rather than to undertake to consider it on the floor of the Senate. It would save much time. Perhaps my resolution will not be adopted, though I very much hope it will not be defeated.

Mr. McNARY. Mr. President, I feel precisely as does the Senator from Mississippi [Mr. HARRISON] that probably some day we should vote upon the resolution. I protest the practice of piling unanimous-consent agreements one upon another. I have no objection to making the resolution a special order at some time. But we have a unanimous-consent agreement under which we are now working. To add to that another is not a practice which I am inclined to follow and therefore I must object.

The PRESIDING OFFICER. Objection is made.

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

The PRESIDING OFFICER. The Senator will state it.

Mr. LONG. I ask the attention of the Senator from Arkansas [Mr. ROBINSON]. We are recessing now from day to day. What is before the Senate when we get through with the bill in charge of the Senator from Texas [Mr. CONNALLY]? Is it the Great Lakes-St. Lawrence Waterway Treaty?

Mr. ROBINSON of Arkansas. Mr. President, there has been no arrangement with reference to the order of business beyond the present bill and beyond the arrangement that at 2 o'clock today the Senate shall interrupt its consideration of the present unfinished business to consider a nomination on the Executive Calendar.

Mr. McNARY. Unquestionably the unfinished business is the Great Lakes-St. Lawrence Waterway Treaty.

Mr. ROBINSON of Arkansas. It is not the unfinished business in a technical sense, but there has been an agreement made to vote on the treaty at a definite time.

Mr. McNARY. In a parliamentary sense it is the unfinished business.

Mr. LONG. Then, one might demand the regular order at any time?

Mr. McNARY. To enter into a unanimous-consent agreement such as is now proposed would have the effect of displacing the treaty. I think I have made my position clear as to procedure.

Mr. ROBINSON of Arkansas. The unfinished business as a matter of fact and of law is the bill in charge of the Senator from Texas [Mr. CONNALLY]. There is a unanimous-consent agreement which implies an obligation to bring the Great Lakes-St. Lawrence Waterway Treaty before the Senate whenever some Senator wishes to discuss it.

The PRESIDING OFFICER. May the Chair suggest that the treaty is executive business and not legislative business.

Mr. ROBINSON of Arkansas. Yes; it is an executive matter.

Mr. HARRISON. Mr. President, will the Senator from Arkansas yield for a suggestion?

Mr. ROBINSON of Arkansas. Certainly.

Mr. HARRISON. Of course if we take an adjournment, the resolution of the Senator from Louisiana could come up during the morning hour. I have no doubt the Senator from Arkansas will have no objection to having a morning hour soon during which the resolution could be laid before the Senate.

Mr. ROBINSON of Arkansas. I shall be very glad to move an adjournment when the pending bill shall have been disposed of.

Mr. HARRISON. I do not want to commit myself as to whether or not I shall make a motion to table the resolution of the Senator from Louisiana or to refer the resolution to a committee, but it does seem to me it would be

perfectly proper that we should have a morning hour sometime soon when we could take it up for disposition.

Mr. LONG. The only trouble about that is that if my resolution gets into the hands of the committee, the chairman of which is opposed to its consideration, it might never again come back to the floor of the Senate. That is why I want to get action on the floor of the Senate if I can.

Mr. ROBINSON of Arkansas. I shall be glad to move an adjournment of the Senate when the pending bill shall have been disposed of. If it suits the convenience of the Senate and the debate on the pending bill is to be prolonged somewhat indefinitely, I may do that earlier.

NOMINATION OF DANIEL D. MOORE—AGREEMENT FOR EXECUTIVE SESSION

Mr. HARRISON. Mr. President, I desire to submit a proposed unanimous-consent agreement. I ask unanimous consent that at 2 o'clock on Friday, March 16, the Senate proceed to the consideration of executive business and to the consideration of the nomination of D. D. Moore to be collector of internal revenue, district of Louisiana. The nomination is now on the Executive Calendar.

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

The unanimous-consent agreement was reduced to writing and entered, as follows:

Ordered, That at 2 o'clock p.m. Friday, March 16, 1934, the Senate shall go into executive session to consider the nomination of Daniel D. Moore to be collector of internal revenue for the district of Louisiana.

INCLUSION OF CATTLE AS A BASIC INDUSTRY

The Senate resumed the consideration of the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes.

Mr. FESS. Mr. President, in reference to the bill which is the unfinished business and which proposes to enlarge the operations of the Agricultural Adjustment Act by amending it so as to include cattle as a basic commodity, I only wish to say that I cannot support the proposal. I do not want by my vote or voice at any time to indicate that I approve, first, of delegating to the Secretary of Agriculture such authority, and, secondly, after he has gotten it, of enlarging it. I would take it away from him as soon as I could by voting a repeal of the act which gave the authority in the first place.

I was opposed originally to the passage of the act. It was passed under the statement that it was to be purely an emergency measure; that it was temporary in character, to be repealed when the President declared the emergency ended. But we are now being told from the highest circles in the Government that the emergency legislation is not to be temporary, but is to become permanent law. We need not go further back than the statement on last Monday of the President of the United States and consider what he asked in reference to the control of industries in the country.

I should assume that any fair-minded person, considering an experiment which had been such a hopeless and admitted failure as the Agricultural Adjustment Act has been since it has been operating, would not only concede the unwisdom of the original act, but would be glad to vote to repeal it at the earliest opportunity.

In relation to the operation of the Agricultural Adjustment Act as to the several items that have been covered—and Mr. Davis, who is the best authority on it, says of the 7 articles 6 have been covered—I know of no instances where failure has been so glaring, and admittedly so, as in this governmental experiment. We were first told that the only way we could increase the price of commodities on the farm was either by increasing the demand or decreasing the production. I agree with that principle. That is a sound economic announcement. The truth about the matter is that prices cannot be determined by government. Of course, we can say that the price shall be such a figure, but that would mean a total divorcement between price and value. Whenever price is artificially fixed with no respect to value, it cannot be a success, as everyone must know. The difficulty about price fixing by the Government is that we yield to impulse rather than to common sense, and we fix the price not with regard to the value of the article, but with regard to the convenience of obtaining a greater return in order to be able to liquidate our debts.

Mr. LONG. Mr. President, I hope the Senator will pardon me. I have tried to get the floor to propound an inquiry.

Mr. FESS. Let me announce to my friend from Louisiana that we are to go into executive session at 2 o'clock, and I do not want my time before 2 o'clock to be used up.

Mr. LONG. I shall not use over a minute and a half.

Mr. FESS. I yield to the Senator.

Mr. LONG. I ask the attention of the sponsors of this bill on both sides of the Chamber. I desire to find out whether the formula upon which we were proceeding with reference to the processing tax on hogs has been applied as we were given to understand it would be.

This is from Mr. Mordecai Ezekiel. It is the table that was to be applied to hogs under the processing tax. Says Mr. Ezekiel:

> The price for each month may be conceived as represented by a small black ball, suspended above the line for its own date, at the height of the average price for that month, and as far over from right to left as indicated by the supply for that month. There would necessarily be only one ball for each month. These balls, however, would all be very close to the demand surface, a little above it for those months when the actual price was higher than the price as shown by the correlation formula and a little lower for the months when the actual price was a little below the estimated price. In general, however, it would be seen that the demand surface approximated the position that these prices occupy as they were thus suspended through space and time.

[Laughter.]

I desire to find out whether or not this formula has been applied.

Mr. FESS. I assume that it has been, because nobody knows what has resulted from it except failure.

On the subject of hogs, we have the following statement from Mr. Davis, found on page 1023 of the hearings before the House Committee on Appropriations on this year's appropriation bill for the Department of Agriculture:

> Our spring farrowings in 1933 were so heavy that it was evident that this winter was going to see a condition where farmers could not even market the hogs that they would produce at any price. That is what we were facing. So the farm groups set up a committee, at our suggestion, which brought in a recommendation for an emergency purchase of a surplus of pigs under 100 pounds, and we bought 6,200,000 head in the late summer of 1933.

I should like to have my friend from Louisiana note this formula.

The original proposal was to purchase 2,000,000 brood sows and 4,000,000 small pigs and take them off the market. When the Government agents came to purchase the pigs, they offered such an attractive price that everybody was willing to sell the pigs.

A friend and neighbor of mine, who is a large farmer, decided that he would sell half of his pigs at the price that was announced. His pigs averaged 50 pounds in weight, for which he got $5.10 a head. He had a lot of old corn, however, and he wanted to feed it, and he thought that would be a profitable thing to do. So he retained one half of his pigs, about 100 in number, and fed his corn 9 bushels to the pig, and brought the 50-pound pigs to 210 pounds. He had sold his 50-pound pigs for $5.10 a head, as I remember. He fed 9 bushels of corn a head to the others and brought them to 210 pounds, and sold the 210-pound hogs for 10 cents more than he had sold the 50-pound pigs for. That is the way the program operates.

How did this come about? The farmer urged the sale of his pigs at the high price; and the Government, instead of purchasing 4,000,000 pigs, purchased, according to this statement, 6,200,000 at the high price; and instead of purchasing 2,000,000 brood sows, it purchased only 220,000. In other words, the Department purchased 1,800,000 less brood sows than the program because the farmer was not inclined to sell a brood sow when he could sell a pig at such a high price. The result was that with the purchase of these hogs at a very high price the Government found that we had a

greater amount of hogs for sale than we had previously had, because the method adopted made it profitable for the farmer not to sell the brood sows but to sell the pigs at a high price.

That is the practical application of the effort to reduce the quantity of pork.

I want to say frankly that I think the announcement of the Secretary of Agriculture that the only way prices can be increased normally is either to increase the demand or to decrease the production is correct. The idea of increasing the demand is the natural one, the rational one, but it is very difficult to carry out. If we knew how to increase consumption, whether by individual units or in the aggregate, that would bring about an advance in the price of a farm product; but there is a limit to the satisfaction of appetite, especially for food. The only way in which the demand for a food can be increased is to increase the purchasing power of the individual who now purchases a quantity below his desire. If we could put to work every individual who is unemployed, we should increase the demand; but we all know that the power to increase the demand for farm products is limited. No one knew that better than the Secretary of Agriculture; so he decided that the relief was not in the direction of increasing demand, but that it lay in the direction of reduction of production.

No one knows better than the Presiding Officer at this moment (Mr. GEORGE in the chair) how difficult it is to bring about reduction of production when 6,000,000 people are engaged as the producing agencies. Our Democratic friends have been afraid of that method, and I have much sympathy with the position they took. In their platform of 1928 they announced what I regard as rather a sound position. They say:

> Industrial production is largely under human control, while agricultural production, because of lack of coordination among the 6,500,000 individual farm units and because of the influence of weather, pests, and other causes, is largely beyond human control.

Therefore they offered this announcement as a plank in their platform against the effort to solve the agricultural problem through reduction of production.

I have heard the Senator from Oregon [Mr. MCNARY], on this side of the aisle, emphasize the difficulty of undertaking to limit production on the farm, first, because it is so difficult to do, and, secondly, because it might bring us to a position where somebody would starve. It is very easy to see that if we should reduce acreage, and then there should be a bad crop, production might be so small that there would not be enough foodstuffs produced in the United States to satisfy our own demands.

I recognize that fact, and I mention it to indicate that, although the program of the present Secretary of Agriculture is along the line of reducing production, which would be a basis for increase of price if it were successful, yet it is rather a dangerous policy to establish as a fundamental principle; but I am perfectly willing to go along with the theory that reduction of production of agricultural crops would definitely increase the price of the product. When, however, we come to put the principle into practice, it breaks down, because the desired result is so difficult to bring about. In the first place, there is such a number of units, disorganized and independent, that it is almost impossible to get action, and, in the second place, if a farmer is paid a sum of money to induce him to reduce his production of any one of the commodities upon which the Agricultural Adjustment Act operates, and it is made an advantage, from a monetary standpoint, for him to reduce his acreage, he can very easily, knowing that a good price is to follow, take the money he receives and purchase fertilizer and cultivate his land intensively, with the result that out of the reduced acreage he will produce a greater crop than he produced before his acreage was reduced. That is what has happened with respect to cotton. We paid $160,000,000 to the cotton farmers as an inducement to them to cut down cotton production. Then we wake up to the fact that upon the reduced acreage they are producing a crop almost equal to what had been produced before the acreage was reduced. That is human nature, and the situation cannot be reached by agreement. There are too many people involved in the agreement.

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

Mr. FESS. I yield.

Mr. VANDENBERG. The net result does not flow merely from natural causes. It is, precisely as the Senator has indicated, the result of human causes, and I point the Senator's attention to the fact that the Southern Railway announces that it has hauled four times as much fertilizer this year as ever before.

Mr. FESS. Precisely. If a farmer had 20 acres of wheat last year, and was required to cut it to 15 acres, he could, with a little money, purchase sufficient fertilizer to produce on his 15 acres a greater yield of wheat than he did on the 20 acres, and the Government would have no right to interfere with him if he should want to do it. In other words, while I admit that the theory of reduction may be sound as an economic principle, it is simply impracticable, as has been shown in the cotton and hog experiments.

Mr. BORAH. Mr. President, does the Senator admit that the reduction of acreage is sound in principle, at a time when half the people in the world are hungry and ill clad?

Mr. FESS. I do not think I would want to admit that the theory is sound. I mean that it is sound as a basis of increasing prices.

Mr. BORAH. The purchasing power of people is constantly falling as production falls. That is happening now, and unless purchasing power is restored, or is at least kept to the point where it now is, reduction serves no purpose in the way of raising prices, because the farmer who reduces his acreage will get a lower price for his product. It seems to me that our problem is not reduction but restoration of purchasing power to those whose purchasing power is now so low that it causes what seems overproduction. If those who need food could buy food, there would be no overproduction.

Mr. FESS. I think the Senator is correct in that respect. My contention is that if the purpose is to increase the price, if the quantity of the commodity produced is less, naturally the price will be increased accordingly, but if the burden of the purchaser is increased, then, of course, the price may decrease. The Senator means that in the long run the price will go down.

Mr. BORAH. What we do is to say that half the human race is hungry and poorly clad, therefore we will destroy food, and we will destroy clothing. Is that a sound principle?

Mr. FESS. No. I recall what the Senator from Kansas said the other day, to this effect, "You cannot make me believe, at a time like this, with so many people needing food, that it is a sound principle to destroy food." I think the Senator from Idaho is absolutely correct. What I am trying to bring out is that as an economic principle, if the purpose is to increase the price, a reduction in the yield of the product would naturally eventuate into that result.

Mr. President, in order to get away from the human element, which takes advantage of an agreement such as has been entered into by the Secretary of Agriculture, there is a proposal to make it compulsory, and there is now before this body a bill, which I am told is backed by 90 percent of the cotton producers, intended to make the reduction of acreage not the result of agreement but of law, with the compulsion of law behind it.

If that is done as to cotton, it will be done as to wheat, it will be done as to corn, it will be done as to every basic article under the adjustment plan, and if we proceed along that line, the time will soon arrive when no farmer will put a plow in his field or turn a single furrow without first getting permission from a bureau here in Washington.

Mr. President, that sort of thing is within the possibilities; the way is open for it, but I do not believe the American people will stand for it 24 hours, when they realize what it

involves. I am willing to concede, for the sake of argument, that the purpose of the administration of this act seems to be well grounded, but the practice is not good.

Reverting to what was said by the Senator from Idaho, I have here an editorial, published September 2 last in the Washington Post, which reads:

Under Secretary Wallace's plan to purchase 4,000,000 pigs under 100 pounds in weight by offering a special price which will remove them from market competition next year when they would have become full-grown porkers, the youngsters are being rushed to the slaughter. Over 40,000 arrived in Chicago in 1 day, exceeding the packing-house capacity by 5,000. Reports indicate that throughout the country probably 1,000,000 piglets will be marketed by the end of the first week.

The offer of a $4 flat premium on 1,000,000 sows exceeding 275 pounds in weight has not met with the same prompt response.

I am reading this editorial because it comments upon the impracticability of the proposal.

Whether this is due to the fact that many sows are found to be underweight, or, as Secretary Wallace is credited with suggesting, the farmers shrewdly anticipate more little pigs to sell next year, has not been clearly determined. But there is no question about the way the youthful progeny is rolling in, and it looks as though the full 4,000,000 quota would be received by the deadline set for October 1.

The general program is expected to increase the market price of hogs by from 25 to 30 percent, but that will apply to hogs sold next winter. The desirability of selling young pigs now is calculated roughly in this way: If a 225-pound hog can be sold in 4 or 6 months at $6 per hundredweight, it would bring $13.50. The emergency price for an average 60-pound pig now is $8 per hundred pounds, or $4.80. To fatten this 60-pounder into a 225-pound hog would necessitate feeding him some 16 bushels of 50-cent corn, an expense of $8, which, subtracted from next year's value of $13.50, leaves $5.50.

That is precisely what took place with this program. Instead of the price of hogs increasing the price of hogs has been decreasing until, as was shown by the list submitted to me by the Department of Agriculture, to which I referred a few days ago, the price of hogs has gone below what it was before the adjustment act was put into operation.

In order to give the Senate a clear picture of the situation, I want to read another editorial. This is also from the Washington Post of September 25, last:

Some interesting facts are brought to light by a statement of the Agricultural Adjustment Administration as to its hog-slaughtering campaign.

This covers the subject to which the Senator from Idaho referred:

The Government has purchased approximately 3,575,000 swine, from which have been cured 51,000,000 pounds of meat. The average is a little better than 14 pounds of meat per pig.

I hope Senators will note that.

To get a clear picture of what the A.A.A. has accomplished it is necessary to break up these figures. Only a small portion of the total number of pigs slaughtered is being converted into food. About 36,000,000 pounds of meat have been obtained from 600,000 pigs weighing from 80 to 100 pounds each and 75,000 sows have yielded 15,000,000 pounds of meat. This leaves 3,500,000 smaller pigs with a total weight of about 159,000,000 pounds from which no edible substances appear to have been saved.

If the average yield of meat per pig is no higher in the future than it has been thus far, there is some doubt as to whether the A.A.A. will be able to supply the Federal Emergency Relief Administration with 100,000,000 pounds of cured pork. Director Hopkins has announced the allotment of that amount of pork to the various States. But at present only 51,000,000 pounds of meat are available.

Nearly 60 percent of the pigs called for in the Government's program have been slaughtered. The deficiency might be made up by larger purchases of heavier swine, but farmers are extremely reluctant to part with their sows. Only 7.5 percent of the number sought by the A.A.A. agents have been purchased thus far.

In spite of this probable shortage, thousands of tons of pork are going to waste. From the statement of A.A.A. authorities it appears that nothing has been salvaged from the slaughter of 2,900,000 pigs weighing less than 80 pounds, except 13,000,000 pounds of inedible grease and 13,000,000 pounds of fertilizer. The Government has spent $13,000,000 for pigs of this type, or 50 cents per pound for grease and fertilizer. In some cases the undried tankage has been turned over to farmers on request. In other cases it has been destroyed for lack of tankage facilities.

Mr. President, if we take the final statement of the adjustment in connection with the hog program, it will be found that the hogs, instead of costing the Government the amount it would ordinarily pay out to buy livestock will cost the Government something like 32 cents a pound. When the figures are analyzed to indicate what the Government bought, what the Government did with what it purchased, what the Government paid for what it purchased, and what the Government received from the transactions, it will be found that the cost to the Government will amount to something between 32 and 33 cents a pound.

Such, Mr. President, is, of course, the practice of the Government. It is naturally most wasteful and most extravagant. When we talk about turning the business of industry over to the management of the Government, such waste and such extravagance is precisely what we are proposing to bring about.

I will read, Mr. President, a letter which came in to me today:

I have been reliably informed that an amendment to the A.A.A. to include beef cattle as a basic commodity has been passed by the House and is now up for consideration by the Senate. Allow me to state that if the Government is going to manage my business and prevent my making any money, I will soon be asking the Government for support.

I signed the corn-hog contract, largely because the farmers will all pay the processing tax whether they sign or not; most farmers realize this; hence the heavy sign-up. But not long ago I bought a small bunch of cattle intending to grass them. If cattle are made a basic commodity, I suppose I will have to sell them or else cancel the contract. There are plenty of farmers who think the whole program isn't right, but feel they are forced to sign.

Please use all the influence available to defeat this unjust amendment.

Probably the farmer who wrote the foregoing letter does not know the exact operation of the proposed amendment. The cattle producers do not observe any increase in price, in spite of the 60-cent dollar and in spite of what would seem to be the only common-sense view, that if we cheapen the dollar we naturally increase the price. Yet, in the face of that, the price of livestock has gone down, and the farmer is suffering. The farmer is coming here and asking us to do something for him. If we have done it for others, why should we not do it for him? There is not any reason why it should not be done; that is, if it is proper to do it for one, it will be proper to do it for the other. But at the same time we objected to the processing tax, because it is a sales tax, a sales tax on food, and it is a tax levied not by Congress but by an arm of the Executive.

Others say that every article must stand on its own feet; that, if we are going to do some favor for the farmer, should there, on the other hand, be any loss, he must suffer. Consequently, persons who do not like the processing tax, and at the same time feel that if the Government does something for the producers of one commodity it ought to do it for others, are desirous of including cattle in the Agricultural Adjustment Act but to exempt cattle from the processing tax. I hardly see how that can be done, Mr. President.

It is true that the processing tax, in the case of cattle, very likely will not be assessed against the consumer. It is likely to be assessed back to the producer, and, if it is—and it probably will be done—then the inclusion of cattle in the Agricultural Adjustment Act, with the processing tax, would necessarily be an injury to the cattlemen greater than that they are now suffering.

Yet how are we to make flesh of one and fowl of the other? Why put the processing tax on the one and not on the other? The whole program is artificial and should never have been entered upon. On the other hand, it should be repealed just as soon as Congress can do it.

Some people have the opinion that everyone is in favor of this artificial proposal. That is a great mistake. I have here a letter from a baker, as follows:

It would be just as fair for the Government to tell me, "Instead of baking 100 loaves of bread, you bake 80 loaves only, and we will not only pay for the 20 you do not bake but also a higher price for what you do bake."

Thus setting aside every law of trade based upon supply and demand.

Mr. DICKINSON. Mr. President——

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

Mr. FESS. I yield.

Mr. DICKINSON. A most interesting suggestion came to me the other day. The suggestion was that, in view of the fact that we have overbuilt in many of our cities, the Government should assume the responsibility of paying rental on 20 or 25 percent of the rental space for stores and for offices and for all the other types of real estate suffering the same slump as every other line of business. Is that not just as logical as the other things that have recently been done?

Mr. FESS. The Senator knows that that is not only logical but if we pursue the course of socialism that we have entered upon we shall be driven to do that thing.

I was somewhat amazed at the answer of Mr. Davis, who is the best authority on the agricultural adjustment law, I think, in Washington. When he was asked, "If we appropriate $200,000,000, how will that ever be returned?" his answer was, "I had not thought about it." No, Mr. President, that had not been thought of. Why think about it? Why in these days think of any sum that comes from the Treasury? If some use can be found for the money, let us appropriate it. When asked the question, "How will it be repaid?" the answer is, "We had not thought of it." I would not expect them to; that is not their function.

The statement appears in a newspaper that payments to farmers exceed the amounts received from them by $122,431,666. That statement is given out by the Associated Press of February 27.

Mr. President, it is certainly a trite question to ask "What is to be the end of this program?" We have had an experiment with respect to hogs, a laughable mistake if it were not so serious. We have made an experiment with respect to cotton, an admitted blunder. We are now trying to correct it in a way that will be very dangerous. Other experiments have been tried and prices have gone up, but, unfortunately for the proponents of the program, the commodities not covered by the A.A.A. have had a greater increase in price than those in the A.A.A. That is what the Senator from Idaho referred to a while ago when he suggested that the price would not necessarily go up and substantially remain up. Yet, in the face of this dismal blunder, we are closing our eyes and saying, "Well, it is an experiment; we do not have anything else to do, and therefore we have decided we will not only do it but we will continue it and will enlarge it."

Mr. President, of course, while I have sympathy for the livestock man, knowing that if we do take this action in one case we will have to take it in others, I cannot vote for any such amendment as the one now proposed.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, returned to the Senate, in compliance with its request, the bill (S. 2359) to provide for the disposition of unclaimed deposits in national banks.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I rise to a point of order.

The PRESIDING OFFICER. The Senator will state his point of order.

Mr. ROBINSON of Arkansas. The hour of 2 o'clock having arrived, the Senate has agreed to proceed to the consideration of executive business.

Mr. FESS. I was aware of that, and so I stopped.

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to.

EXECUTIVE REPORTS OF COMMITTEES

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

Mr. HARRISON, from the Committee on Finance, reported favorably the nomination of Bernice Pyke, of Cleveland, Ohio, to be collector of customs for customs collection district no. 41, with headquarters at Cleveland, Ohio, to fill an existing vacancy.

Mr. PITTMAN, from the Committee on Foreign Relations, reported favorably the following nominations in the Diplomatic and Foreign Service:

Frank P. Corrigan, of Ohio, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to El Salvador;

Karl deG. MacVitty, of Illinois, to be secretary in the Diplomatic Service; and

H. Earle Russell, of Michigan, to be consul general.

The PRESIDING OFFICER. The reports will be placed on the calendar.

ROBERT H. JACKSON

The PRESIDING OFFICER. The question is on the confirmation of the nomination of Robert H. Jackson to become general counsel Bureau of Internal Revenue.

Mr. HARRISON. Mr. President, I desire to bring to the attention of the Senator from Michigan [Mr. COUZENS] that the nomination of Mr. Jackson is now before the Senate.

Mr. COUZENS obtained the floor.

Mr. KEYES. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

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

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

Mr. LEWIS. I desire to announce that my colleague the junior Senator from Illinois [Mr. DIETERICH] and the Senator from South Carolina [Mr. SMITH] are necessarily detained from the Senate. I wish further to announce that the Senator from Kansas [Mr. McGILL] is absent on account of a severe cold.

The PRESIDING OFFICER. Ninety Senators having answered to the roll call, there is a quorum present.

THE CALENDAR

Mr. McKELLAR. Mr. President, will the Senator from Michigan yield?

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

Mr. COUZENS. I yield to the Senator from Tennessee.

Mr. McKELLAR. As I understand, the Senator's objection is to the first nomination. Would he have any objection to having the nominations on pages 2 and 3 of the calendar acted on at this time?

Mr. COUZENS. I would not.

Mr. McKELLAR. I ask unanimous consent that the nominations, beginning on page 2 and going to the end of the Executive Calendar, may be acted upon at this time.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the clerk will state the first nomination in order.

CUSTOMS SERVICE

The legislative clerk read the nomination of Thomas Temple Hoyne to be comptroller, collection district no. 39.

Mr. LEWIS. Mr. President, I move that the nomination of Mr. Hoyne be confirmed.

The motion was agreed to.

The legislative clerk read the nomination of William J. O'Brien to be collector of customs, district no. 9.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters may be confirmed en bloc.

The PRESIDING OFFICER. Is there objection? The Chair hears none and the nominations of postmasters are confirmed en bloc. That completes the calendar with the exception of the two nominations passed over.

Mr. TRAMMELL subsequently said: Mr. President, a short time ago the Senate confirmed the appointment of a postmaster in Florida, no. 1248 on the calendar. I ask that the vote by which that nomination was confirmed be reconsidered, and that the nomination be recommitted to the Committee on Post Offices and Post Roads.

Mr. McKELLAR. Does the Senator refer to the Greenville, Fla., postmastership?

Mr. TRAMMELL. Yes.

Mr. McKELLAR. I hope the Senator's request will be complied with.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the vote by which the nomination was confirmed is reconsidered, and the nomination will be recommitted to the Committee on Post Offices and Post Roads.

ROBERT H. JACKSON

Mr. COUZENS. Mr. President, the question before the Senate is the nomination of Robert H. Jackson, which is Order No. 925 on the Executive Calendar. I am somewhat embarrassed at having this nomination taken up this afternoon, due to the absence of the Senator from Maryland [Mr. TYDINGS]. The Senator from Maryland approached me along about the last of January or the 1st of February and asked me to join with him in protest against the action of the Secretary of the Treasury in removing Mr. E. Barrett Prettyman as general counsel for the Internal Revenue Bureau. He said the methods of the Secretary of the Treasury were reprehensible in this matter, and asked me to join with him in protest against the removal of Mr. Prettyman and the appointment of his successor.

I immediately got in touch with the Secretary of the Treasury and asked him if he had discharged Mr. E. Barrett Prettyman. He replied he had not. I said, "I understand you have asked for his resignation", and the Secretary of the Treasury said he had. I then asked what the difference was between discharging a man and asking for his resignation, and the Secretary of the Treasury said, "Why, he does not have to grant my request for his resignation." That, Mr. President, seemed so frivolous to me, coming from the Secretary of the Treasury, that I was astounded. It afterward transpired that Mr. Prettyman did accede to the Secretary's request for his resignation, and subsequently there was appointed in his place the nominee whose name is now before the Senate, Mr. Robert H. Jackson, of Jamestown, N.Y., to be general counsel for the Bureau of Internal Revenue.

On the 14th of February the Chairman of the Finance Committee, the senior Senator from Mississippi [Mr. HARRISON], called a hearing. The Senator from Maryland asked permission to be present and to examine the Secretary of the Treasury, Mr. Jackson, and Mr. Prettyman. The Senator from Maryland did appear before the Finance Committee, and examined the Secretary of the Treasury as to the reasons for removing Mr. Prettyman. The question of the confirmation of the nominee, Mr. Jackson, was not a matter that was greatly involved. The question was the procedure and the methods adopted by the Secretary of the Treasury in removing Mr. Prettyman.

I thought at the time there were stenographic notes taken of the hearing, but I have since been informed by the clerk of the committee that no stenographic notes were taken of the hearing.

It appeared that Mr. Prettyman presented to the Secretary of the Treasury a proposed settlement of some cases with which the Secretary of the Treasury disagreed. The Secretary of the Treasury told the general counsel, Mr. Prettyman, that he wanted them settled in another way, and the general counsel, Mr. Prettyman, acceded to the decision of the Secretary of the Treasury. The Secretary of the Treasury was asked at the hearing if there was any insubordination on the part of Mr. Prettyman, and he answered in the negative that there was no insubordination; but the justification the Secretary of the Treasury advanced for the removal of Mr. Prettyman and the selection of Mr. Jackson was that he wanted a man who would do as he wanted and think as he thought and a man on whom he could absolutely rely; and yet at no time did he make the statement that he could not rely on Mr. Prettyman. At the hearing I asked, if Mr. Jackson disagreed with him in the next 30 days would he discharge Mr. Jackson and ask the Senate to confirm someone else. The Secretary of the Treasury said in all probability he would.

The question involved is not a question of personality. It has been reported in the press that Mr. Prettyman was at one time my counsel. That is not true. In the so-called "Mellon suit" against the Ford minority stockholders, one of my associates in the case employed a firm of which Mr. Prettyman was a member, but neither Mr. Prettyman nor his firm represented me, and so I have at no time had any connection with Mr. Prettyman. I do not recall ever having seen him until his name came to the Senate for confirmation, at which time I went into his record very carefully because of my long-continued interest in the administration of the Treasury Department and particularly of the Bureau of Internal Revenue.

This is not a matter of personality. It is a matter of method. I desire now to condemn vigorously the methods of the Secretary of the Treasury in this matter and to further point out that his statements were unreliable and not dependable. At the hearing on February 14 he was asked if Mr. Jackson had been sworn in or had taken the oath of office, and he said that he had. He made no further comment than that, and yet, as I shall point out later, Mr. Jackson took his office on February 1, 1934, and was not sworn in until February 9, 1934, when he was sworn in as special counsel pending his confirmation as general counsel.

Having gone into this matter primarily at the urge of the Senator from Maryland [Mr. TYDINGS] I am required, I am sorry to say, in his absence to differ with some of the statements he made this morning prior to the Senate's going into executive session and taking up the matter. I am not charging any improper motive to the Senator from Maryland, but I notice that he has changed his viewpoint materially apparently since his friend Prettyman has received an appointment as corporation counsel for the District of Columbia. In the statement of the Senator from Maryland this morning, speaking of Mr. Prettyman, he said:

> I regret that he has tendered his resignation because, as I said, he is a man well versed in the income tax laws, a man of unimpeachable integrity and of outstanding ability in his profession. However, the new Secretary of the Treasury, Mr. Morgenthau, for reasons best known to himself, wanted in that position a man whom he knew. He said he had nothing at all by way of criticism to say of Mr. Prettyman.

That is not in accordance with the evidence. The evidence before the Finance Committee was to the effect that Mr. Morgenthau did have objections to Mr. Prettyman because Mr. Prettyman did not think along the same lines as the Secretary. The Secretary said he wanted a man who would think as he thought. So Mr. Prettyman was not above criticism, as stated by the Senator from Maryland to the Senate this morning.

Mr. LONG. Mr. President, will the Senator yield for a question?

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

Mr. COUZENS. I yield.

Mr. LONG. Did not Mr. Morgenthau want to keep Mr. Bailie in office also on account of knowing him so well; was not that the reason he gave?

Mr. COUZENS. Yes; but that is another story, a long story, and one that does not add anything to the reputation of Mr. Morgenthau.

Mr. LONG. I want to inform the Senator from Michigan that I heard on the floor this morning that the banking house with which Mr. Bailie was connected, Seligman & Co., was one of the fortunate ones that unloaded its aircraft stock because it was told in advance about the cancelation of the air-mail contracts.

Mr. COUZENS. I have no information in that connection.

Mr. LEWIS. Mr. President, will the Senator from Michigan yield for a question?

Mr. COUZENS. Certainly.

Mr. LEWIS. I take the liberty of asking the Senator from Michigan about his remark as to the Secretary of the Treasury having insisted that some person should be appointed who would think along the same lines as himself. I take it the Senator means the new nominee, Mr. Jackson. Will the Senator say that the Secretary himself made that statement, or was it brought to the Senator from someone who claimed to speak for the Secretary of the Treasury?

Mr. COUZENS. The Secretary said that himself before the Finance Committee at a time when I was present, and at the time he was being examined by the Senator from Maryland [Mr. TYDINGS].

Mr. LEWIS. I wish to ask the able Senator if he did not understand that the Secretary meant someone thinking along the lines of policy in harmony with the Secretary of the Treasury, and not a personal matter of thinking individually in his own behalf.

Mr. COUZENS. I assume that the Senator from Illinois has put a proper interpretation upon it; but, as I pointed out, either before the Senator from Illinois came into the Chamber or at some other time, there was at no time any charge of insubordination against Mr. Prettyman. As long as Mr. Prettyman had gone along the lines that he had been instructed by the Secretary to pursue, there could have been no difference with respect to policy, although there may have been a difference with respect to details, as the Senator from Illinois now points out.

I continue to quote from the statement made this morning by the Senator from Maryland [Mr. TYDINGS]:

> He said he had nothing at all by way of criticism to say of Mr. Prettyman; that his work had been splendid; that he had applied himself with great diligence to the collection of the taxes and the settlement of the disputes; but he said he thought it was only fair, inasmuch as he had ultimate and final responsibility in the matter, that he should have a man as general counsel whom he knew; and that for no other reason he was anxious to place Mr. Robert H. Jackson in the position, because he had been associated with Mr. Jackson for some time in the past.

Mr. President, I am somewhat handicapped because I do not have the hearings before the Finance Committee in typewritten or printed form; but as I recall—and the Senator from Mississippi [Mr. HARRISON], chairman of the committee, will correct me if he thinks I am inaccurate—there were some matters presented to the Secretary of the Treasury by Mr. Prettyman and by the Commissioner of Internal Revenue, Mr. Helvering, in the settlement of a fraud case.

The Secretary of the Treasury objected to the settlement of the fraud case, to which no one I know of in the committee objected. It appears that the former Commissioner of Internal Revenue had told counsel for the concern involved that if he would plead guilty of fraud and submit the facts, the case might be settled and compromised. That was before the advent of the new administration or at least before the advent of the present Secretary of the Treasury, who was then Undersecretary of the Treasury.

In that matter of settlement Mr. Prettyman and the present Commissioner of Internal Revenue agreed with the decision of the former Commissioner of Internal Revenue, and submitted it to the Secretary of the Treasury. The Secretary of the Treasury, exercising his prerogative, as he had a perfect right to do, declined to agree. He sent Mr. Prettyman and Mr. Helvering back and said he would not settle the case on that basis. That, it seems, was the primary difference which arose between the Secretary of the Treasury and Mr. Prettyman.

The Committee on Finance did not attempt to give any consideration to the merits of the controversy which first arose between Mr. Prettyman and the Secretary of the Treasury. I think if the committee had taken a vote on the matter, we would have agreed generally with the Secretary of the Treasury. But that is not the point involved. The point is that the Secretary of the Treasury misstated the facts with respect to Mr. Jackson's being sworn in, misstated the facts with respect to Mr. Prettyman's removal, and did as a matter of fact declare that he wanted a man who would "go along with" him. I specifically asked the question, "If Mr. Jackson differs with you within 30 days, will you remove Mr. Jackson and send a new nomination for us to confirm?" Mr. Morgenthau replied, "In all probability", or "possibly", or something to that effect.

The point I am trying to make is that the whole issue was raised in the first instance by the Senator from Maryland [Mr. TYDINGS] because of the methods of the Secretary of the Treasury; and because of my long-continued interest in the Internal Revenue Bureau he solicited my assistance in bringing to the attention of the Senate and the country the methods of the Secretary of the Treasury, which I wholly condemn, and which I think he condemns, and which I know others condemn. The Senator from Maryland, however, has made his statement, which is not in accordance with the statements he has made to me, nor in accordance with the hearings that were held before the Finance Committee; but he states that he has been required to leave for New York, and is unable to participate in this discussion.

It also appears that Mr. Prettyman was a very good Democratic friend of the Senator from Maryland, and he has since gotten Mr. Prettyman a job as corporation counsel for the District of Columbia, and therefore the Senator from Maryland has lost his interest; at least, he has lost the interest he first had when he invited me to join him in this protest.

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

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

Mr. COUZENS. Yes; I yield.

Mr. REED. I have my doubts as to whether we can correct injustices in dismissals by refusing to confirm the successor; but I am wondering what sort of testimony it is to the qualities of Mr. Jackson if the Secretary of the Treasury admits that he expects him to be nothing but a "yes man" for him.

What has the Senator to say about that?

Mr. COUZENS. When Mr. Morgenthau, Mr. Jackson, and Mr. Prettyman were before the Finance Committee, having the same thing in mind that the Senator from Pennsylvania had, I asked the Secretary in case Mr. Jackson disagreed with him at any time whether he would remove him and we would be asked to confirm a successor; and Mr. Morgenthau said, "In all probability", or "possibly." I cannot quote the exact words, because there appears to have been no record taken of the hearings, although I understood at the time that a record was being taken.

Later on—and I desire to point this out because I think the Secretary of the Treasury was absoluely tricky, and I think he is wholly unreliable, in this connection, at least—on February 9, I think, someone down in the Treasury Department drew my attention to the fact that Mr. Jackson was occupying his position in the Treasury Department before he had been confirmed, or before he had taken his oath of office. I went to the telephone and called up the Secretary, and he was not available; so I talked with Mr. Helvering, the Commissioner of Internal Revenue, and asked him if Mr. Jackson was occupying his position in the Bureau of Internal Revenue. Mr. Helvering answered in the affirmative. I said, "It is strange that he is occupying his position in the Bureau of Internal Revenue before he

has been confirmed and before he has taken his oath of office", to which Mr. Helvering said, "That is not right. It should not be that way."

Later, on the 14th, Mr. Morgenthau was asked, before the Committee on Finance, whether Mr. Jackson had been sworn in, and he answered in the affirmative; that he had been sworn in as special counsel. He made no explanation that Mr. Jackson served 9 days without being sworn in, during which time he was under no oath of office. Mr. Jackson had access to all the records of the Internal Revenue Bureau. He had information as to income-tax cases and as to settlements which no Member of Congress can get, which are, under the law, secret; yet this man Jackson, who was not even an employee, who had taken no oath of office, who had not been confirmed, had access to all these records.

Later on Mr. Jackson telephoned me, I think, and as a result wrote the letter which I will read to the Senate. It is dated February 21, 1934, and is addressed to me:

Enclosed is a list of my substantial or permanent clients. I shall be glad to give you any further information pertaining to any of them and to furnish a detailed statement of services rendered to any of them and the charges made therefor, or to bring the office books down for your inspection. No claim of privilege will be made as to any business which I have transacted.

I began to work on February 1 at the direction of the Secretary of the Treasury, and, as I am informed, by the express approval of the President. It was after you called attention—

I want to emphasize this. I am quoting:

It was after you called attention to the possible irregularity of the procedure that I took the oath as temporary special counsel. This was done on the 9th day of February. Prior to that time my work consisted chiefly in going over matters which Mr. Prettyman thought should have my attention and other matters of policy with him and other members of the staff.

I had planned to go to Jamestown tonight, returning here Monday morning. I will, however, of course defer the trip, or return here earlier, if you wish.

Please do not hesitate to ask any information you wish, however personal, as I do not want to start work with any misapprehension on the part of those whose opinion I would value, and whose support I would need in office.

(Signed) ROBERT H. JACKSON.

To this letter he attaches, as he states, a "list of substantial clients, 1933, in order of relative importance of fees."

I am not raising any particular objection to Mr. Jackson; but he has a number of clients that it would have been preferable he did not have, going into an office with several hundred attorneys, without any past experience, without any knowledge of internal-revenue matters, and coming from a place like Jamestown, where there never was any great opportunity to have a large office experience.

Mr. LONG. Mr. President, will the Senator tell us who some of those main clients are?

Mr. COUZENS. Yes; I will put them all in the RECORD after I conclude my remarks.

Mr. LONG. Will the Senator read a few of them, please?

Mr. COUZENS. Yes. The list is as follows:

LIST OF SUBSTANTIAL CLIENTS, 1933, IN ORDER OF RELATIVE IMPORTANCE OF FEES

Bank of Jamestown: General counsel; director; chairman merger committee negotiating merger three banks.

Estate Shelden B. Broadhead (Robert H. Jackson, one of administrators) (died 1925): Controls or has large interest in Jamestown, Westfield & Northwestern Railroad (electric, 30 miles); Jamestown Street Railway; Jamestown Motor Bus Co.; Jamestown Worsted Mills; Chautauqua Navigation Co. (practically defunct); Chautauqua Traction Co. (in liquidation); Broadhead Realty Co., (owns real estate, formerly William Broadhead); Broadhead Holding Co. (owns stocks and bonds Broadhead companies). This estate in bad financial condition.

Superintendent of Banks of New York State: Liquidation of Shearman State Bank and Sinclairville State Bank.

Jamestown Telephone Corporation: Local company. New York Telephone Co. owns nonvoting stock.

The New York Telephone Co. is a subsidiary of the American Telephone & Telegraph Co.

Local interests own two thirds voting stock. Is now engaged in controversy with New York Telephone Co. over toll rates and litigation likely. I do not represent the A. T. & T. or any subsidiary of A. T. & T. Have been active in Independent Telephone Association affairs. My employment is by J. N. Wright—active in fighting A. T. & T. in competition and in antitrust prosecution during Wilson administration.

That is going a long way back.

Homer M. Preston estate: Coexecutor and attorney. About administered. Still interested real estate St. Paul, Minnesota, Florida, and Jamestown.

Jamestown Mutual Insurance Co.: Local mutual insurance company handling compensation and automobile liability.

Niagara, Lockport & Ontario Power Co. and Hydraulic Race Co., subsidiaries of Niagara-Hudson.

The Niagara power interests is the great power interest of the State of New York, as all of you know.

Local attorney: Company sold its distribution system to city of Jamestown in 1929 and now sells power to municipal plant, which also manufactures. Tried one long lawsuit for Race Co. involving dispute with Niagara Falls Milling Co. over amount of water to be taken from its raceway.

These companies' fees together never amounted to 10 percent of my practice. Connection came about through N. L. & O. P. Co., buying small electric plant that I had been attorney for.

National Chautauqua County bank: Reorganized after bank holiday. Have represented them in resulting litigation. Argued for it that Emergency Banking Act was constitutional when their existence challenged. Favorable decision New York Supreme Court.

Fanny Jones estate: Litigation over construction of will.

Hultquist estate: Usual proceedings.

Pennsylvania Gas Co.: Distributes natural gas from Pennsylvania fields. Occasional negligence suit and question with customers. Public Service Commission hearing on minimum bill regulations.

Ashville & Panama Telephone & Telegraph Co.: Rural telephone line owned by about 20 local people. Not an A. T. & T. company. Reorganized last year as franchise expired.

Post Publishing Co.: Publishes Jamestown Morning Post. Business advice and libel suits defense.

Other clients who consult frequently: Blackstone Manufacturing Co., makes washing machines; Watson Manufacturing Co., makers of metal furniture and hollow metal; Chautauqua Worsted Mills, worsted textiles; Emprere Case Goods Co., bedroom furniture; Davis Furniture Corporation, four plants, bedroom and dining hoom; Ellison Bronze Co., bronze workers; Hotel Jamestown, Inc., owns and operates two hotels; New Process Co., mail-order merchants.

Litigation: Several defenses for insurance companies; *Kellogg Lumber Co.* v. *Union Furniture Co.*, for defendant; *South Shore Association* v. *H. J. Heurz Co.*, for defendant; *Gates* v. *Prudential Insurance Co.*, for plaintiff; *Goseoski* v. *International Rwy. Co.*, for plaintiff; *Johnson* v. *Johnson Estate* (suit to impress trust), for defendant; *W. D. Packard Est.* v. *J. W. Jackpard Est.*, for claimant.

These consist of litigation in State or Federal courts and counsel work.

We have no lobbying relation with State or Federal Government or city government.

Mr. President, as I stated when I began my remarks, there is no personal matter involved so far as I am concerned. It is the matter of methods. I am very doubtful of the ability of the Secretary of the Treasury to conduct that great office in the light of the methods which have developed in the few weeks or months that he has been in charge.

I am not going to make any protest against the confirmation of Mr. Jackson. Other Senators have the same records that I have, but it is quite evident that Mr. Jackson and all other employees in the Treasury Department will have to be "yes men"; unless they are, they will be removed and we shall have before us other nominees to take their places.

While I am on that subject, it is well known that almost ever since I have been in the Senate, or at least since 1923, I have been more or less a critic of the administration and the conduct of the Treasury Department. I was hoping that under the new deal I should at least be freed from thinking I had to observe the conduct of the Treasury Department. It seems, however, from all the information I can get, that the need for watching the Treasury Department is going to be as great as it was under the famous Mellon.

I have here a clipping showing that no matter what administration we have, apparently we cannot prevent a grapevine connection between all parties and all interests.

It is well known that under the $2,000,000,000 equalization fund that was granted to the Secretary of the Treasury under the so-called "gold act", the agent for the Treasury Department was to be the Federal Reserve Bank of New York. I read from a clipping taken from a Pittsburgh paper, I think it is:

Bank promotes Ray Harrison. Richard K. Mellon, the new president of the Mellon National Bank, announced today that Ray

Harrison, assistant cashier, has been promoted by the board of directors to be the vice president.

I am not going to read all of this clipping, but it states near the end—

He is a brother of George L. Harrison, governor of the Federal Reserve Bank of New York.

So, whether premeditated or otherwise, it is quite apparent that there is to be a connection between the old Mellon interests and the present administration of the Treasury Department.

Further than this, I do not care to have anything to say.

Mr. HARRISON. Mr. President, I think the Senator from Michigan [Mr. COUZENS] has made a very fair and a very correct statement of the facts as they were brought out in the Committee on Finance. Of course, I do not subscribe to some of his conclusions in criticism of the Secretary of the Treasury, to the effect that he is unreliable and tricky, because I saw nothing in the whole proceeding which in the wildest flight of the imagination would lead me to think that the Secretary was tricky or unreliable. On the contrary, it seemed to me that in this whole matter the Secretary of the Treasury was trying to lay the cards on the table, so to speak, that he took the committee into his complete confidence, and that he was trying to tell the truth, in his simple way, about the matter.

Of course, the Secretary of the Treasury has not been in his present office very long. He has not had that large and long experience in financial matters my friend the Senator from Michigan has had. Because of his lack of experience, he cannot express himself in that sweet, adroit, and persuasive way that characterizes the Senator from Michigan. But I predict for the Secretary of the Treasury that, while he may make mistakes as to some of his appointments, there will never be anything during his administration that will reflect upon his honesty and his integrity and his great desire to conduct the Treasury Department in the interest of the American people.

There is no great controversy about this matter. I regretted that the Secretary of the Treasury saw fit to ask for the resignation of Mr. Prettyman. All that was said by the Senator from Maryland [Mr. TYDINGS], all that was said by the Senator from Michigan in tribute to Mr. Prettyman's work and services, is true. He made an excellent and competent official in the Treasury Department. But the Secretary of the Treasury said that he preferred someone else in that position; and when the committee asked him why, he said, "I wanted one who, I believed, thought along the same lines I did, and one in whom I had complete confidence."

The Senator from Michigan is right; the Secretary of the Treasury did tell us that he wanted a man as general counsel of the Bureau of Internal Revenue in whom he had complete confidence and who thought along the same lines he did. He went further and said that if he should find that Mr. Jackson did not think along those lines, it might be that he would ask for his resignation. It may be that the Secretary of the Treasury is wrong in that position; I do not know, but that is the way he wants to conduct the Treasury Department, and that is the way he wants to keep free from criticisms which my friend from Michigan and others might hurl at him.

I did not believe there was enough to justify asking for the resignation of Mr. Prettyman; but this was the cause of the difference of opinion: The Secretary said that when Mr. Burnett was Commissioner of Internal Revenue there were some fraud cases before the Bureau, and an attorney, I think it was, went in one day to Mr. Burnett and said, "You do not know anything about this fraud, but I will reveal it to you, provided you compromise the case, and the Government, by compromising this case and accepting our version of it, will get something more than $200,000." I believe that was the sum, but I am not sure as to the exact amount.

I do not criticize Mr. Burnett for his stand, but he did accept the version of the attorney and compromised the case. Then there was a change of administration, and those fraud cases came over to the solicitor's department under the new Secretary. Mr. Prettyman took the view that since the past administration, acting through Mr. Burnett, had agreed upon this compromise, he ought to stand behind it, and he recommended to the Secretary of the Treasury an acceptance of it. Mr. Morgenthau said, "I shall not accept a compromise in fraud." He felt that he might be a party to it if he did accept it, and he took just the opposite policy.

People may differ as to that matter. Mr. Prettyman was honest in his interpretation of the policy, and certainly the Secretary of the Treasury was honest in the policy he laid down. But he said, "I just felt that if I had somebody in that position who, I knew, would think along my lines of thought, I would feel better", and that is why he asked for the resignation of Mr. Prettyman. He did not reflect in the slightest upon Mr. Prettyman. He said nothing against him. He said that Mr. Prettyman had ideas about policies different from his own, and that that was the only reason why he asked for his resignation.

No objection was raised in the committee to Mr. Jackson, not the slightest. Mr. Jackson came before the committee and answered all the questions the members of the committee asked him, and everything that was presented to the committee about Mr. Jackson bore out the fact that he was an excellent lawyer, and since the hearing I have been given to understand that he is one of the best lawyers in northern New York. He admitted that he did not know much about tax matters, that he had not specialized in those matters at all. He frankly gave this list of clients to the Senator from Michigan.

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

Mr. HARRISON. I yield.

Mr. LONG. I suggest to the Senator that Mr. Jackson was attorney for the American Telephone & Telegraph Co., which should convince anyone that he was a good lawyer, because they do not hire poor lawyers.

Mr. HARRISON. It may be that he represented a telephone company at sometime, and it may be that because of that fact he ought to be turned down; I do not know. I do not suppose I could hold a place here if the rule were invoked that at sometime in my life I represented somebody who was tied up in some remote degree with some interest. It never was charged, however, that Mr. Jackson represented special interests. There was no objection to him on that ground. Indeed, after the hearings were closed, the Senator from Michigan, with the spirit of fairness which always inspires him, moved that the nomination be reported favorably by the committee.

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

Mr. HARRISON. I yield.

Mr. COUZENS. During the comments I made previously, I stated that I raised no particular objection to Mr. Jackson. I submitted his record for the Senate, and in the committee I did exactly what the Senator has stated. After the Senator from Maryland had left the room, and it was not an issue between Mr. Jackson and the committee, but rather, in my judgment, between Mr. Morgenthau and the committee, there was no reason for holding up Mr. Jackson's confirmation, and the only reason why the confirmation has been held up has been that it seemed to me it afforded the only opportunity I would have to point out what I considered the reprehensible methods of the Secretary of the Treasury.

Mr. HARRISON. I thoroughly appreciate the Senator's stand. The Senator made a similar statement to me, and I am not offering any criticism of it. I was sorry Mr. Prettyman was let out, but I do not think that should be the basis of an objection in the Senate to the confirmation of Mr. Jackson.

I sympathize with the Senator, too, in that the distinguished Senator from Maryland has shifted a little bit in this matter. I do not know, but I expect he was provoked at first when his constituent, one whom he had probably endorsed and advocated, was let out. The Senator from Maryland felt a little bit provoked, no doubt. I suppose I would have been provoked. He said some things which perhaps he would not now repeat. If I had been in his position, I suppose I would have done what he did. He probably went

over and encouraged the Senator from Michigan to join with him in this fight. I do not know how the Senator from Michigan must look on the fact that the Senator from Maryland has left him at this particular stage of the proceedings.

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

Mr. HARRISON. I yield.

Mr. McKELLAR. I am in favor of the confirmation of Mr. Jackson, but I want to say that, so far as Mr. Prettyman is concerned, I have known him for many, many years, ever since his father was at one time Chaplain of the Senate, and there is no finer man than Mr. Prettyman. I cannot imagine a reason for his displacement. He is a splendid lawyer, a most conscientious and high-minded man and official, and I feel that I want to pay this small tribute to a man for whom I have such a high regard. I have confidence in his honesty, in his integrity, and in his ability, and I regret the situation which has arisen. I have no doubt that Mr. Jackson is a good man also, but I believe there is no better man than Mr. Prettyman. I am glad that the President has shown his confidence in Mr. Prettyman by appointing him to another high office immediately.

Mr. CLARK. Mr. President, if the Senator from Mississippi will yield, in response to what the Senator from Tennessee has said, I want again to emphasize, as the Chairman of the Committee on Finance has already done, that during the whole hearing before the Finance Committee there was not, either from the Secretary of the Treasury or anybody else, the slightest reflection on Mr. Prettyman. As a matter of fact, the Secretary of the Treasury stated that, while there had been some disagreement in policy, some difference in view, between him and Mr. Prettyman, he had such high respect for Mr. Prettyman that, in his desire to emphasize that Mr. Prettyman's resignation was not any reflection on either Mr. Prettyman's character or ability, he had already given direction that immediately after Mr. Prettyman's resignation he should be employed as special counsel in one of the biggest cases in which the Government was concerned at that time.

Mr. HARRISON. And to show that nothing reflects upon him, the President of the United States thought well enough of him to kick him upstairs into the corporation counselship of the District of Columbia.

Mr. COUZENS. Will the Senator from Mississippi yield at that point?

Mr. HARRISON. I yield.

Mr. COUZENS. The Senator knows that the President did that because of the great cry and protest that was made by the Senator from Mississippi and the Senator from Maryland and the Senator from Michigan and some other Senators. Let us not bluff each other. We know how Mr. Prettyman came to get the job of corporation counsel. [Laughter.]

Mr. HARRISON. I hope the Senator will exclude me from that designation.

Mr. COUZENS. I could not exclude the genial Senator from Mississippi, because it was his great influence, coupled with, as I understand, the influence of the Secretary of the Treasury, that got Mr. Prettyman the position of corporation counsel.

Mr. HARRISON. I would go a long way to keep the Senator from Michigan from making a fight on anything I have anything to do with, and I may say to the Senator that I have gone around with my basket a long time, and nothing has yet fallen into my basket, and I had nothing to do with the appointment of a corporation counsel.

Mr. President, we have taken too much of the time of the Senate on this question. I hope Mr. Jackson's nomination will be confirmed.

Mr. COPELAND. Mr. President, I was quite distressed when I heard there might be some objection to the confirmation of Mr. Jackson. I have known Mr. Jackson for so long a time, and have known him so favorably, that I did not conceive it possible that anyone could find any criticism to make regarding him. I am happy to say that no such criticism can be found.

The only thing I can think of against Mr. Jackson is that he is rather better looking than the ordinary man, and perhaps might come in for criticism on that account.

Just a word about Mr. Jackson's alleged connection with the corporations. First, the telephone corporation: His employment in that connection was in active opposition to and fighting the A. T. & T. Then his power connection came through the fact that the Niagara, Lockport & Ontario Power Co. bought a small local plant at Jamestown, a plant for which Mr. Jackson was the attorney. So in that way he was indirectly connected with large corporations.

I assure the Senate Mr. Jackson is a man of capacity and real ability. If the Secretary of the Treasury really wants a "yes man", I am sorry for the Secretary, because Mr. Jackson is not that sort of man. I doubt, of course, that Mr. Morgenthau does want a "yes man." However, so far as this particular candidate for confirmation is concerned, he is not of that type. He is a man of ability, capacity, energy, intelligence, and honor. He will serve well in any capacity because he would not undertake a place of legal responsibility unless he knew he had the qualifications for that place. I am glad to testify to his capacity and hope he will be confirmed.

Mr. GLASS. Mr. President, it is my expectation to vote for the confirmation of Mr. Jackson, not because I know anything much about him, or because the Secretary of the Treasury knew anything much about him, but because I prefer to assume that the Secretary of the Treasury would not seek the nomination of anyone for this vitally important position whom he did not highly regard, whether he knew him or not, and in whose integrity and legal ability he did not have confidence. For that reason I expect to vote for the confirmation of Mr. Jackson's nomination.

I am anxious to have it appear—as it does now appear in the RECORD—that there was not any valid reason for the summary dismissal of Mr. Prettyman. My personal interest in that connection is that I think it was somewhat upon my unqualified recommendation of Mr. Prettyman that he was appointed as general counsel for the Internal Revenue Bureau. That recommendation of him was based upon a personal knowledge of his very high character, having been briefly associated with him at the Treasury Department when I was Secretary, and upon my very definite knowledge of his fine abilities as a lawyer, so attested by some of the best legal firms in the District of Columbia and in Maryland. And I feel prouder of him today than I did on the day on which I recommended him for this position.

Mr. Prettyman's only offense was that he did not agree with the Secretary of the Treasury as to the moral obligation of the Treasury to carry out an agreement which had been made by the former Commissioner of Internal Revenue in certain specified circumstances. Mr. Prettyman thought the agreement was binding, if not legally, certainly morally binding; and, thinking that, he had integrity enough and courage enough to say so to the Secretary of the Treasury. The Secretary of the Treasury differed with his views. I personally asked the Secretary if Mr. Prettyman at any time ever intimated that he was unwilling to conform to the policies of the Secretary, and the Secretary stated explicitly that he did not decline to do it, so there was no question of insubordination whatsoever involved.

Mr. Prettyman, being a lawyer, was asked his legal opinion as to the effect of the agreement, and he gave it. I asked the Secretary in person whether he objected to Mr. Prettyman, because he had courage and integrity enough to give him his legal opinion, and he said quite the contrary; he respected him for it, but he wanted somebody there who would agree with him and whom he knew. Well, more as a matter of interest, perhaps more as a matter of curiosity than anything else, I asked him how well he knew Mr. Jackson. He said he had seen him only once in his lifetime; that he met him incidentally in the last presidential campaign at Jamestown, where he presided over a meeting.

That was the extent of his knowledge of Mr. Jackson. Yet my inquiry convinces me that Mr. Jackson is a first-class lawyer; that he is a man of high character, totally destitute of any knowledge of questions of taxation, however, a question in which Mr. Prettyman was largely and long experienced.

As between the fitness of the two men to discharge the duties of that office, I have no hesitation in affirming my own belief in the great superiority of Mr. Prettyman for the position in question. Moreover, it is no compensation to Mr. Prettyman or to his friends that he has been given another job. I am not and hope I never will become a job hunter. I did not recommend Mr. Prettyman because be wanted the position but because I then felt perfectly confident, and now more so, that he was peculiarly fitted for this particular place, which was one of service to the Government and to the taxpayers of the country, and I think so now.

I have no idea of vituperating the Secretary of the Treasury. I could not if I would, because, as everybody knows, I am so conservative of speech that I could not say anything of a critical nature of anybody, even in as gracious a way as the Senator from Michigan has said it.

I like Mr. Morgenthau personally; I think he would like to do well, and I hope he will do well; but there can be no question of the fact, and, in my own opinion, certainly there is none, that Mr. Morgenthau made a very grave mistake in depriving the Internal Revenue Bureau of the services of a man of high character, of great courage, and of large information concerning the problems with which he had to deal, and supplanting him with another gentleman, perhaps of equally high character, and it may be of equal courage, but certainly he cannot have superior courage, and with no qualifications whatever at the initial stages of his service to deal with large and important taxation matters. I shall, however, vote for the confirmation of Mr. Jackson.

MORE OUTRAGES PLANNED AGAINST THE GOVERNMENT

Mr. LONG. Mr. President, I do not care to speak on Mr. Prettyman or Mr. Jackson. I do not know either one of the gentlemen; I would not know them if I saw them. I do, however, wish the Senate to know that there are certain influences undertaking to use for a racket the financial processes of the Government in its several departments. I am going to send to the desk a document in my posession and ask the clerk to read it before I say anything further.

The PRESIDING OFFICER. Without objection, the Clerk will read, as requested.

The Chief Clerk read as follows:

[Excerpt from the New York Times, Feb. 22, 1934, p. 7, col. 2]

Memorandum placed on the record but not read to Mr. Brown tended to show that the interests seeking the contract after abandoning hope of obtaining the contract from Mr. Brown, proposed to bring influence to bear upon Postmaster General-designate Farley through Vincent Astor and on the President-elect through his cousin, Kermit Roosevelt. Senator Black quoted frequently from memoranda from the files of A. J. Ball, foreign freight agent of the Pennsylvania Railroad. An excerpt from one of them addressed to J. L. Heyman follows:

"We agree with him, as we feel we are close enough to Farley through Vincent Astor to accomplish what we want. Kermit Roosevelt is away with Vincent Astor and the President-elect on Mr. Astor's yacht and we have wired a complete statement of the facts to Kermit Roosevelt so that he can get in his good work as soon as possible."

Mr. Brown made no comment on this part of the memorandum, which was not read openly but was placed on the record, nor was it revealed who was meant when it said "We agree with him."

Another part of the same memorandum said:

"We considered an investigation called for in the resolution the most healthy method of clearing the atmosphere and would accomplish what the Departments were after, i.e., to distribute the patronage under a Democratic administration. The Roosevelt-I.M.M. (International Mercantile Marine) people feel that they are sufficiently strong with the new administration to secure prompt and favorable action on the bids."

Mr. LONG. Mr. President, I have no comment whatever to make on the statement that has been read. By some accident it was printed in the "bulldog" edition of the New York newspaper and was taken out of the succeeding editions and never was printed in any others, and I just wanted to afford the facility in case someone wished to read it who did not have the opportunity of doing so in the edition of the newspaper in which I read it, by reason of the matter having been omitted from subsequent editions.

The other matter, Mr. President, that I have to mention in connection with this and other financial rackets is this: I was present when Mr. Morgenthau came before the Finance Committee; in fact, I asked him some questions. Some statements had gone out that were rather not in keeping with what some of us, at least, had regarded as the law. Following that, the Senator from Michigan [Mr. COUZENS] stated he wanted the Secretary of the Treasury to dismiss Mr. Bailie, or, rather, indicated that he desired him to do so. My recollection is that Mr. Morgenthau hesitated considerably—if I am in error as to that, I hope I will be corrected—and held out quite at length before he finally consented to dismiss Mr. Bailie. I was later informed that even after Mr. Bailie was supposed to have resigned he stayed on for some time.

Following Mr. Bailie's dismissal, Mr. President, there came from the Post Office Department a cancelation of the air-mail contracts, and we find that Mr. Bailie's concern was one of those that unloaded air-mail company stock on the public a day or two days ahead of the day when the contracts were canceled.

The air-mail stocks had been away up to one of the highest points they had ever reached, and suddenly the J. & W. Seligman Co., the House of Morgan, and several others, began to unload the stock on the innocent public, so that when the break came, through the action of Mr. Farley's office, they would be out from under as much as possible and the public would have gotten the stock; and that is what happened, to a large extent. There were some very large sales; I have forgotten the exact number, but they were shown by a map someone placed on the wall.

Mr. President, I now have more specific and personal knowledge of the racket that is being made not only in the Post Office Department but elsewhere, for there is a close working between the Post Office Department and the Treasury Department. In the main, those appointed to the Post Office Department are recommended, of course, by the Postmaster General, and those appointed in the Internal Revenue Bureau are going in there on the recommendation of Mr. Farley. I am not undertaking, as the newspaper clipping did this morning, to question Mr. Farley's capacity to select men for the internal-revenue work. I do not say that just because the newspaper clipping read at the desk says he has been in the prize-fighting business, or something like that, rigging up matches and publicizing various and sundry individuals and giving them set-ups to knock down; I do not know whether he is that kind of a man or not; that is not the point. But what I am just bringing to the attention of the Senate is that through the same source that manipulated the handling of the cancelation of the air-mail contracts come the leaks that enable the big houses to get from under, and so that there will come out with great big headlines, "The Postmaster General takes action on behalf of the people." The ex-prize-fight promoter and matchmaker let it slip out to somebody 2 days and 24 hours ahead of time, and the big brokerage houses suck poor little innocent people in Louisiana, Arkansas, and Tennessee and West Virginia, for they unload that stock onto them. I am not particularly criticizing it; I am just simply mentioning it in this connection, so that we may know what to expect.

Now I come to what I have more direct knowledge of. This common source of selection operates in my State. They are doing the work by calling on certain citizens to help in the internal-revenue work, and they were able, through the personal contact of the present Postmaster General, Mr. Farley—and they will put him out of there before very many moons, I am afraid, before we know nearly as much about him as we want to know—to place in charge there a gambling magnate who helped run the casino gambling house, I think, in Palm Beach, Fla., in partnership with Colonel Bradley. I refer to a man by the name of Sullivan—John P. Sullivan—who, through an associate, ran a wire gambling-house outfit in the Ridges section of New Orleans, which I raided once when I was Governor of the

State, taking a roulette wheel, a dice table, and two or three thousand dollars of money.

This gambling king, John P. Sullivan, who also ran a race track, was placed in charge of selecting the internal-revenue collector, the United States attorney, and the postmaster of my own city of New Orleans. This gambling king was so bold about it that he actually came into the Finance Committee and into the subcommittee of the Judiciary Committee. He does not deny that. I am not slandering the man; I am only giving the Senate what the man has paid the newspapers to publish about himself. I would not have the Senate think that I would go beyond anything that the gentleman did not want known about himself! I am giving him advertisement that he has been paying the newspapers to print for the last 10 years. So there is nothing that is intended to reflect upon the man.

This gentleman, very much apparently of the same order as Mr. Bailie, has been calling in the business men of New Orleans and Louisiana, and has been telling them that he has had the internal-revenue collector appointed—and the newspapers published the fact—that he has named the district attorney, and he has; and the newspapers have so reported. He has been saying to them, "I am going to have this one indicted; I am going to have that one indicted." And we now behold the spectacle that the gambling king, in consort with his past associate, the ex-prize-fight promoter, are calling upon citizens far and wide—Mr. Sullivan, not on the pay roll, is calling in citizens as witnesses and putting them on cross-examination, giving them to understand that he has been vested with the power and discretion of adjusting incomes and assessing incomes and of making indictments.

There was a man in Louisiana by the name of R. L. Gay. He was very prominent and occupied in his church work in the State, and consequently was a man not in my company very frequently. [Laughter.] We lived 100 miles apart and we were in different towns on Sunday. But there was this gentleman named R. L. Gay. Mr. Gay discovered an oil field. He settled up his income tax in the year 1931, 3 years ago. One year ago Mr. Gay's name appeared in the newspapers in an item in which he said that he would put up $20,000 in cash at odds of 30 to 1 that the Long ticket would be elected in the State of Louisiana.

Mr. Sullivan, this gambling-house operator and dive keeper, was very much incensed over the matter. I do not mean to slander the gentleman, if the Chair please. I am merely giving him for nothing what he has been paying the papers to print. I could read from all the papers that are opposed to me in New Orleans now whatever may be needed from their editorial columns to show that he is the greatest gambling king the State has ever known, the partner of Mr. E. H. Bradley, who was in Kentucky and went down to Miami and opened up his several dives down there, then extending his influence as Sullivan's partner back to New Orleans.

They proceeded about 3 days ago to indict Mr. R. L. Gay through the internal-revenue man who has not been confirmed, and through the United States attorney who has not been confirmed. They never went to Mr. Gay. They checked over his returns and told him time after time he was all right. They never went to Mr. Gay and asked one question in 3 years. They never called upon him to pay a dime. They never said to him or to a friend of his that there was anything wrong about his income taxes. Instead of presenting his case before the district court in the district where the man lived and where his business is located and where he made his return, as has always been the practice, they had the indictment against him returned in the eastern district of the State at New Orleans. They never asked him for a copper cent.

I know nothing of the merits of the matter except as I have stated here to the Senate. However, it seems that this matter came just about the time they were changing counsel there. It seems that Mr. Morgenthau wanted somebody he knew. There had come out great big announcements that Mr. Morgenthau had stated that he was sending a flock of men down there with instructions to indict at least 100 of HUEY LONG's friends in the State of Louisiana. I do not think that is to be held against Mr. Morgenthau. I do not hold it against him. I never even brought up the matter when he was before the Senate for confirmation.

But the facts are that with the J. & W. Seligman fraud through Bailie, with the other frauds mentioned in what has been read at the desk, there is a trail of slime and corruption forming here at this very early day that is so wide and so deep that it is becoming almost an offense even in the Halls of the Senate. I hesitate to say where it might lead.

Someone might say, as this report read, he was on a yacht with the President fixing him up, and still be in error, or that he has the inside track with Farley—though I do not think it would take very much to get the inside track with Farley. It seems that a trip would do it.

Some men have very simple ways of estimating what it takes to break down the virtue of a man. Most of them will come for $20, or they will not come at all. I think that $20 hat is about Farley's size. That is what I would estimate to be the ordinary cost of his caliber. I understand he got a barbecue, got a free trip in an airplane that was not carrying a pound of mail on a trip that was not on a mail route at all, got a new hat that cost $20, everything paid for, and came on back to Washington. There is a yacht free to take them out while men try to use them for a scheme for some crooked thing to rob the American people of some of the franchises that belong to them, free airplanes to bring men here and there to do something else with banking-house stool pigeons, to let them know when there is to be a cancelation of something that will enable them to swindle the poor American consumers out of the little that they have.

But that is not half of it. I believe it has been said that the ground upon which the air-mail contracts were canceled was that it was found that there had been a spoils conference at which it was agreed on who was going to carry the mail, and that there was a division of the routes. When that information became public, they instantly found that sufficient ground to cancel the air-mail contracts. I am not going to take issue with that. I accept that. But I want to deal with another spoils conference that was held in which the parties named in the document read at the desk a few moments ago participated, and I want to read the facts into the RECORD, as given under oath, to see whether or not we cannot get another contract canceled before they unload their stock on an unsuspecting public.

The stock market is closed now, and they cannot get the sucker list into operation between now and tomorrow morning. I want to save the American people from being treated just as they were in the air-mail-contract imbroglio.

At page 618 of the hearings in the merchant-marine investigation before the Committee on Merchant Marine, Radio, and Fisheries of the House, appeared the following. This is from the minutes of a meeting of the Shipping Board. They have the proceedings of the Shipping Board printed in this hearing. Commissioner Denton there said:

> I move that the International Mercantile Co. interests, the Chapman-Dollar-Dawson interests, and Mr. J. E. Sheedy, who represents also an interest, be invited to a session with the Board, looking toward a consolidated bid on the part of all of them.

This was a secret meeting of the Board in which he moved that all these people be brought in to make a consolidated bid for the whole thing.

> Chairman O'CONNOR. Do you want him to come down before the Board?
>
> Commissioner DENTON. All together, at the same time, as early as can be arranged.

The air-mail contract conclave cannot beat this one.

I want them all here to consolidate on their bid and put this thing in one barrel at one time. It is too much trouble to have a deal with too many of them. We are liable to have some man roaming the range when we do not know what his business is. It is a whole lot more satisfactory and convenient when we are dividing these spoils, it is much easier when the Government has $4,000,000 or $5,000,000 that

it wants to donate to men who want to furnish airplanes and boats, to give it to them in one lump. If we have to divide the drink and pass it around, it takes time and it is liable to be confusing.

At any rate, let us read on a little further:

All together, at the same time, as early as can be arranged.
Commissioner SMITH. Suppose you gave them until Tuesday.
Commissioner DENTON. Let us make it Monday.

Tuesday was too long.

Commissioner SMITH. 10 a.m., Monday morning.
Chairman O'CONNOR. Wouldn't you be willing to leave out with reference to consolidation and just simply say a conference as to the proper disposal of this question now before us?
Commissioner DENTON. I think that would be more diplomatic; yes.

Still in secret session:

Commissioner SMITH. Just leave out the question of combination and consolidation; that might frighten some of them; looking to a solution of the difficulties in which the Board finds itself with the United States Lines.

Commissicner Denton says, on page 616:

Gentlemen, this is a lot of responsibility in our duty toward the establishment and maintenance of the services on the north Atlantic. Would it not be well, at this stage, when we have to consider Mr. Burke's telegram, which I have not had a chance to read yet, and the negotiations that we have not been able to make yet, or agree to as yet, with Chapman-Dollar-Dawson—would it not be worth while for this Board to make an effort to attempt to interest those people to agree on this working together in a mutual partnership or some agreement among themselves? The International Mercantile Marine and Chapman-Dawson-Dollar. Isn't it worth our effort to try to bring about such action?
Commissioner CONE. In my opinion, it is the only solution of this question.

Mr. President, it was in response to that—it was there and then—with these gentlemen as the absolute instigators of the matter, that this ship subsidy went out. That is the subject matter of what was contained in what was read at the clerk's desk just a few moments ago; and who wound up with the subsidy?

Why, Mr. President, in order that they might handle it exactly as they wished, when the United States Lines of Nevada got the contract and the ships, as I showed here on the floor the other day, they made an agreement giving the Roosevelt Steamship Co.—that is Kermit Roosevelt's outfit also—23 percent of the gross revenue as the "fees of operating management." In other words, of the tonnage that the *Leviathan* carried, 23 percent of the gross was paid to the Roosevelt Steamship Co. for what was supposed to have been operating management; and Mr. Dollar himself testified on the witness stand that he had never heard of any such thing as that as a charge for operating management as long as he had been in the steamship business.

They were building up an American merchant marine, were they? Well, let us see what the International Mercantile Marine did.

Here is a contract between the International Mercantile Marine and His Britannic Majesty. The International Mercantile Marine had this in its contract: Here is the agreement with this benevolent concern that had charge of things, that was given $6,000,000 of Government notes free, that took out of service the *Leviathan,* which was supposed to be the greatest ship sailing between the United States and Southampton, and it is in the mud; and this concern has not paid a dime on the $3,000,000 it did agree to give for the $9,000,000 of notes. Here is the contract that the International Mercantile Marine had entered into. This was between the International Mercantile Marine and the British Government:

This agreement shall have effect for 20 years from the 27th of September 1902 and shall continue in force thereafter subject to a notice of 5 years on either side (which may be given during the continuance of this agreement); provided, that His Majesty's Government shall have the right to terminate this agreement at any time if the association pursue a policy injurious to the interests of the British mercantile marine or of British trade.

In other words, this benevolent concern, to which we made all these gifts, and which we gave a $4,000,000 subsidy for the purpose of carrying the mail, for which Mr. Kermit Roosevelt was exerting himself in an effort to get some kind of an underhold in order to preserve it—the International Mercantile Marine had, several years previously, gone into an agreement that nothing that would ever be done by them was ever to interfere with the supremacy of the British mercantile marine.

They tried to get around that, Mr. President. They went over and made some kind of an amendment of this contract stipulating that the contract should not apply to American ships duly documented under the laws of the United States; but I am told by authority that this did not say anything about the management of American ships by the International Mercantile Marine and that there was a vast difference between putting responsibility in the ships and putting it in the management of the ships, and that that was the view taken of the matter by a former member of the Shipping Board, and he always regarded it as strictly impossible for them to do anything except contrary to the best interests of the American mercantile marine.

Now, there is another little innocent thing before the Senate.

Following this particular time when Mr. Kermit Roosevelt and Mr. Vincent Astor had the yacht down there in Florida waters that they are talking about, Mr. Kermit Roosevelt issued a statement; and here is his statement, published in the New York Evening Post. He said:

We are hopeful that the administration in Washington will eventually render the kind of assistance necessary to permit the completion of plans we have for a further development of American-flag fleets second to none on the high seas.

How were they going to develop them? Why, they took off the *Leviathan.* Today the White Star Line, flying the British flag, on which the International Mercantile Marine holds a mortgage for $9,000,000, are operating the *Majestic,* and it is advertised as the biggest ship on the seas. They have taken off the *Leviathan,* which they bought for a song, with all the other ships, for $3,000,000 in notes, due 3 years from date, and we gave them a $4,000,000 contract on top of that, and they never have paid a dollar of the $3,000,000 up to this time, and they junked the *Leviathan,* the operation of which they claimed was the consideration for the low price.

Was there a reason for taking off the *Leviathan,* Mr. President?

I have here a report which shows that the last month the *Leviathan* ran it had 993 passengers to the voyage, as against 955 carried in the *Majestic,* under the British flag. The *Leviathan* was carrying an average of 40 more passengers per trip than the *Majestic,* which flew the flag of Great Britain, was carrying. The *Leviathan* was the biggest ship in the world. It flew the American flag. These people had been given millions and millions and millions of dollars of American money; and after being placed in full control, with this kind of a subsidy, the next thing they did was to take off the *Leviathan* and make it unseaworthy, and today it is lying in the mud.

Talk about giving them a subsidy! Here is another little thing coming up—this matter of reciprocity.

I understand that these gentlemen have something figured on reciprocity. I never figured on it. I understand that the International Mercantile Marine now have matters all fixed so that they and their allies in agreement are the only ones that have any ships, and that if they can work the reciprocity agreements around to the point where they can say, in these reciprocal trade agreements, that a certain amount of the traffic shall be hauled in American ships, that is the same as though we wrote "the International Mercantile Marine" into the contract for a lot of it. Thereby will this concern, so closely attached to foreign shipping interests, be given cargoes for the future, through "reciprocity."

Those things, Mr. President, I present to the Senate. They have come within my knowledge; and I think it is my duty to communicate them to the Senate.

ROBERT H. JACKSON

The Senate, in executive session, resumed the consideration of the nomination of Robert H. Jackson to be general counsel for the Bureau of Internal Revenue.

Mr. COUZENS. Mr. President, I desire to make just one or two more comments because of the statements made by the Senator from Mississippi [Mr. HARRISON] and the Senator from Virginia [Mr. GLASS] with respect to my statement to the following effect. I quote from the RECORD:

I desire to point this out because I think the Secretary of the Treasury was absolutely tricky, and I think he is wholly unreliable, in this connection, at least—

The Senator from Mississippi said that he could not agree in that conclusion, and the Senator from Virginia made some reference to vituperation.

I have been here a long time. If I should approach the leader of the majority, the Senator from Arkansas [Mr. ROBINSON], or the Senator from Virginia, and ask a question, and should be answered in the same manner that Mr. Morgenthau answered me, I should say that they were tricky and unreliable. Mr. Morgenthau was asked by me if he had "fired" Prettyman, and he said "No." It later developed that he had asked for his resignation. That did not develop, however, until later.

I ask the Senator from Virginia now, if I should approach him and ask him if he had "fired" Prettyman, and he had only asked for his resignation, whether he would have said "no."

Mr. GLASS. Mr. President, I should have said that I had "fired" him.

I was unhappy in the use of the words. I am so accustomed to moderation that, knowing that the Senator from Michigan was scarcely less moderate than I, I just blundered there. I meant to use the word "reproach", rather than "vituperate."

Mr. COUZENS. I thank the Senator.

That is no. 1. Now, I shall mention point no. 2 in confirmation of my statement, which I do not retract one iota.

When Mr. Morgenthau was asked before the Finance Committee whether Mr. Jackson had been sworn in or not, he answered in the affirmative, and stopped. It appears that for 9 days prior to that Mr. Jackson had occupied the position of general counsel without taking his oath of office. Yet, in answer to my question as to whether he had been sworn in or not, the Secretary answered in the affirmative, without any qualification at all, to the effect that he had served 9 days without having taken his oath of office.

I submit that if I had asked the Senator from Arkansas or the Senator from Virginia that same sort of question, either of those gentlemen would have said, "He was sworn in on the 9th of February, 9 days after he was appointed."

Because of those evasive answers, I stand by my conclusion that at least in this connection the Secretary was tricky and unreliable.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination of Robert H. Jackson to be general counsel for the Bureau of Internal Revenue?

The nomination was confirmed.

Mr. ROBINSON of Arkansas. Mr. President, in view of the length of time the nomination of Mr. Robert H. Jackson has been pending before the Senate, I ask unanimous consent that the President be notified of the action of the Senate in confirming the nomination.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the President will be notified.

LEGISLATIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to.

NATIONAL INCOME

Mr. LA FOLLETTE. Mr. President, some time ago the Senate authorized the publication of a report on distribution of income, which has been given Senate Document No. 124. Since that time certain illustrations have been presented.

After conferring with the Chairman of the Senate Committee on Finance, I ask unanimous consent for an additional order incorporating the illustrations and ordering them printed with the document.

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

TREASURY AND POST OFFICE DEPARTMENT APPROPRIATIONS—CONFERENCE REPORT

Mr. McKELLAR submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7295) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1935, 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 Senate recede from its amendments numbered 4, 5, 25, and 35.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 26, 29, 37, and 38, and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$18,500,000"; and the Senate agree to the same.

Amendment numbered 27: That the House recede from its disagreement to the amendment of the Senate numbered 27, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$98,500,000"; and the Senate agree to the same.

Amendment numbered 28: That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$47,200,000"; and the Senate agree to the same.

Amendment numbered 30: That the House recede from its disagreement to the amendment of the Senate numbered 30, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "$12,000,000"; and the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$13,325,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 3, 31, 32, 33, and 34.

CARTER GLASS,
KENNETH McKELLAR,
PARK TRAMMELL,
FREDERICK STEIWER,
L. J. DICKINSON,
Managers on the part of the Senate.

WILLIAM W. ARNOLD,
LOUIS LUDLOW,
JOHN TABER,
CLARENCE J. McLEOD,
Managers on the part of the House.

Mr. McKELLAR. I move that the Senate agree to the conference report.

The motion was agreed to.

Mr. McKELLAR. Mr. President, I move now that the Senate recede from its amendments numbered 31, 32, 33, and 34.

The motion was agreed to.

Mr. McKELLAR. Mr. President, in regard to the amendments on which the Senate has just voted to recede, I want to make a short statement.

These amendments refer to what is known as the "Reedsville, W.Va., matter." The House conferees took the amendments back to the House, and the House voted 3 to 1, as I recollect, against accepting the Senate amendments. Of course, under those circumstances, I cannot ask to have the amendments go back to conference, and therefore I have moved that the Senate recede.

In that connection I want to say that I think both Houses made a mistake in not adopting the Reedsville plan. My reasons are to be found in a statement from the Post Office Department, which I ask unanimous consent to have printed in the RECORD as a part of my remarks at this place in the RECORD.

The PRESIDING OFFICER. Is there objection?

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

MARCH 7, 1934.

Memorandum for Mr. Evans.

In connection with the strong opposition to the proposed erection of a Government factory in connection with the consummation of the subsistence-homesteads project near Reedsville, W.Va., which has developed among manufacturers throughout the country, and particularly to that which has manifested itself through the Keyless Lock Co., of Indianapolis, Ind., which, it is understood, is owned by Mr. Arthur R. Baxter, of that city, there is set out herein for such consideration as the facts may warrant, certain information which is supported by records in the Department and by personal observation and contact in the factory of the Keyless Lock Co. and in post offices on a number of occasions.

For several years the product of the Keyless Lock Co., as far as the Post Office Department is concerned, has been confined exclusively to the manufacture of steel furniture and screen-line equipment which is sold on contract to the Government, or sold outright or leased to a postmaster or the lessor of a building in which the post office is located. The latter plan is more highly remunerative to the Keyless Lock Co. than the former plan for the reason that in practically every instance a much lower rate is made to the Government than to a postmaster or other lessee for the outright purchase of the necessary equipment.

Investigation disclosed that the greatest source of revenue accruing to the Keyless Lock Co., however, is derived from post-office furniture and screen-line equipment furnished a postmaster on a rental basis, payable monthly in advance, under the terms of an iron-clad lease contract executed by the company and the postmaster or lessor of a post-office building. There is attached hereto a photostatic copy of form of such lease executed by a postmaster, which is as follows:

"To have and to hold same from the date of installation, and to continue thereafter so long as the said lessee continues as postmaster at ———, and until said chattel property is shipped back to said owner by said lessee, as hereinafter provided. And said lessee, in consideration of the leasing of said chattel property, by the said owner, as herein set forth, agrees to pay to the said owner, as rent for said chattel property, the sum of —— dollars and —— cents ($——) a month in advance, the first payment being due on the date of installation, and to continue thereafter monthly until the termination of this lease contract.

"And the said lessee further agrees that all of the said property shall be considered as chattel property, and hereby agrees not to attach any portion thereof to any building which would operate to make said chattel property a part of any building. It is, however, agreed between the said owner and lessee that the said owner will supply the necessary 'filler strips' without charge to the said lessee, which 'filler strips' the said lessee may attach to his walls as part of said walls, and to said 'filler strips' the above-mentioned post-office screen work may be attached with removable screws.

"It is further agreed and understood between the said parties to this lease contract that the said owner will carefully crate the said chattel property described above, and deliver the same f.o.b. the railroad station at Indianapolis, Ind., and that the said lessee will pay for, at his own expense, all freight, hauling, and erection charges connected with the installation of said work, and further that at the expiration of his incumbency as postmaster, the said lessee shall immediately, at his own expense, carefully take down, crate, and ship same to the said owner at Indianapolis, Ind., or to some equally distant point at owner's option, all freight charges prepaid.

"It is further agreed between the parties that at the expiration of this lease, peaceable possession of the said chattel property shall be given to the said owner in as good condition as when shipped to the said lessee, the usual wear and tear excepted; and furthermore, that upon the nonpayment of said rent that the said owner may, at his election, within 30 days after said rent shall have become due, recover possession of said chattel property, as if the same was held by forcible detainer."

This lease contains no provision whatever for the subsequent purchase of the equipment by the lessee, regardless of the amount that may have been paid in rental therefor, and, notwithstanding the provisions of the lease as applies to the lessee it might not deserve severe criticism if it obligated the lessee for a reasonably limited period, but it is operative to the fullest extent "so long as the said lessee continues as postmaster", and there are numerous instances where postmasters have continuous service extending over a period of 25 or 30, and in some instances over 40 years, there being a few instances in excess of even this period.

Investigation disclosed that there are a large number of cases where this, or a similar contract has remained in full force and effect over such an extended period that, based upon the quoted sale price, the equipment covered by such lease contract had been paid for several times over in rentals, even as many as six or seven times.

For instance, there was installed in the post office at Beacon Falls, Conn., on September 1, 1918, certain equipment manufactured by the Keyless Lock Co., at which time that company quoted to the postmaster, who was also the lessor of the building in which the office was being conducted, a price of $1,209 for the outright purchase of the equipment by the postmaster, or on a rental basis of $104 per quarter, or $416 per annum. The rental plan was chosen by the postmaster and the records in the Department show that this equipment is still being rented at that rate. On the basis of 15 years and 7 months (the current March quarter in advance) since the date of the installation of this equipment and figured at the rate quoted per annum, it appears that there has been paid in rental on this equipment a total of $6,968. Based on the initial cost of this equipment as quoted by the Keyless Lock Co., that is, $1,209, fully installed, the annual payment of $416 in rental is equal to 34.4 percent per annum on the investment.

Again the Keyless Lock Co. furnished certain equipment, to the lessor, for use in the post office at Tonkawa, Okla., on a rental basis of $80 per month and the lease on the present post-office quarters at that point terminated on February 26, 1934, at the expiration of 10 years. Rental on this equipment at the rate of $80 per month amounted to $960 per annum and over the period of 10 years there was paid $9,600 for the use of the equipment, which would have cost at the beginning of the lease approximately the sum of $1,861, figured item by item at the prevailing rate at that time. Much of the equipment furnished, however, is not in use, a large portion of it now being stored in the building. Recently when investigating the case at Tonkawa with a view to obtaining a new lease at a reduced rate, the post-office inspector handling the case was able to obtain an offer for the new lease at a rate of $830 per annum, as against a rate of $2,100 per annum under the former lease, due in a large measure to the Keyless Lock Co. having agreed to reduce to the lessor the rate for rental of such equipment as was actually in use at Tonkawa from $80 to $15 per month, with the understanding that any taxes that might be levied against this equipment would be paid by the lessee.

Further, there was installed in the post office at Urbana, Ohio, on March 1, 1922, certain equipment manufactured by the Keyless Lock Co., which equipment was rented by the lessor of the building in which the post office was conducted, from the Keyless Lock Co. on the basis of $964 per annum, the records showing that this rental was paid throughout the life of the lease which expired on March 1, 1932. When this lease was about to expire and the post-office inspector was endeavoring to negotiate a new lease at a reduced rate it developed that the lessor of the building would not consent to a reduction in the rental then in effect and it became necessary to take the matter up direct with the Keyless Lock Co. with a view to having that concern make a substantial reduction in their charge for rental of the equipment. After a somewhat lengthy correspondence the Keyless Lock Co. stated that they were willing to reduce the rate of rental but they requested the Department to set the amount which, of course, the Department could not do. The inspector who handled the lease case in this instance stated in his report that he had no information as to what this equipment originally cost, but gave it as his opinion that new equipment sufficient for the needs of the office would cost approximately $3,500 at the time of the investigation and that it was not believed that the equipment then in use would have a value in excess of $2,000 in 1932. It was also the opinion of the inspector that the rate of rental then being charged by the Keyless Lock Co. for the use of this equipment was apparently excessive, which rate, of course, would be included by the proponent in his proposal to the Department. The list of items of equipment furnished in this instance has subsequently been checked against approximate current prices in effect at that time, and it is estimated that this equipment, when new, could have been purchased for approximately $2,250 and that it could be purchased today for about $2,000.

In any event, when the Department informed the Keyless Lock Co. that it was not believed that their equipment had a value in excess of $3,500 they immediately agreed on that amount as a basis on which to submit an offer to reduce their rental, and they submitted an offer to accept 12 percent of that amount, or $420, per annum for the new lease. The Department protested that this rate was still too high and that a rate of $280 per annum, or 6-percent return plus 2 percent for incidentals, would be fair. To this latter proposal the Keyless Lock Co. finally agreed, but when it came to setting the date for the new rental rate to become effective they would not consent to March 1, 1932, the date of expiration of the former lease, as desired by the Department, but they arbitrarily set it for June 1, and the higher, or former, rate was paid them from March 1 to May 31, and then the new rate of $280 per annum became effective on June 1, 1932. This rate continued in effect until December 11, 1933, on which date the office was moved into the new Federal building, and the lease on the equipment automatically expired. Thus it will be noted that the Keyless Lock Co. received a total of some $10,308 from the lessor of the building for the use of equipment which could have been

purchased by the Department outright for about $2,500, and title to this equipment was still vested in the Keyless Lock Co. at the termination of the lease; and the same is likewise true in the two cases previously mentioned herein.

Another case in point indicating that it would be to the financial advantage of the Department to provide Government-owned equipment in leased buildings is that of temporary quarters for the main post office in the city of Detroit, Mich., at the present time. The Keyless Lock Co. manufactured and sold outright to the lessor of the temporary quarters in Detroit, provided by the Treasury Department, a steel screen line approximately 300 feet long containing 32 service windows. The cost of all this equipment was taken into the cost of alterations on the building of the successful bidder for temporary quarters, who was given a lease on June 2, 1931, for 157,420 square feet of floor space, at the rate of $65,000 per annum, to run for a period of 18 months, and for as long thereafter as should be required by the Government. It was stated that the cost of the alterations to fit the quarters for the needs of the Government, including all equipment, should be $95,400, which amount was divided into 12 equal parts and added to the rent for the first 12 months of occupancy. Thus it will be noted that the Government actually paid the cost of this equipment in 1 year, and ownership is still actually in the hands of the lessor of the temporary quarters. If the Government manufactured or otherwise owned this equipment, it could be transferred to other post offices as needed, and a substantial saving in cost to the Department would result thereby.

With particular reference to the product of the Keyless Lock Co.'s plant at Indianapolis, it may be stated that it has been a common practice on the part of this concern to restore for further service large quantities of old used equipment which has been repossessed by the company either on account of the nonpayment of rental by termination of a lease with a postmaster or other lessee, or which has turned back to the owner bodily by a postmaster after his office had been furnished with suitable Government-owned equipment.

The process of rehabilitation has been by submerging the steel screen line units in an acid bath to remove every vestige of the former finish; then the dents and other defects in the metal are rolled out by heavy machinery, flanges are straightened and squared, slight rust spots removed, and the equipment is then returned to the finishing room where a new finish is put on, the equipment being subsequently returned to the shipping room apparently ready for new-trade channels. It is not known whether or not any of these rehabilitated units have ever been sold as new equipment, but it is no reflection on the integrity of the Keyless Lock Co. to state that much of it could easily be furnished as new equipment to the average postmaster or other person unfamiliar with such product.

I have on a number of occasions, when visiting this plant on official duty, noted their drying ovens completely filled with this rehabilitated equipment, while other sections of the plant would have large quantities of this made-over equipment on the floors. I distinctly recall that on one occasion when I was officially at this factory one of the foremen directed my particular attention to a long array of screen-line panels standing along the walls of one of the rooms, and he suggested that I go over and look at these units carefully and then come back and let him know what I thought of the equipment. I accordingly went over and looked carefully at a number of these units and then returned to where this foreman was working, and I said to him, "Well, they look pretty nifty", whereupon he said to me, "You will be surprised when I tell you that that particular screen-line equipment has been in constant service for over 15 years."

While on a recent tour of official duty through the West I visited the factory of the George Fensky Co. in San Francisco, Calif., a concern which manufactures post-office equipment of wood, on which occasion Mr. Fensky brought up the question of the Government going to manufacture post-office equipment in the proposed new factory near Reedsville, W.Va., and he voluntarily informed me that he had received a letter from Mr. Baxter, of the Keyless Lock Co., strongly urging him to write letters protesting the proposed action of the Government going into the manufacture of postal equipment, these letters to be addressed to President Roosevelt, Postmaster General Farley, and to Senator HIRAM JOHNSON, of California, and that he had acted accordingly in the matter.

It is well known that Mr. Baxter is the author of many statements protesting violently against the contemplated manufacture by the Government of post-office furniture and screen-line equipment and as a refutation of his repeated claim that such action by the Department would throw hundreds of men out of employment at his factory, there is quoted below an excerpt from a letter written by him to the purchasing agent of the Post Office Department under date of June 9, 1933:

"As you probably know, we (the Keyless Lock Co.) have been receiving practically no business from your office on screen line and furniture during the past year, but we are still going through the formality of making bids."

Mr. Baxter, as well as a number of others through whom he is working violently against the West Virginia project, is on record in print on a number of occasions as stating that if this project goes through it will close his factory down entirely and thus throw out of employment 250 men. In this connection I desire to state that I have been making official trips of inspection to the factory of the Keyless Lock Co. in Indianapolis regularly since July 16, 1931, and never once during that time to my knowledge has Mr. Baxter ever had that number of men employed, and I do not hesitate to say that I do not think he has ever during that period had half that number of men employed in his factory at one time.

It is shown, by careful examination of the files relating to various lease cases in which is involved the furnishing of equipment by the Keyless Lock Co. or the American Post Office Equipment Co., both concerns owned by Mr. Baxter, the Department has for a number of years paid indirectly into the treasuries of these concerns thousands of dollars representing financial returns on the original investment involved in each case from 10 to 500 percent.

The Keyless Lock Co. (and the American Post Office Equipment Co.) have two sources of revenue on rentals of equipment, namely, through rental to lessors of post-office quarters who, in turn, pass the charge along to the Department as additional rent, and through rentals of equipment to postmasters, usually at offices of the third class, who are required to provide their own equipment. Very few postmasters at offices of the third class, upon appointment, are able to purchase outright the equipment necessary to conduct the office. It has been my observation in going over numerous rental cases in the division of post-office quarters that advantage of this circumstance has been taken by the Keyless Lock Co., which, through what might be termed high-pressure salesmanship, has been able to induce many postmasters to sign leases for equipment at excessive rates, considering the value of the equipment; which leases contain the provision that the contract shall remain in force so long as the leases shall continue as postmaster at the office involved.

Several years ago the Department, under authority of Congress, entered into a program of relieving postmasters at offices of the third class of expense in connection with rental of equipment by making leases at these offices with the Government supplying the equipment. After reviewing hundreds of questionnaires received from postmasters in the $1,900 to $2,300 salary grades, a number of cases were selected for investigation by inspectors with a view to making long-term leases with Government-owned equipment. An attempt was made to relieve first those postmasters who were renting equipment at an excessive rate. Consequently, a great many of the leases which were finally entered into and under which the Department supplied the equipment were at offices where the postmasters had signed leases with the Keyless Lock Co. The company endeavored in most cases to force the postmasters to comply with the terms of the leases and to continue to pay the rent on the equipment, even thought it had been removed from the post offices and Government-owned equipment installed in lieu thereof. A number of postmasters in this category wrote the Department for advice relative to what should be done as the result of the demands of the Keyless Lock Co. Inasmuch as the solicitor for the Post Office Department ruled that the lease contract was legal, the Department had no other recourse than to advise the postmaster that the argument was between him and the Keyless Lock Co.

It is known, however, that the Keyless Lock Co. did not endeavor to enforce the contracts in some cases. Instead of trying to force the postmasters to continue to pay the rentals indefinitely, the Keyless Lock Co., in an effort to get as much money as possible from the postmasters, offered to take back the equipment on condition that several months' rental be paid after the equipment was shipped back to the factory at the postmaster's expense.

For instance, the postmaster at Salina, Utah, in a letter to the Department dated April 28, 1932, stated that "the company has told me it will cancel my contract if I will continue to pay the above amount of rent for 6 months after returning the boxes to the home office."

The postmaster at Salina had rented the equipment from the Keyless Lock Co. at the rate of $148.20 per year for 8 years, or a total of $1,185.60. As the result of the investigation by the inspector looking toward making a lease at Salina, with the Department supplying the equipment, the Department purchased all new modern standard equipment from the Keyless Lock Co. for the sum of $1,129.36.

In support of the contention that the lease contracts which the Keyless Lock Co. made with various postmasters were unfair and that the company was quite willing to cancel the agreements rather than to force postmasters to continue paying rentals, it has been ascertained that the Keyless Lock Co., in many cases involving purchase of Government-owned equipment, offered to sell to the Department, at a greatly reduced price, the second-hand equipment which was then being rented to the postmasters.

None of these proposals of the Keyless Lock Co. to sell the second-hand equipment was accepted by the Department inasmuch as the equipment was found in practically all cases to be nonstandard.

Listed below are a number of third-class offices which fall in the class of those just mentioned:

Oldham, S.Dak.: Postmaster rented equipment from the Keyless Lock Co. at $165 per year for 7 years. Department bought new equipment from Morgan Lumber & Manufacturing Co. for $822.76.

St. George, S.C.: Postmaster rented equipment from the Keyless Lock Co. at $171.60 per year for 5 years. Department bought new equipment from the Keyless Lock Co. for $944.30 f.o.b. Indianapolis, Ind.

Pemberville, Ohio: Equipment rented by postmaster from the Keyless Lock Co. at $152.40 per annum for 7 years. Department purchased new equipment from Federal Equipment Co. for $892.

Cumberland, Ky.: Screen line only rented from the Keyless Lock Co. for several years at $273 per annum. Department purchased new equipment from the Keyless Lock Co. for $1,311.33.

Whitesville, W.Va.: Lessor rented equipment from the Keyless Lock Co. at $150 per annum. Department purchased new equipment from Federal Equipment Co. for the net sum of $818.90. The Keyless Lock Co. offered to sell to the Department for $495 the second-hand equipment it was renting to the postmaster for the sum of $150 per year. This proposal was rejected, however, inasmuch as the used equipment was not standard.

Decatur, Miss.: Paid the Keyless Lock Co. $90 per year for 2 sections lockboxes 120–32–8 for 6 years. Department purchased complete equipment for $962.70 (delivered and installed) from Corbin Cabinet Lock Co.

Tinley Park, Ill.: Postmaster paid $264 to the Keyless Lock Co. (per year) for equipment, 2 years. Department purchased equivalent equipment from McLane Manufacturing Co. for $752.40.

Gridley, Ill.: Postmaster paid $142 per year to American Post Office Equipment Co. for equipment for 8 years; value, $1,190. Department purchased new equipment from the Keyless Lock Co. (delivered and installed) for $1,036.33.

Isle, Minn.: Postmaster paid $144 per year rent to the Keyless Lock Co. for equipment, 6 years. Department purchased new equipment from the Keyless Lock Co. (delivered and installed) for $805.49 less 5 percent, 10 days.

Mound City, Kans.: Postmaster rented equipment from the Keyless Lock Co. at $121.20 per year for 2 years. Department purchased equipment from the Keyless Lock Co. (delivered and installed) for $1,023.37 less 5 percent, 10 days.

With reference to the first source of revenue to the Keyless Lock Co. by rental of equipment, mentioned above, namely, the rental of equipment to lessors, it is this business that represents a vast source of income to the Keyless Lock Co.

At Huntington Beach, Calif., under a lease executed for post-office quarters in 1922, equipment was rented by the lessor from the Keyless Lock Co. at a rate of $540 per annum, with the Department paying the lessor $2,400 per annum for the quarters. This lease was extended in 1927 on a month-to-month basis at the same rate and renewed on September 21, 1928, for another 5 years at $1,500 per annum. During the 11 years the lease ran, the Keyless Lock Co. received $5,940 for the rental of the equipment. On June 9 last, the inspector handling the lease case reported that an equipment company on the coast had offered to duplicate the equipment, delivered and installed, for the sum of $2,000. On attempting to make a new lease, the inspector suggested to the lessor that he negotiate with the Keyless Lock Co. for the purpose of securing a reduction in the rental paid for equipment. The company finally agreed to reduce the rent to $22 per month, and the lessor thereupon agreed to renew the lease at $1,000 per year with equipment, or at $800 per year without equipment. It may be stated that subsequently, after readvertising for quarters, the present lessors submitted a new proposal, which was accepted, for rental at $480 per year with the Government supplying the equipment.

At Overton, Tex., the equipment owned by the Keyless Lock Co., valued at approximately $450 by the lease inspector, was rented to the postmaster by the company at the rate of $96 per year. In negotiating the new lease the inspector suggested that the Department take over the second-hand equipment belonging to the Keyless Lock Co., inasmuch as certain Department-owned equipment was also in use at the office and used in conjunction with this privately owned equipment. After advertising in the usual manner, an order was drawn on April 2, 1932, on the Keyless Lock Co. for the second-hand equipment. Notwithstanding this purchase by the Department, the Keyless Lock Co. continued to bill the postmaster for rental, sending him a notice on June 23, 1932, that a payment of $8 would be due July 1; and on or about July 30, 1932, sent him a notice that $16 rental was past due. The postmaster called the matter to the attention of the Department, asking if information he had received from the inspector to the effect that the equipment had been purchased by the Department was correct. The matter was taken up with the Keyless Lock Co. and request made that the billing for rental be discontinued; also, make refund of any rental paid after April 2, 1932. Under date of September 20, 1932, the Keyless Lock Co. acknowledged the errors and stated the amount overpaid had been refunded to the postmaster at Overton, Tex.

At Sinton, Tex., a lease at the rate of $1 per year expired January 31, 1933. Previous to the expiration of the lease the Department was in controversy with the lessor relative to matters of light, heat, etc. The lessor, who rented equipment from the Keyless Lock Co. at the rate of $468 per year, was in arrears to that concern in the amount of approximately $750. A group of business men agreed to assist the lessor in paying the expense of renting equipment, furnishing heat, light, etc., but the individuals who made this agreement failed to carry out their part of the contract, and the lessors lost considerable money in carrying out the lease. When the time came to negotiate a new lease, the lessor was in the position of an unsuitable lessor, but the inspector stated that he believed conditions would be much improved under a new lease at a regular rental.

The most advantageous proposal was that of the owner of the quarters then occupied, and the owner offered quarters either with or without equipment. The Keyless Lock Co., only after the inspector had suggested to the proponent that an effort be made to have the rental reduced, agreed to reduce the rental on the equipment, which was then 10 years old and nonstandard, to $240 per year under a 5-year lease with option to renew for an additional 5 years at the same rate.

The Division of Equipment and Supplies was requested to advise whether second-hand equipment could be furnished for the Sinton office (current legislation prohibits the purchase of new equipment for offices of the third class) but that Division advised that all available equipment had been assigned to other post offices of the third class.

Consequently it was determined that the best interests of all concerned would be served by accepting proposal no. 1 at the rate of $480 per year for the room then occupied with equipment supplied by the lessor. Half of this rental will, in turn, be paid to the Keyless Lock Co., by the lessor, and under the 5-year lease that concern will be paid $1,200 for equipment which it has already rented to the lessor for 10 years and on which it has received approximately $4,500 in rentals.

From the above it can be seen that if the Department were authorized to furnish equipment to post offices of the third class where unusual conditions exist, a direct saving in rentals could be effected many times. If Government-owned equipment had been carried in stock which could have been provided the Sinton post office the cost would be much less than $1,200, which will be paid in rental, and at the expiration of the lease period the Department would still own the equipment.

In connection with this phase of the matter attention is also invited to the fact that many times lease cases are delayed to the point where acceptance of the new proposal is not effected until about the time the old lease expires. If the Department is required to furnish the equipment, it takes from 60 to 120 days to go through the regular routine of advertising, awarding contract, manufacturing, shipment, and installation of the equipment. Many times this involves double rentals or the payment of excessive renewal rates in the old quarters. The point is made that if the Department manufactured its own screen-line equipment, the various items of equipment could be made up in advance and carried in stock ready for immediate shipment, thus effecting considerable saving.

I. P. DAWSON,
Traveling Mechanician.

Mr. McKELLAR. Mr. President, I may say that many Representatives and Senators were perhaps persuaded to vote as they did in reference to this matter by propaganda sent out from what is known as the Keyless Lock Co., of Indianapolis, Ind. The statement I have had printed in the RECORD has to do with that. That company has been enjoying a virtual monopoly for some years in furnishing post-office equipment, first to the Government, and, secondly, to the several post offices, at such prices that I think any fair-minded man would say, after having read the statement, that such purchases should not be permitted under any circumstances. The Government should not have paid any such prices, nor should the Government make it necessary for the postmasters of the country to pay such prices.

At a later date I will introduce a bill seeking to deal with the question of post-office equipment. The situation ought to be corrected, and the only possible way in which it can be corrected is for the Government to take some such step as is set out in the amendments referred to.

UNCLAIMED DEPOSITS IN NATIONAL BANKS—RECONSIDERATION

Mr. REED. Mr. President, 2 or 3 days ago the Senate agreed to a motion requesting the House to return to the Senate the bill (S. 2359) to provide for the disposition of unclaimed deposits in national banks, which we had passed. The House has now messaged the bill back to the Senate in accordance with our request. Now that the bill is again in the Senate, I ask unanimous consent that the votes by which it was read the third time and passed be reconsidered, and that the measure be placed on the Senate calendar.

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

NAVAL CONSTRUCTION

Mr. DILL. Mr. President, yesterday I entered a motion to reconsider the votes by which House bill 6604, the naval construction bill, had been read the third time and passed, because I wanted to have an amendment which I had offered considered and voted on by the Senate.

I have had conferences with the Chairman of the Committee on Naval Affairs of the House of Representatives and the Chairman of the Senate Committee on Naval Affairs as to the purpose I desire to serve, and they have promised to consider the matter, and state they think they can work out a reasonably satisfactory solution of it in the provisions which will be in conference. I do not want to hold up or

delay the bill, and I have every confidence in the ability of the gentlemen to whom I have referred to be fair in the matter, so I withdraw my notice of a motion to reconsider.

The PRESIDING OFFICER. Without objection, the notice is withdrawn.

Mr. TRAMMELL. Mr. President, I move that the Senate insist on its amendments to House bill 6604, ask a conference with the House on the bill and amendments, and that the conferees on the part of the Senate be appointed by the Chair.

The motion was agreed to; and the Presiding Officer appointed Mr. TRAMMELL, Mr. WALSH, Mr. TYDINGS, Mr. HALE, and Mr. METCALF conferees on the part of the Senate.

INCLUSION OF CATTLE AS A BASIC COMMODITY

The Senate resumed the consideration of the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes.

Mr. FESS obtained the floor.

Mr. McNARY. Mr. President——

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

Mr. FESS. I yield.

Mr. McNARY. The Senator from Ohio having yielded, I desire to ask the Senator from Texas as to the parliamentary situation. I understand the pending proposal is the amendment offered by the Senator from Texas to the language found on lines 2 and 3, page 2. Is that correct?

Mr. CONNALLY. The matter immediately pending is the committee amendment, to strike out the word "advance" and then I propose to urge my amendment.

Mr. McNARY. I do not want to delay consideration of the committee amendment, but I want to discuss briefly the proposal of the Senator from Texas.

The PRESIDING OFFICER. Without objection, the committee amendment is agreed to, and the question now is on the amendment offered by the Senator from Texas [Mr. CONNALLY] on lines 2 and 3, page 2.

Mr. O'MAHONEY. Mr. President, I should like very much to propound a question or two to the Senator from Texas with respect to the reasons for the amendment.

Mr. McNARY. Mr. President, I think I shall proceed just briefly, if the Senator from Ohio will permit me.

As I read the House text, the money to be provided out of the Treasury, in the sum of $200,000,000, is to be reimbursed and again covered into the Treasury of the United States through a duly levied processing tax. When the bill reached the Senate committee the word "advance" was stricken out, so it makes a pure grant out of the Treasury in the sum of $200,000,000 to be used in the cattle and dairy industry. Is that the interpretation the Senator from Texas places on the bill?

Mr. CONNALLY. It is not.

Mr. McNARY. What purpose was there in striking out the word "advance"?

Mr. CONNALLY. I was not present in the Senate Committee on Agriculture and Forestry. I assume the Senator from Oregon was there when the Secretary appeared and asked that the word be stricken out.

Mr. McNARY. I was not there.

Mr. CONNALLY. I am sure that it was stricken out for the reason that the effect of this bill is to place cattle under section 12 of the original act. Under section 12 of the original act, subsections (a) and (b), the Secretary is authorized to make use of the appropriation for rental and benefit payments. It does not use the word "advance"; neither does the act use the word "advance" with respect to any other agricultural commodity. It simply treats cattle as it treats all other basic commodities. I assume the word "advance" was stricken out at the request of the Secretary of Agriculture because he did not want to differentiate between cattle and the other commodities.

The Senator from Colorado just called my attention to the proceedings before the committee. If the Senator from Oregon will bear with me, I will refer briefly to the statement of Chester C. Davis, Administrator, Agricultural Adjustment Administration:

> There is one criticism that I have of the form of the bill as it came over from the House. If you will take that bill and turn over to the second page, it says:
>
> "And to make advance rental and/or benefit payments with respect thereto." As you gentlemen know, we have power under the present bill to make advances when they are benefit payments by securing a Treasury advance. I think your committee should take that word "advance" out and just say: "To make rental and benefit payments with respect thereto", for the reason that with that "advance" in there it might raise a question as to whether the practice we now follow is legal or not; whether since you state the advance in connection with cattle it might imply that we have not the power to make the advance with the other commodities.

The legal staff consulted me some days ago and made the same argument, that since they had the power under the general act to make advance payments, if we inserted that word it might imply that as to other commodities it did not have that power.

Mr. McNARY. That is the view I have taken of the language since reading it this afternoon.

Mr. CAREY. Mr. President, it appears to me that possibly the reason they asked for this change was on account of section 9 (a), which provides that wherever benefit payments are made a processing tax must be immediately levied. I cannot see the difference between an advance and a benefit payment. If money is advanced to a farmer on account of his crop, it seems to me it is a benefit payment. That is the way I interpret it.

Mr. McNARY. Mr. President, it is perfectly clear to me that, under section 11, subdivision (b), the Secretary of the Treasury and the Secretary of Agriculture cooperating or collaborating can determine in advance the amount of money that will accumulate from the levying of the processing tax. That is a very simple thing to do, and that is what is done in the case of all the commodities now named in the act. I assume the amendment offered by the Senator from Texas is intended to bring again this language back into the act under subdivision 12, namely, that there will be no gratuity, no grant, no advance, if not reimbursable into the Treasury of the United States, so that cattle will not be favored over any other commodity specified in the bill. Is that the view of the Senator from Texas?

Mr. CONNALLY. I will say to the Senator from Oregon that I tried to make that clear yesterday by saying I was insisting that cattle be not set apart in any particular classification and that they have no benefits under this bill that other agricultural commodities do not obtain.

Mr. McNARY. I was not here yesterday.

Mr. CONNALLY. I feel that is a fair attitude to take, and I feel that it is one that the Secretary of Agriculture approves, and I believe that to do anything else will rouse more antagonism to the bill, and will cause us to lose more than we are losing by reason of retaining the provisions now in the bill.

Mr. McNARY. What does the Senator mean by adding to the act this language?—

> And to support and balance the markets for the dairy- and beef-cattle industry?

Mr. CONNALLY. I will say to the Senator from Oregon that that language was inserted at the suggestion of the Department in order that the Secretary might proceed with arrangements through marketing agreements and whatever other arrangements he is able to work out, toward balancing production and consumption by removal of diseased cattle, getting rid of the old cows and canning them, and things of that kind. That is my understanding of why they desired that language.

Mr. McNARY. Does the Senator expect the Congress later to appropriate the full amount of money authorized in this bill?

Mr. CONNALLY. I hope that it will not be necessary, I will say to the Senator; but I do not know.

Mr. McNARY. What processing tax has the Senator from Texas figured will it be necessary to levy in order to

meet the conditions which he attempts to remedy by this language?

Mr. CONNALLY. I will say quite frankly to the Senator that the Senator from Texas has not in mind any particular processing tax, because he is not sufficiently advised as to the plans to be put into operation.

Mr. McNARY. Does the Senator believe that one is necessary at this time to aid the cattle industry? When the first allotment bill was before the Senate Committee on Agriculture, at which time I was chairman, in the last session of the Hoover administration, the cattlemen of the country were vehement in their opposition to being included in any allotment bill. The late and most beloved Senator from Wyoming, Senator Kendrick, fought it very earnestly and successfully, and cattle were omitted from the bill, upon the theory that the processing tax would have to be paid by the producer of livestock.

I now want to ask the Senator from Texas, who comes from a great cattle-raising section, what is the theory upon which he now proceeds in an effort to amend this bill? Do the cattlemen believe they can afford to absorb the processing tax? When is it to be levied? What is the amount of the tax? What are the facts that caused the Senator today to rise on his feet and advocate the plan which a few months ago was stoutly opposed by the cattle industry of the country? That is all I am asking. It is just a simple inquiry.

Mr. CONNALLY. It will take me some time to reply to that inquiry, if the Senator desires me to make a complete answer.

I ask unanimous consent to insert in the RECORD at this point a list of representative cattle raisers and others who attended the meeting at the Department of Agriculture on January 29, at which this matter was discussed, prior to the introduction of the pending bill.

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

The matter referred to is as follows:

LIST OF PEOPLE PRESENT AT CONFERENCE OF THE DAIRY- AND BEEF-CATTLE PRODUCERS, HELD IN ROOM 1324, NEW HOUSE OFFICE BUILDING, WASHINGTON, D.C., JANUARY 29, 1934

The Honorable Marvin Jones (chairman), Member of Congress from Texas.

The Honorable Henry A. Wallace, the Secretary of Agriculture.

The Honorable Robert D. Carey, Senator from Wyoming.

The Honorable Richard M. Kleberg, Member of Congress from Texas.

The Honorable Otha D. Wearin, Member of Congress from Iowa.

The Honorable Clarence F. Lea, Member of Congress from California.

Mr. W. W. Gaumnitz, Dairy Section, Agricultural Adjustment Administration.

Mr. John B. Shepard, Division of Crop and Livestock Estimates, Bureau of Agricultural Economics, Department of Agriculture.

Mr. W. D. McAfee, Cattle and Sheep Section, Agricultural Adjustment Administration.

Mr. L. M. Merryman, Dairy Section, Agricultural Adjustment Administration.

Mr. C. L. Harlan, Division of Crop and Livestock Estimates, Bureau of Agricultural Economics, Department of Agriculture.

Mr. Paul A. Porter, Division of Information, Agricultural Adjustment Administration.

Mr. DeWitt C. Wing, Division of Information, Agricultural Adjustment Administration.

Mr. Harry Petrie, Cattle and Sheep Section, Agricultural Adjustment Administration.

Mr. Charles E. Collins, president American National Livestock Association, Kit Carson, Colo.

Mr. Charles W. Holman, secretary the National Cooperative Milk Producers' Federation, 1731 I Street, Washington, D.C.

Mr. F. E. Mollin, American National Livestock Association, Denver, Colo.

Mr. Frederic Brenckman, Washington representative, the National Grange, 630 Indiana Avenue NW., Washington, D.C.

Mr. A. M. Loomis, secretary National Dairy Union, 630 Indiana Avenue NW., Washington, D.C.

Mr. Charles A. Ewing, president National Livestock Association, 160 North LaSalle Street, Chicago, Ill.

Mr. Walter P. Stuart, Cedar Bluff, Va. (representing Virginia cattlemen).

Mr. K. W. Hones, Northwest Farmers' Union Dairy Committee, Colfax, Wis.

Mr. J. H. Mercer, secretary Kansas Livestock Association, Topeka, Kans.

Mr. D. M. Hildebrand, president Nebraska Feeders and Breeders Association, Seward, Nebr.

Mr. John A. Simpson, Farmers' Union, Oklahoma City, Okla.

Mr. J. H. Meek, director, division of markets, State department of agriculture, 1030 State Office Building, Richmond, Va.

Mr. A. Sykes, president of the Corn Belt Livestock Association, Iowa.

Mr. F. F. McArthur, president the Central West Livestock Feeders Association, Oakland, Iowa.

Mr. C. F. Humphrey, San Francisco Milk Producers Association, San Francisco, Calif.

Mr. A. L. Crow, Atlanta, Ga.

Mr. W. B. Hutchinson, Albany, Ga.

Mr. J. Elmer Brock, Wyoming Stock Growers Association, Kaycee, Wyo.

Mr. W. B. Mount, Tennessee Beef Cattle Producers Association (city not given).

Mr. C. P. McClaugherty, division of markets, Virginia Department of Agriculture, 1030 State Office Building, Richmond, Va.

Mr. Harold H. Hall, The Dairy Laboratories, 1541 New Jersey Avenue NW., Washington, D.C.

Mr. Manville Kendrick, Wyoming Stock Growers Association, Sheridan, Wyo.

Mr. D. A. Fitzgerald, Brookings Institution, 722 Jackson Place, Washington, D.C.

Mr. J. Blaine Shaum, Central West Live Stock Feeders Association, Tarkio, Mo.

Mr. H. E. Gardner, Central West Live Stock Feeders Association, Oakland, Iowa.

Mr. Frederick H. Walton, Croswell Farm, Forest, Va.

Mr. Ray Brown, U.S. Live Stock Association, Springfield, Ill.

Mr. Doles L. James, manager, agricultural Service, U.S. Chamber of Commerce, Washington, D.C.

Mr. Chester H. Gray, Washington representative, American Farm Bureau Federation, 857 Munsey Building, Washington, D.C.

Mr. Hubbard Russell, 636 I. W. Hellman Building, Los Angeles, Calif.

Mr. Robin Hood, secretary-treasurer National Cooperative Council (city not given).

Mr. W. J. Dearth, National Live Stock Exchange, Omaha, Nebr.

Mr. Thomas B. Glascock, president Eastern Livestock Cooperative Marketing Association, Upperville, Va.

Mr. Walter Page, 350 Madison Avenue, New York, N.Y.

Mr. R. J. Kent, 2 Lafayette Street, New York, N.Y.

Mr. George L. Gray, Albany, Mo.

Mr. Julian L. Bivins, Amarillo, Tex.

Mr. W. T. Coble, Texas and Southwest Cattle Raisers Association, Amarillo, Tex.

Mr. Jerome O. Eddy (city not given), Arizona.

Mr. W. M. Vaughn (observer).

Dr. C. D. Pearce (observer).

Mr. W. A. Wentworth (observer).

Mr. J. B. Garrison, member Farmers' Union Dairy Committee (no city or State given).

Mr. T. R. Pirtle (no city or State given).

Miss Mildred Aaberg (reporter).

(The attendance list is incomplete. The reporter arrived at 2:30 p.m., after the meeting had been in progress for some time, and after the Secretary of Agriculture had given his address.)

Mr. CAREY. Mr. President, the Senator from Texas does not contend, does he, that all the men who attended the meeting approved the processing tax?

Mr. CONNALLY. I desire to read what they did approve. I have in my hand a full report of what transpired at that meeting. On page 22 of the transcript appears the following:

Those favoring endorsing the principle of the measure now pending before the Committee on Agriculture will make it known by saying "aye."

The vote was taken, and the motion carried, there being no dissenting vote.

Here was a unanimous vote by representatives of the cattle and dairy interests at that meeting. I cannot speak for all the cattlemen in the United States, and do not pretend to do so; but their chosen representatives were at that meeting, and they voted unanimously for the principle of this measure.

Mr. CAREY. Mr. President, I was present, I think, when they voted, and I know there were men there who were not in favor of the processing tax. I do not think there was an opposition vote, as the Senator has said, but I know there were men there who were opposed to the processing tax and who were opposed to this bill unless a certain program was worked out in connection with it. The thought was at that time that there should be a meeting of the stockmen and that the stockmen should determine upon a program to submit to the Secretary of Agriculture in connection with the carrying out of the act.

Mr. CONNALLY. Then the attitude of the Senator from Wyoming is, evidently, that he wants the $200,000,000 but he does not want the processing tax?

Mr. CAREY. The Senator has stated my position exactly.

Mr. CONNALLY. Of course, everyone would like to get $200,000,000 out of the Treasury, and then have the industry do nothing to bear its part of the burden or perform its duty. I am not going to stand on the floor of the Senate and ask the Senate to hand out $200,000,000 as a bounty to any industry. If the cattlemen do not want to come in under the Agricultural Adjustment Act, let them stay out; but if they want to come in, let them come in like everyone else comes in.

I am surprised that the Senator from Wyoming would stand upon the floor of the Senate and avow the position which he now asserts, that he wants the Treasury of the United States to hand out $200,000,000 to the cattlemen, and then he does not want the cattlemen to have to pay a processing tax or to do anything except to walk up to the Treasury and sign a receipt. Mr. President, that sort of procedure would bankrupt our Government, and I will not stand here and fight for such a thing.

Mr. FESS. Mr. President, if the Senator from Texas will wait a little while—it will not take me over 10 minutes to finish what I have to say—and then he can take the floor.

Mr. CONNALLY. I thank the Senator from Ohio for his indulgence thus far.

Mr. FESS. Mr. President, just before we went into executive session I was about to quote from a record as to the manner in which the hog program has been carried out. There were two or three things left unsaid that I wanted time to say.

I also wanted to make a general statement as to what this program is costing. The Secretary of Agriculture has stated at different times that he would not want to be committed to any particular figures because they were merely estimates, but that it would probably cost $800,000,000 to carry out the program as it was then in the minds of those who had it in charge. It was thought that the processing tax would be sufficient to take care of the expenditure, and that was the basis on which the processing tax was to be laid. In the language of the Senator from Texas, if there was to be any particular advantage to an industry the cost was not to come out of the Treasury but was, if possible, to be assessed in the form of a processing tax upon the consumer. The danger is that it will be reverted to the producer. No one seems to know whether the one or the other will happen; in fact, the Department is uncertain about it as it has expressed itself through one of its most notable representatives, Mr. Davis, who said:

As you know, under the law we draw upon the Treasury for an advance against the processing tax to accrue so that temporarily any one account may be overdrawn while the payments are being met. However, we did collect up to December 31 approximately $80,000,000 on account of the cotton-processing tax. It is running right along very nicely, and somewhat in excess of the estimated collection of processing taxes. Therefore, there is every reason to believe that the proceeds from the processing tax will pay all of the cotton-program expense; with the exception of the payments in connection with the cotton-option pool, which are to be met out of a special fund known as the "Bankhead Act fund", which runs to a total under the Bankhead Act, of approximately $60,000,000.

Mr. Davis expressed the philosophy underlying the processing tax, that it is designed to take care of all the extra expense so that the money will not ultimately come out of the Treasury. Now we see that in practical operation that is not proving to be the case. In other words, the Department of Agriculture is asking for appropriations, not directly but through allocations from the P.W.A., of over $800,000,000. That suggestion is in this report which we will consider when we come to the appropriation bill. It is one of the most dangerous movements in connection with the activities of the new deal. In other words, heretofore every appropriation has been itemized, and no appropriation has been made, except in specific terms, providing how the money shall be expended. Here, however, is a request for appropriations—to come from what? From the lump sum that is provided for the P.W.A., the amount to be allocated to the Agriculture Department and to be applied by the A.A.A., with no restraint from the Comptroller General, as must be the case as to all other items of appropriation, and with an avoidance of all requirements that heretofore have been insisted upon as to every dollar that is appropriated being in terms specifically expended for the object for which it was estimated and appropriated. It would seem to be indicated that the processing tax is ultimately to be abandoned, and we will have to look to the Treasury to provide money for the purposes contemplated by the A.A.A. in the form of a subsidy. If we are going to enter upon that policy, let us know it at the outset. It ought not to be camouflaged or covered up in any way, as might be the case, it seems to me, if the requests now being made are rightfully interpreted.

Mr. President, with an expenditure of $800,000,000 out of the Treasury, or out of the processing tax, for the purpose of increasing the price of agricultural commodities, and having spent the money, as we already have done in the case of cotton, as we have done in the case of hogs, and as we are doing in the case of wheat for the purpose of reducing production, yet production has not been reduced, and there has been no increase in prices due to the operations of the A.A.A. There has been an increase in prices, however, due to the devaluation of the dollar to a basis of 50 cents or 60 cents.

I asked the Secretary of the Treasury to give me a report as to prices of commodities so that I might know just in what degree either the A.A.A. or the devaluation of the dollar has reflected or registered an increase of prices. I received this official statement from Mr. Tugwell:

Cotton, percentage of increase, 74.5.

That is one of the commodities included in the A.A.A.

Corn—

Another commodity included in the A.A.A.—

116.5 percent.

Oats—

Which is not included in the A.A.A., and not being one of the seven basic commodities, it falls without the limit of assistance from the A.A.A.—

percentage of increase, 136.1.

Or 20 percent higher than the percentage of increase in the case of corn, which is covered by the A.A.A.

Barley—

And barley is not covered by the A.A.A., but there has been an increase in the price of that commodity amounting to 126.8 percent.

Wheat is included in the A.A.A., and in the case of that commodity there has been an increase in price of 108.4 percent.

In the case of rye, which is not included in the A.A.A., instead of the increase in price being 108 percent, as in the case of wheat, the increase has been 137 percent, a considerably higher percentage of increase in price than in the case of wheat, which is covered by the A.A.A.

I might go on down the line. Hogs are covered by the A.A.A., but there has been no increase in price. On the contrary, according to these figures, the price is 0.7 of 1 perecent lower. There is a loss also in the case of beef cattle, but they are not covered by the A.A.A.

In the case of milk, which is covered by the A.A.A., there has been an increase in the retail price of 12.2 percent; but, Mr. President, notice what has occurred in the case of wool. Wool is not covered by the A.A.A., and yet the increase in the price of that commodity has been 175 percent. So it appears that the greatest increases of price have been in the case of commodities not receiving assistance from the A.A.A.; in fact, the price of some of the commodities covered by the Agricultural Adjustment Act has actually fallen since the act began to operate.

I desire to make the statement—and I defy contradiction—that, after the expenditure of hundreds of millions of dollars in the inducement to reduce production for the purpose of increasing prices, there has been no increase of prices due to the operation of the Agricultural Adjustment Act.

There has been an increase of prices, it is true, but we anticipated it.

As I said on this floor at the time we were discussing the devaluation of gold, of course, if we cut the measuring unit by 50 percent we do not increase the value of the commodity measured by that unit; we do not increase its value but we increase the price, just as we do not increase the number of yards of cloth purchased when we halve the measuring stick. We may increase the number of units, but the length of the cloth is exactly the same. So I can understand why the Senator from Tennessee read the figures I hold in my hand, which were taken from the Washington Post, and which deal with commodity prices and take the two periods—one before the 50-cent dollar became operative and one after it became operative.

It is a pertinent question, when we see that the price of fertilizer has increased, to ask how much more fertilizer a 50-cent dollar will buy. Perhaps it is better to ask how much less it will buy. How much more machinery will be purchased by the cheap dollar? It is all right when the farmer is selling his products, but it is not all right when the farmer is buying the products of others. The difficulty is that the farmer loses because the price of the commodity he produces has increased less than the price of the products he consumes or purchases from someone else.

The whole program has been a complete flop, a total collapse, and it could not be otherwise. Notice the manner in which the Government dealt with the first hog-buying campaign. As I said a little while ago, the Government purchased 6,600,000 pigs and only 200,000 brood sows. The Government paid for those animals $31,000,000. Pork obtained from the slaughter of those animals aggregated nearly 1,000,000 pounds. In addition to that the A.A.A. obtained about 20,000,000 pounds of grease, the value of which was estimated at about $500,000, and 5,000 tons of fertilizer tankage, which might bring as much as $90,000. It is estimated that storage and other charges bring the total cost of this venture to $35,000,000.

If the estimated value of the grease and fertilizer obtained by the A.A.A. is deducted from this sum, about $34,400,000 remains to represent the value of the meat that was salvaged for the unemployed or thrown into the Mississippi River or otherwise disposed of. In other words, this vat of 100,000,000 pounds of meat, part of which is now going into the homes of the unemployed, has cost the taxpayers a little more than 34 cents a pound. I do not want that to escape the attention of Senators.

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

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

Mr. FESS. I yield.

Mr. LONG. I think the Senator has probably made a mistake in placing his decimal point. I understand that hogs are now selling for only about 4 cents a pound.

Mr. FESS. That is true.

Mr. LONG. Did not the Senator say this hog meat cost the taxpayers 34 cents a pound?

Mr. FESS. I did.

Mr. LONG. Has not the Senator made a mistake?

Mr. FESS. No; I do not think so.

Mr. LONG. How does that happen?

Mr. FESS. When the purchaser buys it in the general market, the price is about 4 cents a pound. It is 34 cents a pound only when the Government is doing the buying. In other words, this vat of 100,000,000 pounds of meat, part of which is now going into the homes of the unemployed, has cost the taxpayers a little more than 34 cents a pound. Fresh pork could be purchased for less than half that price at retail in the city of Washington at the very moment the Government paid the price I have indicated. The top price for hogs in Chicago at the time was only 4¾ cents a pound.

Mr. President, it is that sort of thing that nauseates every decent person who wants business to be conducted on a business basis. This miserable experience compels the Department, instead of undertaking to process it itself, to buy directly from the packers the meat necessary to supply the unemployed. I commend the Department for changing from the original plan to a plan that does not involve such wicked extravagance as the original plan demonstrated at the time.

Mr. SHIPSTEAD. Mr. President——

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

Mr. FESS. I yield.

Mr. SHIPSTEAD. Where does the Senator get that information?

Mr. FESS. The information comes from the Department's own statement, and this is a comment from an editorial in the Washington Post. I do not want the Senator from Minnesota to infer that what I am saying is not supported by a statement of the Department itself in a report on the first hog-buying campaign.

Mr. LONG. Mr. President, will the Senator pardon me again?

Mr. FESS. I yield.

Mr. LONG. There seems to be something wrong with that. Did not they get more meat than that out of it and throw some of it away?

Mr. FESS. Yes. Does not the Senator from Louisiana recall that it was suggested that some of it should be thrown into the Mississippi River? The purpose was to reduce production, and it was merely an afterthought to take it and give it to the unemployed. At first they did not know what to do with it except to make it into fertilizer.

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

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

Mr. FESS. Certainly.

Mr. CAREY. I desire to ask the Senator from Ohio if he has seen an article appearing in the Washington Daily News of yesterday headed "Wallace Denies Destruction of Food and Clothes"? It is an article by the Secretary of Agriculture in which he makes this statement:

> The emergency pig-slaughtering campaign did not destroy food. All the edible products were turned into relief channels. Surplus acres breed nothing but confusion, poverty, and waste.

I should like to ask the Senator, in view of the fact that nearly 6,000,000 pigs were destroyed and were not used for food, if the Secretary is justified in making such a statement as that?

Mr. FESS. I believe not. I want to be most cautious in what I say about anyone who has made an official statement. My acquaintenance with the Secretary of Agriculture is such that it leads me to believe he would not knowingly make a statement that is not supported by the facts. I think he is a very honest and conscientious man and has, I may say, a constructive mind; but he certainly is being misled when he makes the statement that there have been no foodstuffs destroyed.

If we buy a pig weighing 80 pounds and then undertake to slaughter it and get only 14 pounds of food, there is some waste somewhere. That is the report. It may be that the Secretary thinks he has made a correct statement.

Mr. CAREY. The Secretary made the statement in the report which he furnished that pigs weighing 80 pounds or less were not processed for the reason that it was not economical to process them. I believe 80-pound pigs are pretty good food; in fact, much smaller pigs are; but the reason given for not processing them was that the packers could not remove the hair from the pigs with their machines, and therefore they were thrown away.

Mr. FESS. That would be waste, would it not?

Mr. CAREY. I think so.

Mr. FESS. That may be an explanation of the thing about which I am trying to exculpate the Secretary. Whatever be the explanation, there is no justification in times like these, in the interest of reducing production, for the destruction of foodstuffs. That is a wicked thing and it ought not to be permitted under any circumstances.

Before the "new deal" and the "new dealers" ever saw Washington some of us here were engaged in considering

and passing what ultimately became the Clayton law. What was the purpose of the Clayton law? It was to prevent, by the imposition of penalties under a criminal provision, any destruction of any food products in order to keep up prices. That was the purpose of the Clayton Act. It was enacted into law by an overwhelming majority.

Yet here is the Government of the United States doing precisely what we penalized by the passage of the Clayton bill. It is absolutely indefensible, and cannot be justified on any basis whatever.

It is this sort of thing that, it seems to me, will lead the people of our country to demand a cessation of this foolish experimentation, the only excuse for which is, "Well, if it does not succeed, we will quit and admit that it is a failure", as if that were a justification for going on with such a program as this.

As I previously stated, if any article is to be favored, let the cattlemen come in and have the same consideration as others. The thing for us to do, however, is to remove the heavy hand of the Government from business, and let business have a chance to recover. Until we do that, there are going to be gloomy days before us.

Mr. CONNALLY. Mr. President, I should like to have a vote on my amendment.

Mr. VANDENBERG. Mr. President, may I ask the Senator one further question?

Mr. CONNALLY. I yield.

Mr. VANDENBERG. I am keenly concerned about the basic question which the Senator from Oregon [Mr. McNARY] and the Senator from Ohio [Mr. FESS] have been pressing; to wit, the question whether, under the pending proposal as submitted by the Senator, a processing tax will be applied to match the benefits which it is proposed to pay.

If it is not proposed to make uncompensated payments out of the Treasury, why is it necessary to appropriate $200,000,000 in this respect for cattle alone, when the original bill appropriated only $100,000,000 as a revolving fund for all of these other basic commodities?

Mr. CONNALLY. I shall say to the Senator that it is necessary to make an initial appropriation for cattle, just as it was necessary to make an initial appropriation in the case of other agricultural commodities, because the purpose is to begin operations immediately.

Mr. VANDENBERG. I do not think the Senator gets my point.

Mr. CONNALLY. I do. I shall come to that in a minute. We cannot get the money from the processing tax until after the program is in effect and goes along for a considerable period.

Mr. VANDENBERG. That is true.

Mr. CONNALLY. It is necessary to have a revolving fund to start with.

Mr. VANDENBERG. That is true.

Mr. CONNALLY. When the Senator mentions the amount of the appropriation, I should like to remind him that beef and dairy cattle constitute a great proportion of the wealth of the country. It takes lots of money to deal in them. That is why the appropriation is larger.

Mr. VANDENBERG. Would the Senator say that it would take twice as much to finance a cattle campaign as a campaign covering all the wheat, cotton, field corn, hogs, rice, tobacco, and milk, and all their products in the United States?

Mr. CONNALLY. Let me say to the Senator that this is simply an authorization. Congress still has to make the appropriation. It will not all be made at one time. The processing taxes, when collected, go back into the Treasury. Therefore we have to have a rather broad range of authorization, because the processing tax does not go to the Secretary of the Treasury so that he can spend it again. It goes into the Treasury, according to my understanding.

Mr. VANDENBERG. There must have been some basis upon which the $200,000,000 was computed. Why is it that twice as much is necessary for cattle as was contemplated for all the other basic commodities combined?

Mr. CONNALLY. My information is that the cattle and the dairy industries cover more than three times as much acreage as the other industries. I am not prepared to say, however, just what their percentage of money value is as compared to other agricultural commodities.

Mr. McNARY. Mr. President, will the Senator yield to me for just a moment?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Oregon?

Mr. CONNALLY. Yes.

Mr. McNARY. I think the Senator made a statement which he did not intend to make. The dairy interest is not involved in this bill. The bill takes care of beef cattle and dairy cattle used for beef.

Mr. CONNALLY. That is partially correct. It takes care of all dairy cattle.

Mr. McNARY. The Senator said "the dairy industry."

Mr. CONNALLY. I meant "the dairy-cattle industry."

Mr. McNARY. The gross income from the dairy-cattle industry is smaller than that from cotton, vegetables, fruits, poultry, and dairy products. I think cattle stand about sixth from the top of the list in gross income, though the industry is a large one.

I do not desire to interfere with the Senator's remarks; but, like the Senator from Michigan, the point which I do not understand is this:

The original authorization was $100,000,000 for six distinct basic agricultural commodities mentioned in the original act. So far as I am advised, that has been sufficient to take up the slack between the gathering of the processing tax and the repayment to the Treasury of the amount advanced. That being so, why does the Senator want an authorization for $200,000,000 here for an industry that is far from the top in the matter of gross receipts and returns to the producer?

That is an argument that I do not understand. What is the basis for an authorization of $200,000,000? It occurred to me that $50,000,000 ought to be ample to take care of 1 industry, if $100,000,000 is ample to take care of 6 industries, 3 of which are larger than this 1.

Have I made myself clear?

Mr. CONNALLY. Allow me to say to the Senator that if a small sum were appropriated it probably would be frittered away without securing any substantial results. [Laughter.] That seems to arouse the mirth of some Senators. Here is a great program. We have to start it.

As I have indicated, this money no doubt will be collected finally in the form of processing or other taxes; but why limit it to $50,000,000 when Congress has complete control over the appropriation? This bill merely carries an authorization. We still have to bring out these appropriations; and Senators know—I am sure the Senator from Wyoming knows—that even with the low price of cattle it takes a large volume of money to finance the marketing and the sale and the handling of large herds of beef and dairy cattle. The dairy industry alone wanted $300,000,000, not for the cattle but for the dairy industry itself.

Mr. VANDENBERG. Mr. President, there seems to be uncertainty, as stressed by the Senator from Ohio [Mr. FESS], as to whether, in final fact, it is proposed to reimburse the Treasury for the benefits paid under this cattle section.

The Senator from Texas made a very sturdy statement a few moments ago, with which I heartily concur, and I commend him for making it; namely, that under this bill he seeks no benefit for cattle which does not already exist for the other basic commodities. Yet apparently there are Senators upon the floor who intend to vote for the Senator's bill upon the theory that they can get the benefits without paying any processing tax.

Mr. CONNALLY. And there are Senators on the floor—the Senator from Wyoming, for instance—who are going to vote against the bill because they think there is going to be a processing tax.

Mr. VANDENBERG. The Senator who is now speaking is interested solely in seeing to it that a precedent is not

established for straight bounty payments, because if there are going to be bounty payments on cattle there might just as well also be bounty payments upon Michigan beans, which are equally in difficulty.

Mr. CONNALLY. Let me say to the Senator that I cannot make this matter any clearer than I have undertaken to make it heretofore. If the Senator from Michigan will read the bill, and if other Senators will read the bill, and not draw conclusions from reaching up in the air and picking imaginary things out of the atmosphere, they will see that what the bill does is to put cattle as a basic commodity under section 12 of the original act. If the Senator will read section 12, subsections (a) and (b), he will find that the Secretary can do with cattle only what he does with every other agricultural commodity.

If that is not plain Michigan language, it is as plain as the Senator from Texas can make it.

Mr. VANDENBERG. Mr. President, that is plain Michigan language, and I have read the bill; but the Senator from Texas used some plain Michigan language yesterday also. I quote from page 3816 of the RECORD, where the Senator from Iowa [Mr. MURPHY] says:

> The Senator from Texas has admitted that the tax to be imposed will be paid by the industry.
>
> Mr. CONNALLY. If it is levied.

What did the Senator have in mind when he threw that "if" into yesterday's argument?

Mr. CONNALLY. I shall say to the Senator that I do not know whether a processing tax will be levied or not.

Mr. VANDENBERG. That is what I want to know.

Mr. CONNALLY. Just a moment. The Secretary of Agriculture may not find it necessary to spend any money. He may decide not to levy any tax. I do not know what he is going to do, and I am not going to undertake to speak for him. This bill provides other things than spending money and collecting it in the form of processing taxes. It authorizes the Secretary to make marketing agreements with the producers and with the packers and those engaged in the industry. It is possible that there never will be a processing tax levied; but certainly the Secretary has no broader powers under the pending amendment to the original bill with regard to cattle than he had with regard to all other basic commodities under the original bill, and the Senator from Michigan knows how that has been handled. Senators on the floor now are complaining because he levied a processing tax on hogs.

Mr. VANDENBERG. Senators also know that there is a $100,000,000 deficit today in the receipts from processing taxes as compared with the expenditures.

Mr. CONNALLY. Why, to be sure, because we cannot get all the processing taxes back in a moment. It takes at least a year's period.

Mr. VANDENBERG. May I ask the Senator from Texas, then, if it would be a fair amendment to the answer of yesterday which I have quoted—and I am not seeking to be controversial; I want the facts—that if no processing tax is levied, no benefits will be paid? Would that be a fair interpretation of the Senator's position?

Mr. CONNALLY. I have tried to indicate to the Senator from Michigan that I do not know everything that is in the mind of the Secretary of Agriculture. Here is another thing of which I should like to remind the Senator: Whatever the Senator from Texas has said is in the RECORD, and he stands by it.

On yesterday the Senator from Texas pointed out that the Secretary of Agriculture gave assurance to the committees of Congress that before he adopted any plan—any plan—under this bill, he would call representatives of the cattle industry to meet with him, get their views, try to go along with them, and work out a plan that would be satisfactory. What that plan will be I do not know; and unless I know what that plan will be, I cannot tell the Senator what the probabilities of any particular form of action may be.

Mr. VANDENBERG. Does the Senator construe the original Agricultural Adjustment Act as prohibiting the payment of benefits to basic commodities except as compensating processing taxes are applied?

Mr. CONNALLY. I do not know that the Senator from Texas is prepared to answer that question in great detail. It is contended by many Senators here on the floor that the moment a benefit is given to an industry, the processing tax goes on.

Mr. McNARY. Mr. President, will the Senator yield? I think I can answer that question.

Mr. CONNALLY. I yield.

Mr. McNARY. I think I am sufficiently conversant with the provisions of the act to say emphatically that no benefits can become available unless a processing tax is laid. I think that when the Senator from Texas inserts in subdivision 1 a provision that cattle are to be considered as a basic commodity, and under his amendment to section 12 cattlemen are to be inhibited from getting any benefit unless the processing tax is paid, it will be up to the Secretary of the Treasury to determine whether or not he wants to invoke this bill for the benefit of cattle and levy a processing tax. He may or may not. If he does, the processing tax will have to be paid. If he does not, the cattle situation will not have been at all affected by this bill.

Mr. CONNALLY. Mr. President, let me say that the testimony of Mr. Chester Davis, Agricultural Adjustment Administrator, before the committee, was along the line of the Senator's suggestion, and, as I understand, the testimony of the Secretary of Agriculture was along the same line. What the Senator from Texas said a little while ago was that he did not propose to stand here on the floor of the Senate and ask for any special exception to be made in the case of cattle, and I am not pleading here for a $200,000,000 bounty for cattle which other industries do not receive.

Mr. VANDENBERG. Mr. President, I honor the Senator for his position. There are two things which have emphasized the confusion in my own mind, and I will state the first thing that emphasized the confusion. The Senator has quoted the unanimous approval of a certain group of cattlemen for his pending amendment, and he was good enough to show me a report of the proceedings of the meeting where that endorsement was given. I find that the spokesman from Iowa in the meeting which unanimously endorsed the Senator's amendment made the statement that he was absolutely opposed to a processing tax which would fall back upon the producer. So it seems to me that since this tax, being a livestock tax, will fall back upon the producer, the gentlemen who have been quoted by the Senator as favoring his amendment are doing it on the theory that they will not be taxed with a processing tax. That is the first thing that confuses me.

The second thing that confuses me is that, if the bill does not contemplate any direct grant to the cattle industry, I totally fail to understand why $200,000,000 should be asked by way of a revolving fund for this one industry, when only $100,000,000 was necessary as a revolving fund for all six of the other basic industries of the country.

In the presence of those two contemplations, plus the obvious disagreement which has seemed to exist upon the floor of the Senate itself respecting the effect of this language, I have been challenged again to wonder what the final effect of the situation is.

The Senator from Oregon, who is quite a satisfactory witness to me as respects expert information regarding the Agricultural Adjustment Act, as I understand it, makes the categorical statement—and I wish to be corrected if this is wrong—that if the amendment of the Senator from Texas is adopted there can be no benefit payments to cattlemen, except as there is a compensating processing tax injected into the equation. If that is the situation, the situation is agreeable to me insofar as that phase of the problem is concerned.

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

Mr. VANDENBERG. I yield.

Mr. McNARY. I am not called upon to construe the provisions of the amendment of the Senator from Texas, but I

know this, from a study of the act as originally passed by the Congress, that no benefits could go to any industry, agricultural in its nature, mentioned in the act, unless charge in like amount, through a processing tax, were made. It is my opinion that when the Senator brings cattle within that category or classification, no benefits can go under the provisions of this bill to the cattlemen, unless there is a corresponding charge made through a processing tax.

Mr. VANDENBERG. Very well.

Mr. CONNALLY. Mr. President——

Mr. VANDENBERG. Just a moment. Then I am perfectly sure that the cattlemen who were quoted as unanimously endorsing the bill are going to be grievously disappointed, and are going to feel that their attitude has not been correctly reflected; and in the face of the statement made by the Senator, I am now totally unable to understand why any $200,000,000 authorization should be necessary, and why it should not be cut to at least $50,000,000 in relationship to the authorization in the original Agricultural Adjustment Act.

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

Mr. VANDENBERG. I yield.

Mr. CONNALLY. I have the floor.

Mr. VANDENBERG. I beg the Senator's pardon.

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

Mr. CONNALLY. Mr. President, I want to submit a few remarks myself in answer to the Senator from Michigan; then I shall yield to the Senator from Ohio.

Permit me to say to the Senator from Michigan that as soon as the Senator from Texas satisfies the Senator from Michigan upon one point, he brings up something else which he thinks is wrong with the bill. He was first worried about the prospect of somebody getting something for nothing. When he finds that is not to occur, he finds an objection about the amount of the appropriation.

Let me read what Mr. Davis said, if the Senator from Michigan is interested in getting an answer to his question. I see the Senator from Michigan in private conversation with the Senator from Ohio [Mr. FESS]. Whenever the Senator from Michigan and the Senator from Ohio go into a huddle there is trouble for somebody. [Laughter.]

I shall read what Mr. Davis, the Agricultural Adjustment Administrator, said before the committee. The Senator from New Mexico [Mr. HATCH] asked him this question:

> I would like to ask one more question about the direct appropriation, Mr. Davis, because my people in New Mexico are very much opposed to the processing tax, and they were under the impression that this bill, making a direct appropriation, might enable the Department to work out some other program aside from the processing tax. That is not correct, though, as I understand your statement?

The Senator from New Mexico [Mr. HATCH] understood Mr. Davis' statement to be along the line of the understanding of the Senator from Oregon. This was the response of Mr. Davis:

> No; it would not be possible to put the beef-cattle industry on a sound basis, in my judgment, without supplementing this appropriation with income from the processing tax.

I am not called upon to construe everything that may be done. Senators are just as capable of reading the original act and construing it as is the Senator from Texas. All in the world this bill will do, as suggested by the Senator from Oregon, will be to put cattle under the general act, and then the Secretary would have the same power with regard to cattle that he has with regard to other commodities, and no more.

The second section provides an appropriation, and authorizes the Secretary to begin operations. If there is anybody who does not understand those two simple things, then the Senator from Texas is powerless to explain anything, because if he cannot make that plain, he cannot make anything plain.

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

Mr. VANDENBERG. Mr. President, may I make an inquiry, just to make one thing plain? Why is $200,000,000 required?

Mr. CONNALLY. The Senator says why $200,000,000? Why a dollar? Why 25 cents?

Mr. VANDENBERG. We had a yardstick in the original adjustment act.

Mr. CONNALLY. If the Senator from Michigan will only listen, he will learn that this bill covers all of the dairy cattle and all of the beef cattle in the United States. Neither of those classes of cattle is sold in the 5-and-10-cent stores. It takes a lot of money to handle operations with large herds of cattle. I do not know why the exact figure of $200,000,000 was fixed; but it is simply an authorization, and Congress does not have to give them a thin dime until it gets ready to appropriate the money.

Mr. President, if the Senator from Michigan is really against the bill, I would be glad to have him say so; but he finds one thing is wrong with it, and we have filled up that hole, then he goes over and has a whispered conversation with the Senator from Ohio [Mr. FESS], who is "agin the Government" all down the line [laughter], and he finds something else wrong with the bill. It is related of the Senator from Ohio [Mr. FESS] that he was once shipwrecked on an island. There was apparently nobody living there, but he finally found a fellow and said, "To whom does this island belong?" The man answered, "It belongs to the Government." The Senator said, "Who is the Government?" The man answered, "I don't know." The Senator from Ohio then said, "Well, I'm agin it, anyway." [Laughter.]

Mr. FESS. O Mr. President, I borrowed that from an Irishman.

Mr. CONNALLY. The Senator borrowed it?

Mr. FESS. Yes.

Mr. CONNALLY. Did the Senator pay back in the 50-cent dollars he has been complaining about all day?

Mr. FESS. I borrowed that from the Senator from Texas.

Mr. CONNALLY. Mr. President, I now yield to the Senator from Minnesota.

Mr. SHIPSTEAD. Mr. President, I just want to ask the Senator a question, because I may have misunderstood him earlier in the afternoon, and I do not want to have a misunderstanding. As I understood the Senator, he said, in a colloquy, that if the processing tax were levied, it would be paid by the industry. Did the Senator mean to say that?

Mr. CONNALLY. Of course. Who is going to pay it? Somebody must pay it. The industry, in a large sense, would bear the expense, of course. I suppose the Senator is inquiring whether the producer or the consumer would pay it?

Mr. SHIPSTEAD. Yes.

Mr. CONNALLY. Who can say? Nobody can say who is going to pay it, whether the producer or the consumer. I tried to discuss that point yesterday. I do not know, and nobody else can know. When a processing tax is put on a commodity the chances are that the producer will bear some of it and the consumer will bear some of it. If the price is lifted the producer can pay part of the tax and still profit by it. I want to be courteous to the Senator; but, frankly, I do not propose to go off into a discussion of things like that, because nobody can determine such questions.

Mr. President, I ask for a vote on my amendment.

Mr. DICKINSON. Mr. President, I think there is some explanation why this item is in the bill to the extent of $200,000,000, and I think all we have to do is to look up the record. Report No. 820 on the agricultural appropriation bill, filed in the House February 20, 1934, contains, on page 3, the following item:

> Appropriations for 1934. * * *
> 5. Agricultural Adjustment Administration: * * *
> Advances (paid from processing taxes), $855,379,811.

The Treasury statement of March 2 contains, on page 2, the following item:

> Comparative analysis of receipts and expenditures. Processing tax on farm products, $203,462,374.14.

In other words, we have here an obligation of the Government of $855,000,000; and we have collected since the

processing tax has been in operation—which includes also all the processing tax that was imposed on stocks in hand and on manufactured goods in storage—only $203,000,000. Against that we have created an obligation of $855,000,000.

As a matter of fact, I think any fair reading of the hearings on this bill shows that it is the purpose, if it can be done, to put this bill through in such a way that the beneficiaries can have $200,000,000, and that it will not be necessary to impose the processing tax at all. There has been a hesitancy on the part of every official who has testified in behalf of this bill to state when the processing tax would be levied. They have said they did not know. So we have this cushion fund of $200,000,000 charged against the general revenues of the Treasury in order to cover this particular period.

In line with what I have just said, I desire to read from the testimony before the Senate committee, on page 9:

Senator MURPHY. How do you propose to recover this $200,000,000?

Mr. DAVIS. We have not gone into that phase of it, Senator. This appears to be an authorization for an outright appropriation. In that respect, that is a good deal like the $100,000,000 in the amendment last year. It was out of any money not otherwise appropriated.

Senator MURPHY. You do intend to impose processing taxes?

Mr. DAVIS. Yes, sir.

Senator MURPHY. You do not know when you will impose them?

Mr. DAVIS. We would have to impose them when the program first begins, and that should be regarded, I think, as a supplement to the income from processing taxes, so that more money can go out to the farmer, rather than substitute the price.

Senator MURPHY. Then the processing tax will be imposed at the very incidence of this program?

Mr. DAVIS. Yes; but it must not be imposed at its full amount. I am inclined to think it would be graduated up and reach its full size when you began to have some effect from it and had a support under the market.

Senator MURPHY. Well, this is a perishable product, beef, and your idea of the effect of that processing tax, I gather from what you said, is that it will act to reduce the amount the producer may receive for cattle?

Mr. DAVIS. I say that the tendency might be in that direction.

I could read the remainder of Mr. Davis' answer, but I do not think it necessary.

The best and most experienced packers—and I desire to compliment some of the packers, as I think they have in many ways done a splendid job in attempting to cooperate with this law—say that, in spite of all they can do, the processing tax has been divided as follows: About 66⅔ percent comes from the price paid to the producer, and about 33⅓ percent comes from the price paid by the consumer for the packers' product. The percentage will vary in one form or another, but as a general rule it will be found that that percentage practically runs uniformly.

As a matter of fact, the real plan of this program and the real plan with regard to the $200,000,000 is to make the money available for exactly the same purpose as in the case of the purchase of hogs, where there was an allocation to the Agricultural Adjustment Administration of some $465,000,000 for which they made no accounting. When the agricultural appropriation bill comes before the Senate, I shall make some remarks along that line. I do not believe the administration can justify the method by which funds have been put in the hands of individuals with no provision for accounting to anybody, and probably in many cases with very little authorization of law.

In order that we may have some understanding as to what has happened with reference to the processing tax on hogs, I have prepared some data——

Mr. FESS. Mr. President——

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

Mr. DICKINSON. I yield.

Mr. FESS. Before the Senator goes into that matter, permit me to interpose. In corroboration of what the Senator said with respect to Mr. Davis' statement regarding the processing tax, has the Senator examined the hearings in the Committee on Agriculture relative to the tax on hogs?

Mr. DICKINSON. I have to some extent.

Mr. FESS. Will the Senator permit me to read a sentence or two?

Mr. DICKINSON. Yes, indeed.

Mr. FESS. Representative DOXEY said:

That leads to this thought: Should we now place cattle in this act as a basic commodity and should the Congress appropriate $200,000,000 out of Treasury money for the relief of the cattle industry——

Secretary Wallace interposed:

I think, then, it would be possible to get an earlier program under way, in my mind.

Mr. DOXEY. All right. One step further. Should we include cattle as a basic commodity but not make the direct appropriation from the Treasury, which, as you readily understand, is going to be the real vital question, then it would be necessary in order to carry out any program and to finance the matter to have a processing tax on cattle, would it not?

Secretary WALLACE. Well, without the direct appropriation, if you are going to finance a program you would have to have a processing tax on cattle.

Mr. DOXEY. It is your thought that we put it in the bill, and leave it alone and see how the other program works out and if they are included as a basic commodity, provide some fund by direct appropriation from the Treasury, so that you will have that fund; has your Department a definite plan of action? What will happen; or would you just wait for developments in this situation? I mean, you have no definite plan worked out and you are depending on this Congress with reference to any plan on cattle, whether we make cattle a basic commodity under the Agricultural Adjustment Act; is that right?

Secretary WALLACE. Yes. But you can say that the approach would be totally different in case we get the $100,000,000 for beef cattle.

Mr. DOXEY. In case you do not, what would the situation be then?

Secretary WALLACE. That will depend on the cattlemen themselves, and I have no means of judging what they would do. My guess is that they would probably wait until next fall before placing their stamp of approval on a processing tax. In that I may be wrong.

Mr. DOXEY. At any rate, I take it it is your position that it is necessary to have cattle in the act as a basic commodity in order that the cattle situation can be handled by the Agricultural Adjustment Administration; is that correct? That is my construction of your statement.

Secretary WALLACE. Yes; and at any rate we hope that by next fall there will be sufficient reduction in the number of cattle, or feeders, rather, coming to the market and that there will be a sufficient increase in the pay rolls in cities so that these cattle can stand the processing tax, and then you can get to work on a fundamental program which has to do with the number of she and the tubercular reactors.

It seems to me, in the light of the statement of Mr. Davis and Secretary Wallace, that the processing tax is inevitable if cattle are made a basic commodity. However, what they want the $200,000,000 for is a question.

Mr. VANDENBERG. Mr. President——

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

Mr. DICKINSON. I yield.

Mr. VANDENBERG. Did I correctly understand the figures which the Senator read a few moments ago as indicating that there is a $600,000,000 potential deficit in the processing-tax fund?

Mr. DICKINSON. That is correct. I take that from page 3 of the House report made by Representative SANDLIN, item 5, in which it is shown that the appropriations for 1934 that have been allocated to the Agricultural Adjustment Administration for advances amount to $855,739,811; that the Budget estimate for 1935 for exactly the same purpose is $831,022,428; and amount recommended in the House bill for 1935 is $831,022,428, a reduction of $124,000. That is $1,700,000,000 for 2 years.

Mr. CAREY. Mr. President——

The PRESIDING OFFFICER. Does the Senator from Iowa yield to the Senator from Wyoming?

Mr. DICKINSON. I yield if the Senator from Michigan has completed what he had to say.

Mr. VANDENBERG. Mr. President, permit me to ask the Senator from Iowa if he interprets that as the measure of the failure of the processing tax to equal bounties and benefits paid out under the act.

Mr. DICKINSON. That is exactly correct.

Mr. VANDENBERG. Then if the act presumably makes mandatory a processing tax equal to the benefit, the act has

not been administered pursuant to its intent. Is that correct?

Mr. DICKINSON. That is correct. In addition to that, I think there is a showing through the entire proceedings here that there is a hope that the bill will be passed as it has passed the House, so that the Government authorities will have $200,000,000 to play with, and that we will not make it necessary for them to impose a processing tax in order to cover the money into the Treasury.

Mr. VANDENBERG. That is what I am afraid of, and that is what I have been trying to bring out.

Mr. DICKINSON. That is why I believe the bill should be amended so there will be absolutely no question, if they spend this money for benefits, that they will have to impose a processing tax in order to cover it back into the Treasury.

Mr. CAREY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Wyoming?

Mr. DICKINSON. I yield.

Mr. CAREY. Is not the Department permitted to make certain benefit payments? Is it possible that there will not be money to make those payments, or have they all been paid in advance?

Mr. DICKINSON. As a matter of fact, they have allocated from the Public Works Administration $435,000,000, a part of which is being advanced under the provisions of the Agricultural Adjustment Act. They have been using those funds during the past year. There will come a time when they will have to come to Congress and say, "This is our showing. This is what we have been doing. In order to work this out, we have to have further authorization and more money." The Public Works Administration soon will have to come to Congress. They have allocated practically all of their funds.

So there will come a time when they must come and tell us how they have been playing with this big jackpot which we have voted into the hands of one individual to play with as he sees fit. It has not been handled by the one individual but by different individuals. The part relating to agriculture has been under the Agricultural Adjustment Act. In order to supplement those funds they are coming in and asking for a $20,000,000 appropriation, hopeful, I believe, that they will be able to have it without proper legislation attached thereto that in order to spend the money for benefits they must impose a processing tax.

Let me suggest further, with reference to the pig program, that there has been paid out a total of $16,131,095. Missouri received the largest share of any State. This money has been distributed in 41 States. I am glad to see the Senator from Missouri [Mr. CLARK] in the chair as I make this statement. His is the only State that received more than my State of Iowa. We have more pigs in Iowa than there are in Missouri, but the farmers of his State sold more to the Government in Missouri than we did in Iowa. The largest amount of money paid in any State was in Missouri, $3,634,508.82. Iowa received $3,570,484.26, the second largest amount. The third largest is South Dakota, which received $3,481,596.47.

Let me suggest another thing: I understand that in Iowa a preliminary survey shows that regardless of the destruction of the brood sows and pigs there will farrow next spring, in excess of the average farrowing, about 9 to 12 percent, and the other report shows there will be an excess of farrowing of between 20 and 26 percent. In other words, it is exactly the same experience that we have been having in the case of cotton and in the case of fertilizer.

In Iowa I am told they are now selling what is called high-bred seed corn, which is being sold to the very farmer who has signed up that he is going to reduce his acreage. That seed corn is guaranteed to increase the yield from 15 to 20 bushels per acre and sometimes as high as 25 bushels per acre. So that at the same time we are reducing the number of sows to farrow we are increasing the number breeding to farrow next spring. It simply shows that the program is one great big merry-go-round, where one hand undoes what the other one does. The Government is put to an expense of $855,000,000 in benefits.

Mr. President, in order to present this matter a little more fully I have had prepared some data based upon a report that was received in response to a resolution introduced by the Senator from Montana, and I would like permission to insert a brief statement relating to the data as a part of my remarks.

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

HOG-PIG BUYING CAMPAIGN

"A substantial increase in the price of hogs", was the end and aim of the Secretary of Agriculture in pig-buying campaign, according to his report to the Senate in response to Senate Resolution No. 123 of January 8, 1934. The program cost the taxpayers about $35,000,000. The result, as I interpret this 75-page response of the Secretary, was to reduce the average price of hogs on the basing market, Chicago, from $4.32, the weekly average price obtaining July 20, 1933, to $3.19, which average weekly price prevailed for the week ending December 16, the week during which 195,535 hogs were marketed at Chicago.

In other words, the prices declined to within 23 cents of the lowest weekly price paid during the last 10 years ($2.95 Dec. 31, 1932). Top price paid for hogs on the Chicago market declined from $5.55, the high attained on October 9, 1933, to $3.25 on December 19 and December 20, 1933. The highest weekly average price reached during the fall of 1933 was $4.75 reached October 14, the price breaking 52 cents during the week following. I quote from Secretary's opinion as to reason for this remarkable break in prices.

PRICE DECLINE FROM OCTOBER 9 TO 17

The decline from October 9 to 17 of about $1 per 100 pounds was not due to the supply situation. Market supplies of hogs during this period averaged not greatly different from those of the first week of the month, and in the latter part of the period they were decreasing. The decline was due in part to a decline in the wholesale price of hog products. Product values declined at a more gradual rate than those of live hogs, however, and packers' gross margins increased.

Although announcement of the processing tax on hogs, to become effective November 5, was not made until October 17, the trade apparently was anticipating the tax a few days prior to the announcement. Hog prices declined 22 cents between October 13 (Friday) and October 16 (Monday), then dropped 30 cents more on October 17, making a total decline of 52 cents. The wholesale value of hog products declined only 12 cents during this period, thus increasing processors' gross margins 40 cents per 100 pounds. The trade apparently was uncertain as to what the rate of the tax would be and as to how to appraise its probable effect. Consequently the first response of the market was a decline in prices, notwithstanding that slaughter supplies were relatively small.

PRICE DECLINE FROM OCTOBER 13 TO NOVEMBER 2

The announcement of the processing tax was made on October 17, which stated that a tax rate of 50 cents per 100 pounds, live weight, would become effective on November 5, and that a tax on floor stocks would be levied on that date at a rate equivalent to the tax rate on live hogs slaughtered. Farmers, as well as processors, apparently were uncertain as to the probable immediate effect of the tax on hog prices, and shipments to market were reduced materially during the 2 weeks beginning October 16. This curtailment in supplies resulted in a sharp rise in wholesale values of hog products. The rise in wholesale value of hog products obtained from 100 pounds of live hog from October 19 to 26 amounted to 59 cents. During this period, however, hog prices declined slightly and processors' gross margins continued to widen.

With the sharp increase in slaughter supplies during the week ended November 3, processors were unable to maintain the higher level of hog-product values and such value declined sharply during the week. Another factor which probably contributed to the decline in product values was that packers apparently were moving an unusually large proportion of their floor stocks into consumption in order to escape the tax on these stocks. The decline in product values from October 27 to November 2 totaled 76 cents. This decline was accompanied by a decline in hog prices of 48 cents.

The Secretary explains the break during week ending November 3 as follows:

"The decline in prices of hogs and hog products during the week ended November 3, however, was also due in part to an increase of 14 percent in slaughter supplies during that week over those of the preceding week."

During this period the packers brought about this increased supply of hogs by increasing their purchases off the market by direct buying of 55,757 hogs week ending November 4; 75,344 hogs week ending November 11; and 92,109 hogs week ending November 18.

The sellers refused to permit the first processing tax of 50 cents to be passed back to the producers, and the deadlock referred to

by the Secretary in footnote[1] took place at Chicago, the packers going to the country for their hogs, thus creating abnormal receipts.

During the 3 weeks ending November 4, 11, and 18 of November 1933 the packers bought direct and shipped into Chicago 223,210 hogs as compared with 120,809 during the corresponding 3 weeks in 1932.

The Secretary explains: "When the processing tax was increased from 50 cents to $1 per 100 pounds, live weight, on December 1, hog-product values continued unchanged, but hog prices declined 23 cents on the 1st day of the month and 13 cents in the 2 days following, making a total decline of 36 cents immediately after an increase of 50 cents in the tax. Inspected slaughter decreased during the first week of December, but it was at a higher level during the 2 following weeks, and during the latter period hog prices declined to the lowest point of the winter. The low point was reached on December 19."

This was the period when hogs reached the average price of $3.18.

After destroying over 270,000,000 pounds of live pigs bought during August and September at a cost of $21,000,000, the Government started buying hogs for emergency relief, purchasing 8 percent of total inspected slaughter in January 1934.

A fair reading of the Secretary's response justifies the statement that a large part of the processing tax has been paid by the hog raiser, with no apparent benefit from higher prices predicted and promised by the Triple A. The stench of rotting pigs dumped near residence communities is dealt with by the Secretary while millions of people out of work could not buy food to eat.

The maximum yield of fertilizer tankage from the slaughter on the dry basis probably would have been between 20 and 25 million pounds, but after operations began it appeared that not all of the material should be saved because of the comparatively high cost of processing with respect to ultimate sale value and because of lack of adequate storage facilities at the principal processing points. After a study of the situation, administration officials decided to dispose of a large part of the product as it came from the rendering vat, and before extra expense had been incurred for drying and storing.

In a letter of instructions dated September 13, processors under contract were authorized and directed to dispose of tankage as follows:

"In consideration of the fact that the market value of dried fertilizer tankage does not offset the cost of processing, it is to be understood that no tankage shall be saved or stored for the account of the Secretary. Instead, tankage is to be disposed of in the most economical and practicable manner, at actual cost of disposal."

Again, on September 27, a letter of instruction authorized and directed the following with regard to tankage disposal:

"1. Should there be available any outlet for undried tankage at a price which partially or wholly offsets or exceeds the cost of removal and destruction, such outlet should be taken advantage of and the Government reimbursed with the net proceeds.

"2. Should there not be any outlet as described in paragraph no. 1, processors may dispose of this tankage free of charge in order to avoid other disposal charges.

"3. If undried tankage cannot be disposed of in either of the above-mentioned manners, and it is necessary to dry the tankage for disposal, this dried tankage (including tankage processed by dry melter process) shall be disposed of in the same manner as specified in paragraph no. 1 or no. 2."

On September 28, paragraph 3, of the letter of instructions dated September 27, was amended by wire to specify that dried tankage in stock or that might be produced, should not be sold or disposed of, except upon approval by the Secretary or his nominees, it being understood that tankage should not be dried except when there was no other practicable means of disposal.

Depending upon their own situation, the processors who handled light pigs used various methods of disposing of the tankage. In all cases it was required that the carcasses be completely rendered, in order that the maximum yield of grease should be obtained. After the grease was drained off, the residue was given to farmers who came to the processing plant; hauled away and dumped in places where such dumping was permissible; burned, buried, or consumed at public incinerators. In the processing of the light pigs for inedible products, the packers were reimbursed only for the cash paid for the live hogs and the initial processing charges for buying, driving, or killing, rendering into grease and fertilizer tankage, plus actual cost of tankage disposal.

Methods of disposal adopted by the processors at various points aroused criticism, especially in instances where the product was dumped at places that eventually became offensive in odor to people living nearby. Handling the tankage in a practical manner proved difficult in some cases. The administration was fully aware of the criticism which was certain to come if immediate disposal was permitted, but, on the other hand, it had to consider the practical facts that processing plants at the principal points did not have adequate facilities for completing the tankage, manufacturing, operating, processing, and placing in storage the large amount of available product, and that in view of the estimated low return value eventually from the finished product, a completion of the processing seemed uneconomical.

The Secretary explains that "The total reduction in tonnage for the 1933–34 marketing season, as a result of this emergency program, is estimated to be between 1,400,000,000 to 1,800,000,000 pounds of hogs, live weight, or between 12 and 16 percent." And that "This reduction can be expected to increase hog prices for the season by 25 to 35 percent, possibly 40 percent, above what they otherwise would be without the plan." The season is over and the price for the week ending February 24 was $4.44, or 12 cents more than week ending July 20, 1933.

The weekly average of cattle and lamb prices at Chicago before, during, and since the great pig-sow buying experiment, in comparison with hog prices for same weeks, follows:

	Average		Average weekly top	
	Hogs	Lambs	Lambs	Cattle
July 20, 1933	4.32	7.67	8.39	7.50
Aug. 5, 1933	4.19	7.37	8.12	7.50
Aug. 12, 1933	4.06	7.76	8.53	7.40
Aug. 19, 1933	3.93	7.46	8.05	7.40
Aug. 26, 1933	3.81	7.08	7.54	7.40
Sept. 2, 1933	3.82	6.86	7.30	7.15
Sept. 9, 1933	3.86	7.03	7.48	7.00
Sept. 16, 1933	4.06	7.18	7.62	7.00
Sept. 23, 1933	4.60	7.16	7.43	7.00
Sept. 30, 1933	4.35	6.86	7.21	7.00
Oct. 7, 1933	4.68	6.74	7.32	6.90
Oct. 14, 1933	4.75	6.93	7.54	6.75
Oct. 21, 1933	4.23	6.51	7.13	6.40
Oct. 28, 1933	4.25	6.74	7.30	6.50
Nov. 4, 1933	4.00	6.34	6.87	6.40
Nov. 11, 1933	4.30	6.95	7.48	6.50
Nov. 18, 1933	4.22	6.84	7.09	6.40
Nov. 25, 1933	3.85	6.99	7.27	6.25
Dec. 2, 1933	3.58	7.08	7.35	6.85
Dec. 9, 1933	3.37	7.07	7.34	6.75
Dec. 16, 1933	3.19	7.18	7.44	7.00
Dec. 23, 1933	3.18	7.15	7.47	6.85
Dec. 30, 1933	3.28	7.51	7.89	6.50
Jan. 6, 1934	3.38	7.64	8.04	6.85
Jan. 13, 1934	3.38	7.96	8.30	7.00
Jan. 20, 1934	3.38	8.30	8.61	7.25
Jan. 27, 1934	3.40	8.84	9.26	7.35
Feb. 3, 1934	3.70	8.92	9.34	7.35
Feb. 10, 1934	4.20	9.10	9.54	7.40
Feb. 17, 1934	4.50	9.39	9.82	7.25
Feb. 24, 1934	4.44	9.36	9.78	7.35

The Secretary devotes much space to the explanation of methods employed to restrict operations of yard traders who had accumulated pigs. I cannot understand why so much effort was expended by the Triple A to prevent yard traders from disposing of pigs owned by them under the plan. If the real reason for the plan was to obtain the slaughter of pigs to prevent them from being fed and thereby increasing market tonnage, why make so much noise about so small a detail.

Consider the crime against the unemployed in the destruction of 270,000,000 pounds of pigs weighing under 80 pounds simply because packers found it inconvenient to scrape the hair from the bodies of those pigs.

The outline indicated that the purchases were to be made by processors authorized under contract and in accordance with usual buying customs under Federal inspection. The plan specified that sows, insofar as practicable, were to be converted into edible products. Carcasses from pigs over 80 pounds in weight also were to be processed into edible products. Pigs weighing 80 pounds or less were to be processed into the inedible products—grease and fertilizer tankage.

It had been pointed out that processing of pigs weighing less than 80 pounds into edible products was impracticable because of the comparatively high-processing cost per unit of cured product. Packing-house equipment, particularly dehairing machinery, is designed for larger and heavier animals and does not work efficiently on small carcasses. Processor representatives stated that supplemental hand-labor operations required for satisfactory processing of light pigs into edible products would bring the total cost of the products well above the cost of purchasing their equivalent in cured pork from packers.

It also had been pointed out that the time required for processing pigs under 80 pounds into edible products, even if considered practicable, would tend seriously to retard the marketing program. This was a consideration of some importance because it seemed certain that as soon as buying started owners of light hogs would sell as rapidly as possible, thus tending to crowd processing establishments to capacity.

I submit there is no greater delicacy than roast pig. Let me remind you of what the immortal Charles Lamb has written in his Dissertation Upon Roast Pig. I quote from that famous essay:

"Of all the delicacies in the whole mundus edibilis, I will maintain it to be the most delicate princeps obsoniorum. * * *

"See him in the dish, his second cradle, how meek he lieth!—wouldst thou have had this innocent grow up to the grossness and indocility which too often accompany maturer swinehood? Ten to one he would have proved a glutton, a sloven, an obstinate, dis-

[1] The Chicago live-hog market was temporarily disturbed between Nov. 8 and 17, due to the failure of buyers and sellers to reach an agreement on prices, and few sales were made during that period. The accumulation of hogs at the market was reduced by purchases for Government account on Nov. 11 and 14 at prices above those offered by slaughterers. The prices shown for this period, therefore, are higher than those actually paid by slaughterers and slightly higher in relation to other markets than during the periods immediately before and after.

agreeable animal—wallowing in all manner of filthy conversation—from these sins he is happily snatched away—

"Ere sin could blight, or sorrow fade,
Death came with timely care—"

Looking further at the report submitted by the Secretary to the Senate I find this statement:

"Based on a net relationship of Chicago hog prices and the total live weight of inspected hog slaughters for the November to May period during the last 13 years, the actual reduction in slaughter supplies of approximately 1,000,000,000 pounds as a result of the emergency program should mean an improvement in the Chicago price of hogs over what they otherwise would be to the extent of approximately $1.80 per hundred pounds for the months November to May 1933–34. It should be kept in mind, however, that the bulk of this benefit will go to farmers in the form of benefit payments for making certain production adjustments rather than in the more familiar form of an equivalent increase in the open-market price of hogs."

Hog raisers are not going to be satisfied with anything but reasonable open-market prices of hogs.

I submit that as a real relief measure the Secretary's report proves that the hog-pig buying campaign was a complete flop.

Purchases and product

	Number of head	Approximate live weight	Approximate total amount paid for live hogs
1. Purchases for edible purposes:			
(a) Pigs (70–80–100 lbs.)	1,083,650	93,816,471	$5,928,177.62
(b) Sows	222,149	79,100,364	3,355,182.28
Subtotal	1,305,799	172,916,835	9,283,359.90
2. Purchases for inedible purposes:			
(a) Light pigs	5,105,067	270,573,305	21,359,742.05
Total (all pigs and sows)	6,410,866	443,490,140	30,643,101.95

	Pounds
3. Yield and processing cost of edible product:	
(a) Pounds dry salt meat produced	100,145,000
(b) Shrinkage in cure	2,614,000
(c) Net yield of meat	97,531,000
(d) Amount of product ordered shipped (as of Jan. 1, 1934)	86,303,674
(e) Remainder available for distribution (subsequent to Jan. 1, 1934)	11,227,326
(f) Amount remaining for distribution (as of Jan. 25, 1934)	1,500,000
4. Yield and processing cost of inedible products:	
(a) Yield of grease	20,868,355
(b) Estimated potential yield of tankage (approximate)	25,000,000
(c) Amount of tankage saved and stored	10,086,000
(d) Total processing cost for inedible purposes (including cost of tankage disposal)	$1,874,000

NOTE.—Figures dealing with the emergency hog-marketing program given herein are subject to revision in all instances. This report is based upon the latest available information, but the final report of the auditors for the Agricultural Adjustment Administration is not yet available. Final figures will not differ greatly from those presented herein.

SCHEDULE OF PRICES

The emergency price schedule, as announced, provided that from 6 to 9½ cents per pound would be paid for pigs, depending on their weight, at the base processing point (Chicago) by the processors under contract. The schedule of prices for the pigs, Chicago basis, was as follows:

Price per 100 pounds

25 to 30 pounds	$9.50
31 to 35 pounds	9.25
36 to 40 pounds	9.00
41 to 45 pounds	8.75
46 to 50 pounds	8.50
51 to 55 pounds	8.25
56 to 60 pounds	8.00
61 to 65 pounds	7.75
66 to 70 pounds	7.50
71 to 75 pounds	7.25
76 to 80 pounds	7.00
81 to 85 pounds	6.75
86 to 90 pounds	6.50
91 to 95 pounds	6.25
96 to 100 pounds	6.00

Pigs were to be purchased under this schedule on basis of average weight per lot with a minimum individual weight of 25 pounds, maximum individual weight of 100 pounds, and maximum range of weight of 30 pounds on individual pigs in each lot. It was specified that premium prices would be paid only for healthy pigs, showing no bad deformities at the time of delivery. Pigs of inferior growth, usually mast fed, and commonly referred to as "range pigs", "razorbacks", and "oilies", were to be paid for at a discount of $3 per hundredweight at any market.

MARKET DIFFERENTIALS

Premium prices to be paid by processors under contract at other markets than Chicago were determined by a market differential schedule prepared by the corn-hog section as follows:

Differential per hundredweight

Chicago	Base
Oklahoma and Texas	−$0.60
Interior points in Iowa and Minnesota	−.40
Interior points in North Dakota, South Dakota, Nebraska, Kansas, and west Missouri	−.50
St. Paul, Sioux City, Sioux Falls, Omaha, Nebraska City, St. Joseph, Kansas City, and other points on the Missouri River	−.40
Interior points in Illinois and Wisconsin	−.20
Indiana, Kentucky, and Tennessee	−.10
Milwaukee, St. Louis, and National Stock Yards, Ill	−.10
Michigan and Ohio	Base
All Rocky Mountain and Pacific Coast States	−.60
All points east of Ohio and north of Virginia	+.25
Georgia and Florida [1]	−1.00
North Carolina, South Carolina, Virginia, Alabama, Mississippi, and Louisiana [1]	−.50

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Texas [Mr. CONNALLY], which will be stated.

The CHIEF CLERK. On page 2, in lines 2 and 3, it is proposed to strike out the words "to make advance rental and/or benefit payments with respect thereto" and to insert in lieu thereof the following: "to carry out any of the purposes described in subsections (a) and (b) of this section (12) and to support and balance the markets for the dairy- and beef-cattle industries."

The amendment was agreed to.

Mr. BYRD. Mr. President, I have an amendment, which I offer at this time.

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

The CHIEF CLERK. At the end of the bill insert the following new section:

SEC. 3. (a) Subsection (d) of section 9 of the Agricultural Adjustment Act, as amended, is amended by renumbering paragraph (5) as paragraph (6) and by adding after paragraph (4) a new paragraph, as follows:

"(5) In case of peanuts, the term 'processing' means the cleaning, polishing, grading, shelling, crushing, or other processing thereof."

(b) Section 11 of such act, as amended, is amended by adding after the word "tobacco" a comma and the word "peanuts."

The PRESIDING OFFICER. The question is on the amendment of the Senator from Virginia.

Mr. McNARY. Mr. President, will the Senator from Virginia permit discussion of his amendment to go over until tomorrow? I think it was rather understood between myself and the Senator from Texas [Mr. CONNALLY] that after the disposal of his amendment we would probably recess until tomorrow at 12 o'clock.

Mr. CONNALLY. Mr. President, permit me to inquire whether a unanimous-consent agreement fixing a time to vote on the bill would necessitate a quorum call?

The PRESIDING OFFICER. It would.

Mr. McNARY. I first wanted to know from the Senator from Virginia [Mr. BYRD] if he is willing to postpone consideration of his amendment until we meet tomorrow?

Mr. CONNALLY. I understood that; but I want to suggest to the Senator from Oregon that I am very anxious to get a vote on the bill, and I was going to try to get an agreement to vote on it at a specific hour tomorrow.

Mr. McNARY. I do not think the Senator can get such an agreement. If I were in his place, I would not press a request of that kind at this time.

Mr. McKELLAR. Mr. President, why can we not go on this afternoon? There is a very important appropriation bill which is to come up immediately after we finish with the bill which the Senator from Texas has in charge. It is an emergency matter, the air-mail appropriation bill. I hope we can get a vote on the amendment of the Senator from Virginia this afternoon.

[1] This schedule applied to pigs originating in this area wherever marketed.

Mr. McNARY. We could not have a vote on the bill tonight. That is a request which, it seems to me, the Senator ought not to submit at all. It must go over until tomorrow. The debate is not going to be lengthy. If the Senator from Texas [Mr. CONNALLY] will be patient, in my judgment he will have no difficulty in getting a vote tomorrow afternoon. If the Senator from Tennessee [Mr. McKELLAR] will do likewise, we will reach his appropriation bill very shortly tomorrow.

Mr. McKELLAR. I am very anxious to get a vote on the appropriation bill.

Mr. McNARY. I understand that. I am appealing to the Senator from Virginia [Mr. BYRD] to permit his amendment to go over until tomorrow. Is that satisfactory to the Senator from Virginia?

Mr. BYRD. Mr. President, I have no objection to the consideration of the amendment tomorrow. I do not think it will require much discussion, though; and if the Senator is willing to proceed with the consideration of it this evening I shall be glad to have that done.

Mr. McNARY. I am sure the Senator will desire to make some explanation of the amendment. Some questions will be propounded to him, and I am sure the discussion will continue until late in the evening. It is the desire of many Senators who are present to return to their offices to keep appointments and look after their mail, and other Senators have already left.

Mr. CONNALLY. Would the Senator object to recessing at 5:30, let us say, and letting the Senator from Virginia discuss his amendment now?

Mr. McNARY. I am not in charge of the floor. I am always willing to cooperate.

Mr. CONNALLY. I desire to go along with the Senator from Oregon, but I think it would be well for the Senator from Virginia to discuss his amendment tonight, so that the discussion will appear in the RECORD tomorrow.

Mr. McNARY. I assumed that I was doing the Senator from Virginia a great kindness in not desiring to have him go on at this late hour. I am sure the same kindness would be extended to every Senator here if he could be permitted to go to his office about this time.

Mr. CONNALLY. Very well.

MESSAGE FROM THE HOUSE—ENROLLED BILL AND JOINT RESOLUTION SIGNED

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bill and joint resolution, and they were signed by the Vice President:

S. 1083. An act authorizing adjustment of the claim of the Potomac Electric Power Co., of Washington, D.C.; and

H.J.Res. 290. Joint resolution to provide an appropriation to carry into effect the act entitled "An act to provide for loans to farmers for crop production and harvesting during the year 1934, and for other purposes", approved February 23, 1934.

CONSERVATION OF WILD-LIFE RESOURCES—DUCK STAMP BILL

Mr. McNARY. Mr. President, I desire to call up another matter which will take only a moment.

A few days ago the Senate passed an important amendment to the Migratory Bird Act. A similar bill was passed by the House. It contained a minor amendment. The House bill is on the Senate Calendar. I ask unanimous consent that we may take up the House bill and pass it.

Mr. McKELLAR. May the bill be read?

Mr. McNARY. I spoke to the Senator from Arkansas [Mr. ROBINSON] about the bill, and it is satisfactory to him.

The PRESIDING OFFICER. The Senator from Oregon asks unanimous consent for the present consideration of a bill, the title of which will be read.

The CHIEF CLERK. A bill (H.R. 5632) to supplement and support the Migratory Bird Conservation Act by providing funds for the acquisition of areas for use as migratory-bird sanctuaries, refuges, and breeding grounds, for developing and administering such areas, for the protection of certain migratory birds, for the enforcement of the Migratory Bird Treaty Act and regulations thereunder, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. CONNALLY. Will there be any debate on the bill?

Mr. McNARY. No; not at all.

Mr. TRAMMELL. Mr. President, I think it would be a good idea to have the bill read. Many of us do not know what it is about.

Mr. McNARY. A similar bill passed the Senate a week ago, and the House has passed its own bill with a slight amendment which I can specify.

Mr. TRAMMELL. What is the substance of it?

Mr. McNARY. It is a bill for the conservation of wild life by protecting migratory-bird flights. The House has passed the bill. It exempts persons under 16 from its provisions, and also provides that no license fee shall be charged against the owner of the property. A substantially similar bill passed the Senate. The House bill contains a slight amendment of the provisions of the Senate bill. The House bill is on the Senate Calendar, and I ask that it be taken up and passed at this time. I have spoken to the Senator from Arkansas [Mr. ROBINSON] about the bill, and he said it is satisfactory to him.

Mr. TRAMMELL. The bill does not deal with the requirement of a license; does it? Does it carry with it any license imposition?

Mr. WALCOTT. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Connecticut?

Mr. McNARY. I yield to the Senator from Connecticut, the chairman of the special committee.

Mr. WALCOTT. I did not understand the question of the Senator from Florida.

Mr. TRAMMELL. I understand from one of the Senators that the bill does not deal with the question of imposing an additional license tax. I am rather of the impression, generally speaking, that we have already gone almost too far in imposing fees and taxes upon people for hunting privileges in regard to migratory birds. I do not want any measure of that character to go through here. I understand, however, that this bill does not do anything of the kind.

Mr. WALCOTT. I do not think the Senator from Florida understands this bill. It is almost identical with a bill that passed the Senate without opposition a week or 10 days ago. This bill was introduced in the House yesterday or day before and passed without opposition. The two bills are identical, with the two exceptions just indicated by the Senator from Oregon. One of them exempts from the provisions of the bill all persons under 16 years of age. The other exempts the owner of the property from paying the fee of a dollar if he intends to shoot migratory waterfowl on his own property.

The bill is designed to raise a fund for the purchase of sanctuaries and refuges. Ninety percent of the fund is to be used for that purpose and 10 percent for the maintenance of those areas. I may add that Florida is one of the States most affected advantageously by the provisions of the bill.

Bills on this subject have already passed both the Senate and the House. Two slight changes, as I have stated, were incorporated in the House bill. All we are asking is that the House bill be passed at this time, inasmuch as it is a revenue-raising measure. If the House bill shall be passed, that will be the end of it.

Mr. TRAMMELL. Does it relax or does it increase the tax imposition on those who hunt migratory birds?

Mr. WALCOTT. If I understand the question correctly, the bill does not increase the tax; it merely provides for a hunter's license.

Mr. FESS. Mr. President, the Senator asks whether the bill relaxes in some respects the license feature. It does to the extent that it does not require a license of the owner of the property.

Mr. WALCOTT. Precisely.

Mr. TRAMMELL. If that is the case, I have no objection.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That after the expiration of 90 days after the date of enactment of this act no person over 16 years of age shall take any migratory waterfowl unless at the time of such taking he carries on his person an unexpired Federal migratory-bird hunting stamp issued to him in the manner hereinafter provided; except that no such stamp shall be required for the taking of migratory waterfowl by Federal or State institutions or official agencies, for propagation purposes or by the resident owner, tenant, or share cropper of the property or officially designated agencies of the Department of Agriculture for the killing of such waterfowl when found injuring crops or other property, under such restrictions as the Secretary of Agriculture may by regulation prescribe. The Secretary of Agriculture shall, immediately upon the passage of this act, adopt and promulgate such regulations as are pertinent to the protection of private property in the injury of crops. Any person to whom a stamp has been issued under this act shall upon request exhibit such stamp for inspection to any officer or employee of the Department of Agriculture authorized to enforce the provisions of this act or to any officer of any State or any political subdivision thereof authorized to enforce game laws.

SEC. 2. That the stamps required under this act shall be issued, and the fees therefor collected, by the Post Office Department, under regulations prescribed jointly by the Secretary of Agriculture and the Postmaster General: *Provided*, That stamps shall be issued at the post office or post offices of all county seats in the several States, at all post offices in all cities with a population of 2,500 or over, and at such other post offices as said officers may by regulation prescribe. Each such stamp shall, at the time of issuance, be affixed adhesively to the game license issued to the applicant under State law, if the applicant is required to have a State license, or, if the applicant is not required to have a State license, to a certificate furnished for that purpose by the Post Office Department at the time of issuance of such stamp. For each such stamp issued under the provisions of this act there shall be collected by the postmaster the sum of $1. Each such stamp shall expire and be void after the 30th day of June next succeeding its issuance.

SEC. 3. Nothing in this act shall be construed to authorize any person to take any migratory waterfowl otherwise than in accordance with regulations adopted and approved pursuant to any treaty heretofore or hereafter entered into between the United States and any other country for the protection of migratory birds, nor to exempt any person from complying with the game laws of the several States.

SEC. 4. All moneys received for such stamps shall be accounted for by the postmaster and paid into the Treasury of the United States, and shall be reserved and set aside as a special fund to be known as the migratory bird conservation fund, to be administered by the Secretary of Agriculture. All moneys received into such fund are hereby appropriated for the following objects and shall be available therefor until expended:

(a) Not less than 90 percent shall be available for the location, ascertainment, acquisition, administration, maintenance, and development of suitable areas for inviolate migratory-bird sanctuaries, under the provisions of the Migratory Bird Conservation Act, to be expended for such purposes in all respects as moneys appropriated pursuant to the provisions of such act; for the administration, maintenance, and development of other refuges under the administration of the Secretary of Agriculture frequented by migratory game birds; and for such investigations on such refuges and elsewhere in regard to migratory waterfowl as the Secretary of Agriculture may deem essential for the highest utilization of the refuges and for the protection and increase of these birds.

(b) The remainder shall be available for administrative expenses under this act and the Migratory Bird Conservation Act, including reimbursement to the Post Office Department of funds expended in connection with the printing, engraving, and issuance of migratory-bird hunting stamps, and including personal services in the District of Columbia and elsewhere: *Provided*, That the protection of said inviolate migratory-bird sanctuaries shall be, so far as possible, under section 17 of the Migratory Bird Conservation Act, passed February 18, 1929.

(c) The remainder shall be available for administrative expenses under this act, including reimbursement to the Post Office Department of funds expended in connection with the issuance of stamps, and printing and engraving of the same, and for administration expenses under the Migratory Bird Treaty Act and any other act to carry into effect any treaty for the protection of migratory birds, and the Migratory Bird Conservation Act.

SEC. 5. (a) No person shall alter, mutilate, loan, or transfer to another any stamp issued to him pursuant to this act, nor shall any person other than the person to whom such stamp is issued use the same for any purpose.

(b) No person shall imitate or counterfeit any stamp authorized by this act, or any die, plate, or engraving therefor, or make, print, or knowingly use, sell, or have in his possession any such counterfeit, license, die, plate, or engraving.

SEC. 6. For the efficient execution of this act, the judges of the several courts, established under the laws of the United States, United States commissioners, and persons appointed by the Secretary of Agriculture to enforce the provisions of this act, shall have, with respect thereto, like powers and duties as are conferred upon said judges, commissioners, and employees of the Department of Agriculture by the Migratory Bird Treaty Act or any other act to carry into effect any treaty for the protection of migratory birds with respect to that act. Any bird or part thereof taken or possessed contrary to such acts shall, when seized, be disposed of as provided by the Migratory Bird Treaty Act, or acts aforesaid.

SEC. 7. Any person who shall violate any provision of this act or who shall violate or fail to comply with any regulation made pursuant thereto shall be subject to the penalties provided in section 6 of the Migratory Bird Treaty Act.

SEC. 8. The Secretary of Agriculture is authorized to cooperate with the several States and Territories in the enforcement of the provisions of this act.

SEC. 9. (a) Terms defined in the Migratory Bird Treaty Act, or the Migratory Bird Conservation Act, shall, when used in this act, have the meaning assigned to such terms in such acts, respectively.

(b) As used in this act (1) the term "migratory waterfowl" means the species enumerated in paragraph (a) of subdivision 1 of article I of the treaty between the United States and Great Britain for the protection of migratory birds concluded August 16, 1916; (2) the term "State" includes the several States and Territories of the United States and the District of Columbia; and (3) the term "take" means pursue, hunt, shoot, capture, collect, kill, or attempt to pursue, hunt, shoot, capture, collect, or kill.

INCLUSION OF CATTLE AS A BASIC COMMODITY

The Senate resumed the consideration of the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes.

RECESS

Mr. CONNALLY. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The PRESIDING OFFICER. The question is on the motion of the Senator from Texas.

The motion was agreed to; and (at 5 o'clock and 17 minutes p.m.) the Senate took a recess until tomorrow, Thursday, March 8, 1934, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate March 7 (legislative day of Feb. 28), 1934

GENERAL COUNSEL FOR THE BUREAU OF INTERNAL REVENUE

Robert H. Jackson to be general counsel for the Bureau of Internal Revenue.

COMPTROLLER OF CUSTOMS

Thomas Temple Hoyne to be comptroller of customs in customs collection district no. 39 at Chicago, Ill.

COLLECTOR OF CUSTOMS

William J. O'Brien to be collector of customs for customs collection district no. 9 at Buffalo, N.Y.

POSTMASTERS

COLORADO

George M. Griffin, Brighton.

GEORGIA

Alexander S. Chamlee, Bartow.

ILLINOIS

Perry F. Arnold, Browning.
James M. Allen, Decatur.
Grover C. Norris, Effingham.
George E. Brown, Franklin.
James R. Maher, Hillside.
George E. Kull, Strasburg.
Martha G. Baily, Table Grove.
George A. Larimer, Tuscola.

MASSACHUSETTS

Mary L. McParlin, Sandwich.

NEW JERSEY

William L. Scheuerman, Basking Ridge.
John Netterman, Island Heights.
Eleanor H. White, Plainsboro.

OKLAHOMA

Pauline M. Angevine, Dewey.
Millard H. Wright, Eufaula.
Mary B. Weathers, Grove.
James W. Blye, Hennessey.
Hugh Johnson, Hugo.
Delva E. Grubbs, Jenks.
Hiram Impson, McAlester.
Rex T. Strickland, Madill.
Jackson Willis, Maysville.
Charles W. Jeffress, Morris.
Laura L. Bennett, Mountain Park.
James T. Norton, Nowata.
John V. Cavender, Porum.
Monroe Burton, Poteau.
David S. Williams, Purcell.
George W. Shed, Sasakwa.
John C. Bennett, Tishomingo.
James McK. Williams, Walters.
Brooke L. Wallace, Wayne.
McGilbray D. Harmon, Webbers Falls.

WISCONSIN

Sheldon S. Chandler, Brooklyn.
Charles L. Haessly, Ellsworth.
Aloysius W. Fries, Kenosha.
Meridan D. Anderson, Omro.
Grover E. Falck, Seymour.
Louis J. Thompson, Spooner.
John C. Reinke, Stone Lake.
John H. Arent, West De Pere.

WYOMING

Albert E. Holliday, Laramie.

HOUSE OF REPRESENTATIVES

WEDNESDAY, MARCH 7, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Our Heavenly Father, the One above all imperfection and above the touch of sin, hallowed be Thy name. We praise Thee that there is always an unwavering light, namely, Thy merciful providence. When faith is dim and hope is low, in the dearth of rest and in the defiles of doubt, at evening time and when the day is far spent, lo, Thou art with us. O continue to look upon us with divine favor; lay Thy hand upon us and bear Thy shadow in our souls. We thank Thee for the rays of the morning promise and for the cloudless sky of assurance. Illuminate our understanding, O Lord God; balance our judgments, season our tempers, and quicken our foresight. Give us pitying hearts that shall sympathize with human woe. May we feel the need of the weary, the pulse of the struggling, and the burden of the homeless. In these stony places of human experience establish Thou our work. In the holy name of Jesus. Amen.

The Journal of the proceedings of yesterday was read and approved.

BUSINESS CONDITIONS

Mr. LUDLOW. Mr. Speaker, last Monday one of our colleagues, the gentleman from Indiana, JAMES I. FARLEY, made a very valuable and informative address on the subject of direct loans to industry. Mr. FARLEY is one of the outstanding business men of our State, a former president of the Auburn Automobile Co., and a wise and safe counselor in business affairs. His speech is a very valuable contribution to the discussion of this important subject, and I ask unanimous consent to have it printed in the CONGRESSIONAL RECORD.

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

There was no objection.

Mr. LUDLOW. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following statement of Hon. JAMES I. FARLEY, of Indiana, before the Subcommittee on Banking and Currency, House of Representatives:

Mr. DISNEY and gentlemen of the committee, I am not a member of this Subcommittee of the Committee on Banking and Currency; I am just here by the grace of the subcommittee this morning, and I would not want to do something unethical so far as my committee is concerned, because there are some gentlemen on this committee whom I respect for their very fine character and splendid judgment and long years of experience in matters of this character. I should like to make it quite clear to you, Mr. Chairman, that what I have to say has nothing whatever to do with the company I was identified with for 20 years. We were fortunately in a very beautiful financial position. We started our business, and early, by economy and careful operation and very moderate salaries, were able always to keep our own position good.

When I thought of some of the things Mr. LUDLOW was talking about this morning, I remembered when we often were approached by the First National Bank in Chicago, where we carried our major account, and urged to borrow money at 1¼ percent per annum, so that, having been connected with an account that had been maintained for years with a rating of Aa-A1, I cannot thoroughly sympathize with business men who are wondering where they are going to get their money.

Our business was just a little different. We came in the time when the automobile was being developed and growing in popular favor. For many years our problem was not one of selling our merchandise, but wholly one of producing it. I want to say to you, that considering some of the hectic times we had in those years back in 1907, and again in 1914, and then in 1920, we might not be in existence as a company today if it had not been for the fact that we were in a position where we had plenty of working capital.

There are some very gigantic institutions in the automobile industry. Our business depended largely upon our being able to get something new in models, some new device making it a more satisfactory piece of machinery to own. Sometimes we made a mistake in getting what the public might demand; and if it had not been that we were in a sufficiently strong cash position at many times to reduce our prices and likewise go out in the open market and buy merchandise at a discount from distressed manufacturers, I do not know what might have happened to us.

So I am not speaking in any sense for that firm, because their cash balance was always sufficient to take care of their business, and they are likewise in that situation today.

However, there are many small industries which are not in that position. I was particularly impressed with the remark made by Mr. Roosevelt in his radio address some weeks ago, in which he said that the future of America depended upon keeping the small communities intact. In other words, instead of having factories in the small towns close and having the laborers migrate to the large cities, it would be much better to keep the small communities intact, to keep the people living in the small towns rather than to let them go into the large cities. I think he was very sincere in that, as in all the other of his pronouncements; but how are you going to keep communities intact if they close the factories?

Last evening I talked with some gentleman very late into the night, two or three of them from Texas, and they were talking over the various problems which they have. There are many manufacturing industries in that State.

In a number of States there are very few manufacturing institutions. Many counties do not have within their borders a single factory. They are agricultural and depend on farming and stock-raising, hence they do not have the need for the same assistance as strictly industrial small communities.

In the State of Indiana I would say off-hand that nearly every county seat and many other towns in the counties have one or more manufacturing plants that are dependent entirely at this time on being able to secure some assistance in order to continue.

I have in mind a little plant in my State employing some 125 to 160 people all the time, every day in the year except holidays. At their peak time they employ about 200 people. They sell their merchandise all over America, and also sell it in various foreign countries.

Take this particular case—when the stock market break came in 1929 they thought this was a temporary setback, that prosperity was soon to return, and they were asked not to reduce wages or lay off employees. Fortunately, during the period of 1930, they enjoyed a fair volume of sales, and while concerns all around were drastically cutting salaries and laying off employees, they did not do it, although the interest of both the employees and the company would have been served better had they done so at that time.

Their company has put up a strong fight to obtain what business they could, but in spite of the most intensive work the past 4 years of their sales volume has gradually dropped down until in the year 1933 it was just half that of 1931. They have been constantly cutting expenses in order to survive. The bank moratorium of 1933 caused many failures among concerns with whom they were dealing. Their loss on bad debts in 1933 was the largest they have experienced in 20 years.

In the crash they were caught with a lot of small accounts, these small merchants with whom they deal being unable to pay. It costs them an unusual amount of money to make these collections, but during this time they have been able to live and are now

in fairly good condition and their plant is intact. There are no mortgages on it, nor is there any bonded indebtedness, but they do need working capital.

They are obtaining working capital through the assistance of financial companies, which, however, charge them excessive interest and commission for their services. You are sufficiently acquainted with business to know that you cannot pay 14 percent on any proposition and make money unless you have a patented process where no one can step in and make the same article and you can fix your own prices. The net result of the two disastrous years of 1932 and 1933 have resulted in a heavy depletion of their working-capital position.

The year 1934 was begun with some improvement in sales, but it is becoming difficult to finance this increased business because they are unable to borrow from the banks as heretofore, to finance their business, and in addition, their own working capital has been depleted, making it very difficult to finance the business. In 1931 this company was able to borrow $120,000 on a straight bank line and it was paid off at the end of the year. In 1932 they were only able to borrow $58,000, and that was paid off at the end of the year. In 1933 one of the banks from which they obtained $38,000 the previous year was closed on February 15, and they had a deposit of $1,500 frozen. In 1933 they were able to borrow a total of only $20,000. Their sales volume in 1931 was $927,000—in 1933 it was $500,000. You can see their borrowings were reduced down to one sixth of that secured in 1931, while their business was reduced only one half.

When the N.R.A. was put into effect on August 1, this company whole-heartedly cooperated and signed the President's reemployment agreement, and they adjusted themselves to the code of their particular industry, which was signed by the President on October 31. However, this increased the pay roll by nearly $1,000 per month. So far, they have found it difficult to sufficiently raise their prices to take care of the increased cost of pay roll and material which they buy. They believe that conditions have somewhat improved, and improvement could be sustained if they were able to finance increased business. With additional working capital this company could right now increase sales at least 25 percent this year and employment from 25 to 33⅓ percent.

They have practically $450,000 of unencumbered assets in plant, equipment, and inventory. Their sales organization is intact. If they could obtain an industrial loan, to be amortized over a period of 5 years, they would be able to go ahead, increase employment, pay higher wages, and make their investment to stockholders more secure and profitable.

In general merchandising, where other people can make what you make, and sell it, if you have to pay that amount of money to obtaining operating capital, you have lost your profit, and it is only a matter of time until the fatal day comes and you cannot earn a profit.

They are unable to obtain this money through banks. The banks do not want to make the loans. They say they are only assisting enterprises that are absolutely necessary. It seems to me this program is the crying need of the hour and the one which will do the most good for the country at the present time—it is also the one that has been the most neglected.

Now, I submit to you gentlemen, is not a business necessary that employs men and women and pays them daily and weekly wages? I say that they are entitled to consideration and that they should have the assistance.

I have been very much impressed with the report from the Manufacturers Association of Indiana. I am confident that large manufacturing institutions, like General Motors, Chrysler, the American Telephone & Telegraph Co., and some other great business institutions of America are adequately financed, and do not need this assistance. They are not asking for this assistance, but I likewise want to say to you that unless you do assist these industries in the smaller units, one of these days, the big fellows will have it altogether, and you will have to pass right through with what you have been through in years gone by. Under this N.R.A. program we have practically eliminated the Sherman anti-trust law. It is gone.

By the way, the biggest victory which large industry, without turning its hand apparently, has ever won, was through the N.R.A., and one of these days these giant industries are bound to put out the little ones scattered throughout the entire length and breadth of the land.

Now, I am amazed to find in this report from the Manufacturers' Association that 92 percent (plus) of men employed in factories are employed in factories employing from 101 down. Practically the biggest phase of the whole thing in the State of Indiana, particularly, is found in this group of men. The table before me lists factories as employing from 1 to 5, 6 to 20, 21 to 50, 51 to 100, and 101 to 250, etc. Then, when you get into the group that is actually employing from 1,001 to 2,501, you have only one half of 1 percent of the total employees in the country working in factories of that size. That is the big question here. If you cannot reach out and help the small industry, what will happen? I know what the banks are saying about this. Recently I wrote to one of the best and most substantial men in my district, asking for his expression upon certain things that I submitted. He came back and said, "I am not in favor of making loans to small industries, because it completely disrupts the functions of the banks." He said, "The banks are supposed to do that." I answered that he was entirely correct; that the banks were supposed to do it, but if they did not do it, what then?

The only way by which we can possibly relieve the situation is to begin lending something to industry. To be sure, it should be advanced on approved securities and should go to good small industries.

I offered in committee an amendment making it possible to make loans direct to industry. I do not want to go out and indiscriminately make loans to everybody. Unquestionably, there are many industries that are in the red, and that are hopelessly in the red. They reached down too far to ever regain their balance. There are many things of that character to be considered, but there are still many thousands of small industries scattered throughout the land that are essential to our general prosperity, and that are entitled to credit.

I was asked this question last night, "Would you turn over the extension of this credit to a certain class of people that were mentioned?" I was asked, "Who would you have to do it?" I have confidence enough in this country to believe that there are many men who are capable of passing on these loans, and of making satisfactory loans at a fair rate of interest.

I have been told further that industry is on fire and that nobody knows how far it will go. My judgment is that it is going too terribly far if we do not step in one of these days and help out.

I know, in line with Congressman LUDLOW's suggestion, that we have recently appropriated $950,000,000 more to take care of Public Works and Civil Works, to be split up according to the wishes of the administration. Gentlemen, that is just the beginning. If there is anyone who has the slightest idea that we are through with C.W.A., or will be on the 1st of May, he is making a terrible error. As a matter of fact, we are just starting. If we do not get men back to work in the factories, they will finally go into the C.W.A. line. I would rather make a few loans that did not return 100 percent the day they were due to help to bolster up industry at this time than to continue doling out $950,000,000, or any other number of millions of dollars, to keep the C.W.A. running. I believe that if the men just had the opportunity, they would be more in favor of going back to work where they could get their pay checks on Saturday with the feeling that they had actually earned it by doing useful work.

I would not take your time to discuss some of these things, if I did not consider them important. The C.W.A. is not radically wrong. I was for it, I still am for it, and will be for it, or will continue to be for it as long as men are hungry or as long as they need food, shelter, and heat. As long as they are in need, I will be for any program that functions along that particular line; but I want to add that my humble judgment is that we are just wasting at the spigot on those propositions, instead of taking hold of the thing at the right place. We cannot get prosperity back into this country until we bring a large part of the population back into the picture, and let them earn some money in gainful and profitable enterprise.

I should like very much to see something done that would make possible loans direct to industry. I do not mean that you should give it out indiscriminately, or let Tom, Dick, or Harry come in and borrow from this fund. That is not my idea at all. There must be certain regulations set up that they must go through with. In September 1933, when the R.F.C. issued Circular No. 11, I thought the time had come when the importance of this matter was realized. However, 6 months have now elapsed since this supposed program was set up, and from the information I have, practically no loans have been made to industry. It seems to me the time has arrived when the Government should cut out all red tape and make these loans promptly to industries which are basically sound, have sufficient assets, plus a good future outlook and satisfactory past record.

This company and many others qualify in each particular.

As to the question of time, I have been working on some of these propositions for more than 6 months. They tell us down there at the Reconstruction Finance Corporation that the machinery is already set up to do this through loan companies, and through the famous Sheet No. 11 that they sent out that tells how to go about setting up mortgage companies. This has been done, yet we find that no one is getting results. I have never been told, although I asked the question direct on two occasions, how much money we are lending to industry. Mr. Jones said "not very much." It was not very much because they are not in sympathy with doing this, and they will not be in sympathy with it until the Congress of the United States passes an amend- to the Reconstruction Finance Corporation Act that will make it possible and obligatory for them to extend loans of this character.

A question was asked by my honorable colleague on my right, Mr. SPENCE, of Kentucky, as to how much would be required. No one knows. However, I contend that it is not essential to do all of it at once. The thing that we should do is to make a start, and then, while we are beginning, find out what will be required.

Mr. DISNEY. Could not a survey be made of the whole country through some such channel as the United States Chamber of Commerce? In that way, could they not make some approximate estimate of how much would be necessary?

Mr. FARLEY. I think a survey should be made. I think that would be very beneficial. The trouble now, Mr. DISNEY, is that the time question enters into it. That is because this has been dragging along for 6 months, and every man who has been connected with a factory knows that they should begin speeding up work about the 1st of January, so as to get ready to ship out during the spring buying season. Many of these factories that ought to have merchandise on their shelves have their shelves practically empty at this time, and they are bound to have a difficult time in taking care of their orders in the future. I think we should make a start on this at some place.

Further, answering the question as to whether we are getting any more relief in Indiana from the P.W.A., I will say we are not. That is not your fault. That is the fault largely of the State of Indiana, because we have in Indiana a $1.50 tax limit. With that limit, our people here in Washington do not feel that the security we can offer, with that $1.50 tax limit, can be accepted. They feel that does not make it possible for them to accept us. The result is that we are getting very little P.W.A. relief in the State of Indiana, in comparison with many other States. However, we are not envious of other States that are getting this relief. They have their own arrangements. All that we want down in Indiana, and all that we request, is the opportunity to establish factories in that land, and to get money enough to finance them.

I thank you very much for the opportunity you gave me to offer these few suggestions.

Mr. LUCE. There was one point that was not touched upon by Mr. LUDLOW when he was speaking of banks, and that is that a considerable part of the credit desired is simply wanted for what you might call a continuing supply of capital. For instance, here is the head of a chain grocery store, whose testimony was most illuminating: Clearly, what he was in need of was a perpetual capital. Now, up to our time, I take it, it was the custom for corporations to secure their capital by subscriptions to stock or by issuing bonds; but in recent years, banks have more and more furnished the money that was previously furnished through stock and bond issues, with the result that today banking restrictions are requiring banks to secure payments on these continuing loans at the time of the renewal of the notes, and that proves to be quite a source of trouble. Now, do you think it would be a proper governmental function for an agency of the Government to undertake to furnish working capital indefinitely?

Mr. FARLEY. I can answer that very easily. In my judgment, I do not think it is a function of the Government to furnish a permanent continuous working capital for industry. In other words, I am not in sympathy at any place with the idea that the Government of the United States should go into the manufacturing business. I do not agree with those who are carrying through this program in West Virginia. I think it is the function of industry to conduct its own operations. I think that this is an emergency matter that should not be extended over 3 years, with possibly a renewal for 2 years. I say that, because some of these things are bound to be washed out before all of this is over. What I am appealing for is assistance now, not a permanent investment, that must go on year after year indefinitely.

Mr. LUDLOW. Mr. FARLEY, I wish to thank you for your excellent contribution. I am quite impressed with what you have said in regard to the Civil Works program. Certainly we are not going to allow men, women, and children to starve in this country, and Congress will continue to pour out whatever funds are necessary to prevent starvation and hunger. Yet, would it not be a great deal better if Congress, instead of pouring out money in that way, should furnish money to industry whereby industry could resume its normal activity and absorb those C.W.A. workers into regular employment on regular industrial pay rolls? That is the question that is presented here.

SHIP SUBSIDIES

Mr. BLAND. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing an address made by the Secretary of Commerce over the radio 2 nights ago on the subject of ship subsidy.

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

There was no objection.

Mr. BLAND. Mr. Speaker, pursuant to leave this day granted me, I extend my remarks in the RECORD by publishing a most able address made recently over the radio by Hon. Daniel C. Roper, Secretary of Commerce, on the subject of "Ship Subsidies."

A guiding principle of democratic government in the United States has been and is the welfare and progress of the human element in life. This has not been a haphazard development. It is a definite principle and has grown out of the very essence of democracy. We have a Government founded upon the fully conceived and thoroughly stated proposition that the people are capable of ruling themselves and that the people, as human beings, should be given primary consideration in the objectives and functions of such government.

This philosophy has worked naturally toward higher standards of living, and we pride ourselves as a Nation in believing that human interest in the United States has reached a higher plane of development than in any other country. It is only natural that these concepts and purposes, fulfilled in our high standards of living, should bring us into keen competition with other nations where working and living standards are lower than ours. This condition applies as much to ocean trade and commerce as it does to strictly internal or national aspects of our economic lives. Hence, due to higher standards of living and wage scales, the shipbuilding and ship-repair costs in the United States and ship-operation costs under the American flag are higher than in other countries.

For instance, the construction and operation costs of British ships are nearest to the American scale or average, but shipbuilding costs in American yards are, on the average, considerably higher than British costs. The higher American costs are largely in labor and materials. Any greater efficiency which may be present in the operation of American vessels is not sufficient to offset the lower costs of living in other countries.

As long as we were chiefly an agricultural country, interested primarily in marketing raw materials abroad, it didn't matter so much whether raw materials were transported in American or foreign bottoms. Foreign countries needed these raw materials, and the United States encountered scarcely no competitive problem in selling such raw materials. But, as the United States advanced to its present status of development in manufacturing, our quest for markets abroad was naturally increased and the competition in the sale of manufactured goods became an active and primary consideration. Today, therefore, there exists the necessity of marketing large quantities of manufactured goods in our own shipping bottoms.

As an economic necessity the foreign-trade development of the United States depends largely upon the use of American ships for carrying American goods. It is essential that we maintain an American-flag tonnage on important trade routes, to serve the needs of our commerce, and to safeguard against war and other emergencies which might disturb the normal flow of American commerce.

But it is not alone from the competitive and essential economic standpoint that we must view the development of our merchant marine. The merchant marine is an important and, we may safely say, an indispensable factor in our national defense. Obviously, it is not practicable to maintain within the Navy all the vessels which might be necessary in event of war. To do so would require a huge outlay of taxpayers' money and might tend to encourage unnecessary defense expenditures.

Speaking generally, the same types of ships which are necessary from the commercial standpoint in time of peace are required from the defense standpoint in time of war. Our World War experience is a striking testimony to the value of an adequate and efficient merchant marine and conclusive proof of the handicaps imposed and excessive expenses incurred through the lack of an adequate merchant marine. Upon the entrance of the United States into the World War we had to depend to a great extent upon foreign ships for transport and military purposes and for the import and export of raw materials and manufactured products. Much of this transportation had to be done at an excessive cost to the American Government and also was a severe handicap to naval and military operations.

Thus, from both the commercial and defense standpoints, it would seem that for the economic self-respect, the military self-respect, and the pride of the Nation, an adequate and proper development and maintenance of an American merchant marine is a fundamental necessity.

The practical question in view of these conditions, which early arose and is still before us, is the way in which the labor and other extra cost inequalities, as previously described, can be met or equalized so as to permit the building and sustaining of a requisite merchant marine. An equally important aspect of this question is the necessity of fixing the amount of the subsidy at a point where it will equalize these differentials and stimulate rather than discourage private initiative.

We can readily see that nationality determines the political and economic conditions under which a ship operates. The owner of an American vessel buys his repairs, employs part of his labor, and in some cases all of it, part of his supplies, and frequently the ship itself, in the protected domestic market characterized by the costs incidental to a high living standard. His stock in trade is ship's space, which he sells in an unprotected, competitive world market. Naturally the ship operator looks to the national interest which may be inherent in his business to neutralize any resultant handicaps.

We all insist that we must maintain our standard of living as against the lower living standards of other countries, and by so doing we automatically impose a handicap upon American shipowners. The best answer that Congress has worked out to this problem of meeting differential costs and expenses is to have the Federal Government supplement the larger costs for our country with money from the Federal Treasury. The question then arose: What is the safest and most effective manner of putting this principle into practicable operation? Congress decided to let this excess cost represent service rendered by the American shipping lines in carrying the mail and has seen fit to designate this financial aid as ocean-mail pay or a subsidy. Funk and Wagnall's Standard Dictionary defines subsidy as: "Pecuniary aid directly granted by government to an individual or commercial enterprise deemed productive of public benefit."

Webster's New International Dictionary defines subsidy as: "A grant of funds or property from a government * * * to a private person or company to assist in the establishment or support of an enterprise deemed advantageous to the public." Applying these definitions to the merchant marine we may say that the subsidy in this case is a payment of funds from the Government to American ship operators to offset the lower costs of ship construction and operation in foreign countries, so that American vessels may be placed on a sounder competitive basis in the world market. Merchant-marine subsidies take the form of ocean-mail pay and Government financing of shipbuilding and shipping operations to the extent that private business is unable to supply or provide.

Unfortunately, the Federal Government has not been industrious enough in its efforts to enlighten the people on the subject

of subsidies and this use of public funds; and many people probably think that the subsidy is nothing more than the compensation which transportation lines get for carrying the mail. It is not that, but rather a method for actually building a competitive American merchant marine.

Even with the much lower costs existing in other maritime nations, our chief competitors have found subsidies necessary in order to build and maintain their merchant marines. Great Britain, France, and Japan, with their much lower costs, have found subsidies necessary to maintain their commercial fleets for both economic and national defense purposes. It should not be difficult to understand, therefore, that a subsidy policy is essential in the building and maintenance of our merchant marine, at least until a better method is developed.

When we have accepted the necessity for a merchant-marine subsidy, we then face the question of how this money is to be most wisely spent, how the Treasury is to be safeguarded in these expenditures, and just what form these subsidies should take. When public funds are to be expended in as large quantities as those needed to maintain our merchant marine, the public is entitled to know what policy the Government has adopted and why such a policy is necessary. The question of subsidies comprehends, therefore, a study of the complete scope of the shipping and foreign-trade activities of the United States.

The designation of payments made to ship operators by the Government as "ocean-mail pay" is somewhat misleading. "Mail pay" is a misnomer, for payments are not made primarily as compensation for carrying the mail. If they were, these payments would only be a fractional part of what they are at present. Hence it would seem to me that there would be less misunderstanding if these payments were clearly and frankly designated as direct subsidies.

A private company operating an essential trade route under the American flag would require a capital investment and a continuing cost which, against foreign competition, would give no hope of a reasonable return over a period of years, but which would result in heavy losses instead. Consequently the Government of the United States determines essential trade routes and agrees to assist the ship operator by sharing in the venture through a contract service or subsidy payment.

What does this subsidy include and how is it determined?

First, as already explained, we have the excess cost of construction in this country as one of the items which the Government might seek to amortize partially. In the second place, we have the considerably higher cost of seamen and other labor as compared with foreign countries. Then we have the third factor of the subsidies given by foreign countries to their ship operators. After these facts are carefully weighed, the differential costs determined, and an agreement reached that the trade route is an essential one, the Government then, in effect, says to the ship operator, "We are absorbing a part of these additional costs in order that you may operate and develop this essential trade route." The payments made by the Government for this purpose are subsidies.

Since the transfer of the Shipping Board to the Department of Commerce as a regular bureau of the Department the Seceretary of Commerce is charged with the responsibility of fostering the development of our merchant marine. After a study of the country's shipping policy in effect during the post-World War period, I am convinced that we must initiate a sounder and more adequate merchant marine and subsidy program. To accomplish this objective, there are several major considerations which it seems to me deserve careful attention.

We all stand for fair and equitable competition in all lines of trade and commerce, but we all know that competition can be carried to such extremes as to destroy the purpose for which proper competition is designed. For instance, when the Government supports one line of ships on an essential trade route through subsidy payments, it is very foolish and destructive to make loans to enable other lines to build ships and engage in commerce in competition with the very lines which the Government is already supporting, and through which it is trying to build a merchant marine. Such a policy is like the man who would defend himself with one hand and commit suicide with the other hand.

Inasmuch as Government aids to shipping have as their objective the establishment of an efficient and ultimately a self-sustaining merchant marine, the essential trade routes to be served should be determined by analyzing the flow and volume of traffic with due consideration to such other factors as defense requirements, trade policies, and industrial and agricultural needs. When these requirements are determined, Government aid should be given to ship lines necessary to fulfill these requirements and aid should be withheld from any other domestic operators seeking to enter into direct competition with the line already receiving Government aid.

It seems to me that the present system of aid in the form of compensation for the carrying of ocean mails might properly be replaced by specific subsidies granted for the maintenance of essential services. The subsidies granted should be based on differentials in building and operating costs, but should be flexible enough to permit adjustments as changes in conditions and circumstances may warrant. Furthermore, subsidies should not be granted to more than one line competing in the same trade route.

In order to facilitate the proper handling of subsidies, two broad classifications of subsidies might be made: First, a subsidy to cover the differences in shipbuilding costs, so long as governmental policy provides for compensation for this differential; and, second, a subsidy to offset the difference in operating costs with competing foreign companies. The governmental agency administering the subsidy should also have discretionary authority to make allowances in the national interest to meet exceptional trade developments. With these factors as a basis, subsidy payments could be made with maximum equality, because some operators would have the major requirement of a construction subsidy, others an operating subsidy, and another, perhaps under certain conditions, a trade-development subsidy.

The application of this subsidy policy must take into consideration present conditions in the merchant-marine industry and a proper audit and check-up on merchant marine as a safeguard to Government expenditures. In respect to the latter requirement, the Government should have authority to examine books at frequent intervals of the creditor companies, establish uniform accounting, and scrutinize carefully all items of cost. On such data readjustments of the direct subsidies or cost differentials can and should be made at annual intervals.

In a special study of shipping trends conducted by the Transportation Division, Bureau of Foreign and Domestic Commerce, in connection with its economic survey of a proposed ship canal, the following facts were developed:

The fleet of seagoing steamers under American registry in the World War era was expanded from 2,000,000 gross tons in 1914 to 13,500,000 gross tons in 1921. Most of this additional tonnage was constructed during that period, part of it was acquired by purchase of American and foreign ships, and part of it through seizure of interned enemy vessels. Not all of the tonnage acquired was suitable for commercial use and a considerable portion of it was never so employed. A considerable amount is either laid up or sold. Even at the time it was built, this war-time tonnage was not up to date in type. At the time, quantity of production was the primary consideration.

This war-time fleet, far from modern at the time it was acquired, is still the backbone of our American merchant marine and constitutes the great bulk of our seagoing tonnage.

Since the war period there have been additions to the American tanker fleet and a number of American combination-type vessels have been built, largely with Government assistance. But, with only one or two exceptions, the American freighter fleet was built during the war-construction period.

Since the war, rapid strides have been made in ship construction, particularly with regard to more economic propulsion, coupled with a definite trend toward increased speed. For instance, when compared with the general run of machinery installed during the war period, a modern high-pressure, superheated steam engine installation would operate, if at the same speed, on 35 to 40 percent less fuel.

Tonnage acquired in the war period cannot be estimated to last more than 8 to 10 years more, and may be retired much faster if faced with competition of many ships of the newer types.

Unless provision is made for progressive replacement of most of our concurrently operated vessels, the passing of American shipping from foreign trade appears certain from one or both of the following causes:

The end of the present economic depression and attendant world trade revival will see the construction of a number of modern-type vessels under foreign flags, with which our tonnage cannot compete on equal terms. Also, at the end of 8 or 10 years, our war-built tonnage will be so obsolete that it will be retired very rapidly and its business pass into foreign hands.

It seems clear to me that the subsidy is only a part of the problem of developing an adequate merchant marine. The shipping acts reflect the intent of Congress that the shipping industry should be properly regulated. Without such regulation, no subsidy, however well administered, can accomplish its intended purpose. The subsidy must not be used to cloak inefficiency. The communities served by American shipping lines must supplement governmental aid and support by doing everything within their power to encourage and promote business on these American lines. In the past many of our seaport communities have failed to do their rightful share in supporting and maintaining the merchant marine.

The United States can expect to attain the highest degree of efficiency and progress in our merchant-marine activities only if the ship operators and the communities served by our shipping lines fulfill in every sense their responsibilities, which are fully as great as those of the Government.

What is needed here as elsewhere is complete cooperation among the agencies affected in attaining results for the common good. Our shipping bottoms are entitled to have proper consideration in transporting goods made possible through the new agencies for the development of trade with Russia and other countries where our Government is providing special credit assistance.

From these facts we can readily determine the scope of the merchant-marine problem which faces the United States today. At the same time the United States, as a member of the world family of nations, is eager to fulfill its responsibilities for the development and maintenance of desired international trade and commerce. We approach, therefore, the solution of these problems on the broadest possible basis, determined to meet our national responsibility, while bringing our best efforts to bear upon cooperative international aspects as well. To these ends I solicit the cooperative thinking and cooperative action of all concerned, particularly those definitely related to shipping and marine activities, in promoting our commerce and thus helping to build a greater United States.

OCEAN- AND AIR-MAIL CONTRACTS

Mr. PEAVEY. Mr. Speaker, I ask unanimous consent to extend my own remarks on the subject of air mail.

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

There was no objection.

Mr. PEAVEY. Mr. Speaker and Members of the House, the Lindbergh telegram to President Roosevelt in opposition to the cancelation of the Government's air-mail contracts and the facts revealed by recent investigations into the graft and fraud in the letting of the air- and ocean-mail contracts have fixed the attention of the people of Wisconsin on this particular branch of the Government's operations.

Few Wisconsin people know or have been told that Congress has on numerous occasions and in the consideration of many different bills been contending with the question of "easy money" on Government subsidies to contractors for carrying ocean and air mail for the past 4 years.

Congressman PATMAN, Democrat from Texas, on January 26, speaking on the floor of the House, called attention to just one instance where the question of mail subsidies was before the House. I believe the record in this case will be of interest to the people of northern Wisconsin.

I quote Mr. PATMAN as follows:

The Republicans are criticizing the Democrats on account of the appropriation for ocean-mail contracts. The subsidy system for steamship lines and air lines to carry the mail was started under the Republican regime. I think the ocean-mail contracts was one of the biggest rackets growing out of the disposition of property acquired during the war for emergency purposes. January 18, 1930, an appropriation bill for these same Departments was pending before this House. At that time I brought to the attention of Congress the great subsidies that were being paid to steamship lines and offered an amendment which would have prevented similar subsidies from being adopted in the future. There were 13 such contracts in contemplation at the time.

So far as I have been able to find out, I was the first Member of Congress to expose in detail the small amount of service rendered by the subsidized steamship lines and the large amount of money received therefor.

Permission being granted, I insert herewith a part of the CONGRESSIONAL RECORD of January 18, 1930, and which appears on page 1914 of the bound volume of the CONGRESSIONAL RECORD for the Seventy-first Congress, second session:

"Mr. PATMAN. Mr. Chairman, I offer the following amendment which I send to the desk.

"The Clerk read as follows:

"'Amendment offered by Mr. PATMAN: Page 75, line 20, strike out the figures "$28,000,000" and insert in lieu thereof the figures "$21,400,000."'

"Mr. PATMAN. If this appropriation is not reduced, the Post Office Department, in compliance with a duty under existing law, will, no doubt, enter into a contract with a steamship company for a term of 10 years under which the Government will be obliged to pay this steamship company $284,920 a year, or $2,849,200 for 10 years for carrying the United States mail on a line where the total amount carried during the fiscal year of 1929 amount to 42 pounds of letters and 1,263 pounds of packages.

"There are 12 other contemplated contracts besides this one. I have not had the time to investigate them. This is the only contemplated contract on which I have been able to receive information so far, although the officials in the Post Office Department have cooperated with me fully in obtaining this information, and there was no reluctance on the part of anyone in that Department to disclose the facts fully.

"If the same amount of mail is carried by the Tacoma-Valparaiso line that was carried during the fiscal year 1929, the value of the services rendered on each trip by the steamship company to the United States Government will be $2.36; 61 cents worth of letters and $1.75 worth of packages. For each one of these trips the steamship company will receive $16,700. In other words, the steamship company will receive about $7,000 for each one dollar's worth of service rendered.

"A glaring example of a subsidy may be pointed out in the case of recent ocean-mail contracts where the owners of one vessel received from the Government $14,915 for transporting a few pounds of mail. A service that was worth $7.10.

"November 14, 1929, the steamship *Everett* sailed from Tacoma, Wash., for Manila. It carried as part of its cargo United States mail consisting of 16 pounds of letters, or first-class mail, and 136 pounds of parcel post. The *Everett* is owned by the Tacoma Oriental Navigation Co., a private corporation; on February 16, 1928, she was purchased by this company from the United States Shipping Board; before the purchase the name of the vessel was *West Ison*. The purchase price was $91,644; one fourth of the amount, or $22,911, was paid in cash and the remainder to be paid to the Government in eight annual payments; the unpaid amount draws interest at the rate of 4¼ percent. The Shipping Board, at the expense of the Government, before delivering this vessel put it in first-class condition and ready for operation.

"If the owners of the *Everett* were paid the same price that foreign vessels will carry our mail for they would have received $7.10 for conveying this 16 pounds of letters and 136 pounds of parcel post. But, instead of the Government paying the owners $7.10 for this service, the owners of this vessel are receiving from the Government $14,915 for carrying a hat full of letters and a mail sack full of parcels."

Here is a case where we had an opportunity on an appropriation bill to reduce the appropriation to such an amount that it would have been impossible for Postmaster General Brown to approve 13 contemplated routes at an estimated cost of $6,600,000 a year for 10 years, or $66,000,000 in all.

It so happened that there was a roll call on this amendment, and I am inserting herewith the proceedings on the same day, which include the roll call in the House of Representatives on this question.

(The vote was taken; and there were—yeas 62, nays 178, not voting 187.)

It will be noticed that every Republican except Mr. PEAVEY, of Wisconsin, voted against this amendment. Mr. PEAVEY was known as a "progressive Republican." Our present Speaker, the Honorable HENRY T. RAINEY, voted for the amendment; so did our present majority leader, the Honorable JOSEPH W. BYRNS. It will also be noticed that the distinguished gentleman from Illinois, Mr. ARNOLD, the present chairman of the subcommittee, voted for the amendment.

Every Republican except Mr. PEAVEY, of Wisconsin—and the Republicans were greatly in the majority at that time—voted against the proposal to stop 13 contemplated ocean-mail contracts which were later agreed upon by and between the steamship companies and Postmaster General Brown and which has caused the inclusion in this bill of $6,600,000 to pay said steamship companies their subsidy for the next year. During the Seventy-first Congress, first session, there were 267 Republicans, 163 Democrats, and 1 Farmer-Laborite.

The Republicans cannot claim that they did not know what kind of contracts they were. I told them the names of the companies and the amount of the subsidy that many of the companies would get. I showed where Postmaster General Brown, if not stopped, would let a contract to a steamship company that would cause this Government to pay $7,000 for every one dollar's worth of service rendered. I have not quoted all of my speech on that occasion.

I am sorry that it is impossible to obtain support of the Members on the Republican side at a time when something could be done that would definitely stop a large number of ocean-mail contracts such as they now complain about. The best time to stop such contracts is before they are let.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. CHRISTIANSON. Is not the gentleman thankful for Republican constituencies who have sent to Congress men who now stand for the same thing which the gentleman claims he stood for 3 years ago?

Mr. PATMAN. Yes. Of course, we had lots of Republicans here 4 years ago, but we did not hear of but one of them voting with us.

NAVY DEPARTMENT APPROPRIATION BILL, 1935

Mr. AYRES of Kansas submitted a conference report on the bill (H.R. 7199) making appropriations for the Navy Department and the Naval Service for the fiscal year ending June 30, 1935, and for other purposes.

PERMISSION TO ADDRESS THE HOUSE

Mr. HOEPPEL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

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

There was no objection.

Mr. HOEPPEL. Mr. Speaker, yesterday we heard an eloquent tribute paid to an employee of this House who has served 33 years. I hope that the gentleman who delivered that tribute [Mr. BOYLAN] will take cognizance of the valuable service of the employees in this House, and that he will take this subject up with the Civil Service Committee of the House in order that these gentleman may be retired under the same rules and regulations that pertain to civil-service employees. I understand some of these men have actually served 50 years in this Capitol, rendering a distinguished and outstanding service, but as yet they are not in a position to be retired. I think it is opportune and appropriate that this subject should be given consideration.

Mr. McFADDEN. Mr. Speaker I ask unanimous consent to address the House for 30 minutes.

Mr. BYRNS. Mr. Speaker, reserving the right to object, I do not know the subject upon which the gentleman is going to talk, but I simply wish to call his attention to the fact that the House has agreed to close debate on the pending bill at 2 o'clock.

Mr. McFADDEN. I may say to the gentleman from Tennessee that my request is in the nature of privilege. I do not want to consume a whole hour, however.

Mr. BYRNS. If it is on the question of personal privilege, I shall not object.

Mr. McFADDEN. If I do not need the time I have requested, I shall not use it.

Mr. COLLINS of Mississippi. Mr. Speaker, I shall not object to the request of the gentleman. I understand he wishes 30 minutes?

Mr. McFADDEN. Yes.

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

There was no objection.

Mr. McFADDEN. Mr. Speaker, on the 16th of February I made some remarks on the floor of the House in regard to some of the evaders of taxes. In those remarks I paid my respects to one, Henry L. Doherty and his companies, and to Andrew W. Mellon and his companies. Immediately the press carried the accounts of my statement in regard to Mr. Doherty. With all due respect to him, he had read only the early part of my remarks where I was dealing in a general way with the situation. I am rather of the opinion that if he had been familiar at that time with all of my statement he would not have made the public statements that he did in regard to me.

In order that the matter may be brought appropriately before you, I have just stated it as a matter of privilege.

I said, among other things, as quoted by the press, that Mr. Doherty was a tax evader and that he was being assisted by prominent lawyers; and among them I mentioned Arthur Mullen.

I said that Arthur Mullen was the national committeeman from the State of Nebraska; that he was floor manager of the Roosevelt forces at the Chicago convention; and that immediately after the Presidential election he set up shop here in Washington, as many attorneys do in the change of administrations, so that they can practice before the various departments and use their political influence to secure a clientele. When I suggested this Mr. Doherty immediately came back through the press and said that:

> Mr. Arthur Mullen has never at any time been consulted by me or the companies in which I am interested in connection with any tax matters whatsoever.

Mr. Mullen also stated in the press:

> I have never had any connection with any tax matters for H. L. Doherty or for the Cities Service Co.

Mr. Doherty also came back and said, rather vehemently, that I was a liar, and further stated that I was protected by my cloak of congressional immunity which I cowardly hide behind in these vicious and scurrilous attacks.

The next day or the following day after I spoke the gentleman from Oklahoma [Mr. McCLINTIC] asked unanimous consent to address the House for 1 minute for the purpose of correcting the RECORD. He placed in the RECORD a letter signed by Arthur F. Mullen, which appears in the RECORD of February 19, 1934. This letter reads as follows:

FEBRUARY 19, 1934.

Hon. JAMES D. McCLINTIC, M.C.,
Washington, D.C.

DEAR MR. McCLINTIC: I have just read the colloquy which passed between you and Congressman McFADDEN in the House on February 16, 1934, pages 2670 to 2672 of the RECORD.

The records of the Internal Revenue Department show that I have never appeared as attorney for Henry L. Doherty or any of his companies in any tax matter.

I have not been consulted by anyone regarding any of the tax matters of Mr. Doherty or any of his companies.

I would appreciate it if you would make this letter a part of the records of the House.

Yours respectfully,

ARTHUR F. MULLEN.

I do not propose to let either one or both of these men get away with anything like this. I am not cowardly, hiding behind congressional immunity, nor is there any need for it. What I have to say I say plainly on the floor of this House, and it ill becomes either Mr. H. L. Doherty or Mr. Arthur F. Mullen to try to deceive this House in the manner that they have in this respect. Hence I am presenting the facts to this House.

I probably should have been a little more specific. I was talking not only of tax matters but of the set-up of Mr. Doherty's companies, and I quoted certain specific increases in values that arbitrarily and without justification were used for capital purposes and that securities were sold on these marked-up values. In this connection I have here reports of the Federal Trade Commission on Mr. Doherty's companies. These are only a few of them. I have the balance in my office. These reports contain proof for the statement which I made in regard to Mr. Doherty's companies. The investigation by the Federal Trade Commission has been carried on for the last 3 years under Senate Resolution 83, which was introduced in the Senate by the late Senator Walsh of Montana. The disclosures in these hearings that are now pending before the Federal Trade Commission will confirm everything I have said in regard to Mr. Doherty's companies.

Of course, these attorneys who are lobbyists here in Washington, who come in on the political waves and set up shop here to practice before the departments and use their prestige and influence, do not always go in the front doors of these departments before which they practice. They have their errand boys to run around to the various departments. They meet the heads and key men of the departments socially and at dinners and privately. I should probably have listed Mr. Mullen more properly as a general counsel for Mr. Doherty. He is an attorney for Mr. Doherty, and there are many people in the departments that know it, and to make clear to you that this is a fact I shall read to you a letter from the Federal Trade Commission under date of February 23, 1934. May I point out before reading this letter the deliberate attempt on the part of Mr. Mullen to deceive the Membership of this House, to discredit me and to create the impression that he was in no wise associated with Mr. Doherty. I also point out to you that Mr. Doherty was conniving with him to create the same impression and they are both guilty.

This is a letter from the Federal Trade Commission, signed by Garland S. Feerguson, Jr., Chairman of the Board, and is as follows:

FEDERAL TRADE COMMISSION,
Washington, February 23, 1934.

(Senate Resolution 83)

Hon. LOUIS T. McFADDEN,
House of Representatives, Washington, D.C.

MY DEAR CONGRESSMAN: This is in reply to your letter of February 19, 1934, in which you ask me to advise you "the names of the attorneys and the firms they represented, who were before the Commission in the interests of Mr. H. L. Doherty personally, H. L. Doherty & Co., Cities Service Co., Cities Service Securities Co., or any of their subsidiaries or affiliates at any appearances that may have been made before your Board or any of its departments."

We have had public hearings in our utilities investigation on the following companies in Cities Service group: Cities Service Securities Co., Arkansas Natural Gas Corporation, Public Service Co. of Colorado, Lakeside Construction Co. At all of these hearings the only appearance noted for any of the companies involved was that of Robert Burns, Esq., of the firm of Fruehauff, Robinson & Sloane, 67 Wall St., New York City.

Conferences were held prior to these hearings in the office of the Chief Economist, attended also by the Chief Counsel, or his representatives, relating to the affairs of the above-named companies at which appearances on behalf of the companies were Mr. Burns, Arthur Mullen, Esq., of the firm of Mullen, Mullen, Shea & Massey, and certain officers and accountants of the companies. No formal appearances are, of course, made in informal conferences of this character. The conferences related to the affairs of the companies named and also to relations and dealings between those companies and either H. L. Doherty or H. L. Doherty & Co., and the attorneys named, I am informed, seemed to speak on behalf of H. L. Doherty and H. L. Doherty & Co., as well as for the companies named above.

In addition, at the time the Chief Counsel was preparing to offer the report on the Cities Service Securities Co. for the public record several applications for a continuance were made to the Commission, its Chief Counsel, and Chief Economist. These were presented by Ira L. Grimshaw, Esq., Wade Ellis, Esq., B. F. Weadock, Esq., now executive director of the Edison Electric Institute, and Mr. Burns and Mr. Mullen.

The following attorneys have appeared on behalf of the following companies of the Cities Service group before the Securities Division of the Commission: B. F. Weadock, Arthur Mullen, Mr. Wil-

liams, of Buffalo, Huston Thompson, C. M. Owen and S. W. O'Brien, of Hornblower, Miller, Miller & Boston, of New York City. (These latter appeared for Alpha Shares.) There were other attorneys whose names cannot be recalled.

I think this complies with your request. This letter contains all the information I have been able to gather on the subject you describe.

Very truly yours,

GARLAND S. FERGUSON, Jr.,
Chairman.

May I point out that involved in all these matters before the Federal Trade Commission were also the Federal taxes due the United States Government, the proof of which was in the hands of the Federal Trade Commission's experts who were looking into these matters.

I am very glad, indeed, to notice in this morning's paper the resignation of Arthur Mullen from his position as a member of the Democratic National Committee from Nebraska. He says that there has been much unfavorable publicity. There has been publicity, because the President of the United States issued a statement against lobbyists who were political officeholders and members and heads of political organizations connected with the Democratic Party and is now endeavoring to have passed by this Congress a measure which will prohibit men of the type of Mr. Arthur F. Mullen (and there are many of them) from setting up shop in Washington and using the prestige at times even of the President of the United States to secure entree for their clients, who pay them well, to evade taxes and to take part in other matters which they want to put across in the various departments of this Government.

Mr. PARSONS. Will the gentleman yield?

Mr. McFADDEN. I yield to the gentleman from Illinois.

Mr. PARSONS. During the 12 years of the Republican administration did we not have men who came to the Capital and did just the thing that the President is now trying to stamp out?

Mr. McFADDEN. May I say to the gentleman that I am not treating this as a political measure in any instance. Of course there were. I am speaking against the practice. I am speaking against the unfairness of this kind of situation which is costing this Government hundreds of millions of dollars annually in the fact that through their influence these men aid and abet corporations and large taxpayers in avoiding a Government attack through the various departments on their financial set-up, and because of such practices these groups are permitted to go ahead and exploit the people of the United States by selling fraudulent securities.

Mr. O'CONNOR. Will the gentleman yield?

Mr. McFADDEN. I yield to the gentleman from New York.

Mr. O'CONNOR. The gentleman was here during all 12 years of the Republican administration. Did he ever introduce any legislation to stop Will Hays and Bascom Slemp, or any of the other Republican gentlemen, from doing just what he is complaining of now?

Mr. McFADDEN. The gentleman knows very well that for the last 6 years I have been doing everything in my power, as has the gentleman from Illinois [Mr. SABATH], among others, to get this House to pay some attention to an investigation of these things. Owing to the activities of the late Senator Walsh, the Federal Trade Commission is nearing completion of its investigation. May I say that the influence of this House should be exerted to see that the influence of Henry L. Doherty and his kind does not take the Federal Trade Commission by the throat and prevent them from exposing that which their investigators now know in regard to these companies.

Mr. BURKE of Nebraska. Will the gentleman yield for a brief question?

Mr. McFADDEN. Yes.

Mr. BURKE of Nebraska. The gentleman referred to the letter of resignation of National Committeeman Arthur F. Mullen, of Nebraska. Did the gentleman also take occasion to read the letter of the President of the United States acknowledging receipt of Mr. Mullen's letter?

Mr. McFADDEN. Yes; I will be very glad to do that.

Mr. BURKE of Nebraska. I trust the gentleman will, because it will modify very greatly the remarks the gentleman is making.

Mr. McFADDEN. I have here the President's reply to Mr. Mullen, but before I read that I want to put in that part of this article which refers to Mr. Mullen's statement in regard to his resignation:

The President's reply, addressed to "Dear Arthur", said that he appreciated Mullen's motives and that he remembered expressing confidence in his integrity.

Mullen's letter to President Roosevelt said:

"Certain publications recently have appeared in the press which have sought to create the inference that my activities as a practicing attorney in Washington were unethical and embarrassing to the administration; that because of this I had incurred your displeasure and ill will, and, therefore, should resign from the National Democratic Committee."

I am quoting from the Washington Post of March 7:

President Roosevelt replied on March 5:

"Have just received your letter in which you indicate your intention to submit your resignation as national committeeman for Nebraska to the chairman of the State committee.

MOTIVE IS APPRECIATED

"It is necessary for me to say that I appreciate the motives which prompt you to take this action. I recall distinctly talking with you last October when the question of your law practice in Washington was brought up, and I remember assurances of confidence in your integrity that I expressed.

"I can appreciate your feeling, as indicated in your letter to me, that the time has come when you feel you should resign as national committeeman. I want you to know, however, that there is no change in my personal friendship for you, and that I will continue to count on your unswerving loyalty to the principles for which we stand, your entire sympathy with the steps we are taking toward national recovery, and a continuation of that loyal support to these principles that you have always manifested.

"I know that your retirement as national committeeman will in no way lessen your deep interest in public affairs, and I shall welcome a continuation of your counsel and advice where the welfare of your State and country are concerned."

Mullen is one of the President's closest political friends. He was floor leader for the Roosevelt forces in the Chicago national convention. Following election, Mr. Roosevelt offered him an appointment on the United States circuit court of appeals, but Mullen declined the post on the ground that he felt he could be of more assistance to the President in his political capacity.

So much for this resignation.

However, let me point out that for over a year, following the elections of 1932, these gentlemen of the type of Mullen have come into Washington. They have opened offices, secured their clients; they have been practicing before the departments for over a year. Some of them have become immensely wealthy, and, of course, they have their clients now, and I am wondering whether this resignation, perhaps, is not for the purpose of continuing Mr. Mullen as the attorney for Henry L. Doherty and others of his type to avoid what the Government departments are proposing to correct in their investigation of Mr. Doherty and others here.

Mr. COCHRAN of Missouri and Mr. SABATH rose.

Mr. McFADDEN. I am sorry, but I have only 30 minutes, and I have a great deal of matter I want to present.

Mr. COCHRAN of Missouri. I should like to ask the gentleman a question which I think is quite pertinent. Can the gentleman cite any specific instance where any Government official in the Federal Trade Commission or the Treasury Department or in any other bureau or department has granted any improper favor to Mr. Mullen or anyone else who is in the class to which the gentleman is referring?

Mr. McFADDEN. Let me reiterate what I said in my speech on the 16th of February. I do not want to name specific people, because I do not want to do other people harm. I will say to the gentleman that I have the names. There is no question about it, and I have introduced a resolution in this House based on facts which I am prepared to present to the proper committee. I do not want to draw an indictment of all the lawyers here in Washington who are practicing before the departments. I do not want to bring in the men in these departments who have been aiding and abetting these men, but I have their names and I know who they are. I will furnish them to the gentleman privately or to the Committee on Rules, before which committee my resolution is resting, asking for the appointment of a select

committee of five Members of this House to look into these questions which are set forth in that resolution. I also propose to put that resolution in the RECORD so that the Members may have an opportunity to read it.

The resolution is as follows:

House Resolution 287

Whereas the Treasury Department in a survey of the Bureau of Internal Revenue published in 1927 reported that "the major problem of tax administration is one of personnel"; and

Whereas changes made as a result of such survey have resulted in no material improvement of the administration of the taxing laws; and

Whereas numerous attorneys, agents, specialists, advisers, and lobbyists in the employ of claimants for refunds and for the reduction of deficiencies are said to pretend to have influence with officers and employees of the Bureau of Internal Revenue with the result that erroneous refunds are made and in cases of deficiencies the tax justly due the Government is lost; and

Whereas it is alleged numerous officials of the Bureau have been placed in positions of responsibility beyond their capacities; and

Whereas it is alleged many of such employees were not placed in their present positions by reason of merit; and

Whereas it is of the utmost importance to the Federal Government and to the taxpayers of the country that a highly efficient and trustworthy personnel be maintained: Now, therefore, be it

Resolved, That the Speaker of the House is authorized to appoint a special committee of 5 members, 1 of whom the Speaker shall designate as chairman, 3 of whom shall be of the majority party and 2 of the minority party, which shall investigate the Bureau of Internal Revenue to ascertain the extent of which said conditions exist and report its findings together with recommendations for corrective legislation to the House of Representatives not later than December 31, 1934.

For the purposes of this resolution the committee is authorized to sit and act during the present Congress at such times and places in the District of Columbia, or elsewhere, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearings, to require the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths and affirmations, to take such testimony, to have such printing and binding done, and to make such expenditures as it deems necessary.

Mr. COCHRAN of Missouri. I would be glad to have names of Government officials who, the gentleman states, are aiding and abetting in these matters.

Mr. McFADDEN. I have quite a list of them, I do not think it is right to present that list to the House at this time, but if the gentleman insists, I shall do it, although I think it would be a mistake. There is a proper committee before which this information should be presented, and I will say to the Rules Committee that the case will be presented and it will be verified by members of your own administration.

I say this matter is a serious one. The question involved here is whether or not you are going to permit organizations of the type of Doherty's to come here and take advantage of even the President of the United States, as well as various men in the departments and continue to practice through the back door by using attorneys of Mullen's type and use all the influences that are well known to all of us here, or whether this situation is going to be corrected. Social maneuvers and important contacts should be stopped so far as the Government is concerned, as a basis of law practice and as a basis of cheating the Government.

A large number of these concerns have falsified their accounts and have sold securities to the innocent public. Of course they try to get influence and lawyers who stand in. They are willing to pay. This affects every one of you in your own district. There are probably 1,000 to 1,500 investors, if the number is equitably distributed, in each congressional district, who are interested in the securities which they have purchased from this one concern. The matter affects not only the investment of these funds, but it also affects the rates that are paid on gas and electricity, light and power, because this marked-up value is the basis for the issuance of new securities, and the rates that are charged by public utilities are based on these fictitious values.

Mr. PARSONS, Mr. HOWARD, and Mr. SABATH rose.

Mr. McFADDEN. I am sorry, but I have so much to present that I am afraid I cannot yield.

Mr. PARSONS. Will the gentleman yield for just a brief question?

Mr. McFADDEN. I will.

Mr. PARSONS. The gentleman is making a very interesting statement, and I am in agreement with most of it, but would the gentleman have us enact legislation here that would prohibit Members of Congress from interrogating departments or bureaus in assisting constituents in respect of matters before the bureaus or departments?

Mr. McFADDEN. I would not, if it is done within the scope of duty of the Members to the people whom they represent—the constituents of one's own district, but I would otherwise absolutely prohibit such practicing on the part of Members of the House and the Senate, and we have glaring examples that we could refer to in this respect. May I say that just as long as lawyers can flit into and out of public office in all three branches of Government, thence back into the private practice of law only to sell to his clients, good, bad, and indifferent, his knowledge of the weaknesses of government and finally run for its highest offices at the suggestion of and with the financial backing of godless boodler bankers and dishonest lawyers and public officials, just that long will the legal profession be the floodgates through which will flow floods of corruption from big business and the underworld into public affairs.

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

Mr. McFADDEN. Yes.

Mr. SABATH. I observed that the gentleman somehow or other has gotten information. Of course, this morning he has secured information from the departments, but outside of that he is capable of obtaining a lot of information, I do not know from what sources. Will he be able to obtain the information and the names of the lawyers and the experts that have secured during the last 12 years over $3,000,000,000 in refunds, to which he himself, as well as I, have called the attention of this House a good many times on this floor?

Mr. McFADDEN. I say to the gentleman that if this resolution is passed the information the gentleman is seeking I think will be fully covered and the situation will be corrected.

I would like to say to the House that I am thoroughly convinced that the Bureau of Internal Revenue cannot of itself correct this situation, and may I also say, with all respect to the committee, that the Joint Committee on Taxation of the House and Senate cannot of itself correct this situation. Both the Bureau of Internal Revenue and the joint committee need the help of a special committee of this House to accomplish the purposes of this resolution. This committee can call men from the Department and from the joint committee who will know how and can be trusted to do this job. And because of the fact that the men are available in the Department and in the joint committee, there should be very little expense attached to this investigation.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. O'CONNOR. I hope that in this information the gentleman will include investigating the connection the Whisky Trust has here in Washington and has had for years. That will be very interesting.

Mr. McFADDEN. I have not paid as much attention to that, perhaps, as has the gentleman from New York. I do not know whether that will be covered in this resolution or not, but I doubt it. The thing that should be looked into is the question of confidential settlements in the bureaus which permit evasion. Hundreds of millions of dollar are lost to the Government on account of the evasion of taxes and the practice before the departments and the courts of these particular corporations whose set-ups are illegal, whose set-ups are fraudulent, whose set-ups are made for the purpose of unloading securities upon marked-up values all over this country. I have been talking about that for a long time. I have been saying it as forcibly as

I could to this administration. I said it at the opening of the special session. I said that I wanted to see responsibility fixed, and not glossed over, of these houses of investment and other bankers, who have exploited this country as they have, who have used the Federal Reserve System, who have used all agencies of Government, to permit them to continue their nefarious operations, and I repeat, you are not going to restore confidence in the United States until you fix these responsibilities and punish these men as they are deserving of being punished. I hope this House will take action on what I am saying here in this matter, and I know that if any fair-minded Member of this House who wants to know the facts will check up on what I am saying he will find that what I say is absolutely true.

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

Mr. McFADDEN. I am sorry, but I have not the time. I have extracts from several letters. I have extracts here from people who are familiar with what has been going on in regard to this, and I shall read one extract from a letter that I have, written from Pittsburgh, Pa., by a man who has made a real study of this matter, who was at one time in the employ of the Doherty companies. He says:

> For your further information, they sold Indian Territory Illuminating Co. stock in the State of Pennsylvania during the years 1930 and 1931. The stock was sold anywhere from $31 to $47 a share.

He says he does not think it was listed before the securities commission in Harrisburg. I wrote to that commission, and this is what they say:

> Indian Territory Illuminating Co. has never been registered as a dealer nor has any circular describing its securities been filed by any registered dealer.

There is the situation, where the securities of this particular company, because many of their securities were listed on the New York Curb, were sold in every State of the Union, regardless of whether the blue-sky laws permitted it or not. That is a matter that should be taken up by the securities commission in every State, because if they have sold securities in Pennsylvania without legal authority, these securities have been sold in other States without legal authority.

This matter is so serious that I am taking it upon myself to notify the president of the New York Curb Exchange of the facts that I am presenting here. I shall call this to his attention and say to the president of the New York Curb that all these figures in all of Doherty's companies should be checked, and am suggesting that they audit these books and that no more transactions in his securities should be dealt in on the New York Curb until they have correct information as to the standing of his companies. I am also notifying the president of the New York Stock Exchange of this same situation, although I do not know that they have specifically listed any of these securities on that exchange or that they are dealt in on the New York Stock Exchange. But I propose that they shall have notice of what is taking place, because this Doherty outfit are now selling their securities to innocent people. They are making false statements in the circulars of investment houses that are selling their securities. They have just opened up a new plan of selling shares in some new company. I have not the details in regard to it, but it is known as "Alpha." I do not know whether they are going to have a subsequent one called "Omega" or not.

This man Doherty has resorted to every well-known scheme of influence. He has a string of expert lawyers from one end of this country to the other. He has moved into Washington. This is where influence counts. He is a grand entertainer. If you will dig into this situation, you will see that it is the usual type of the get-rich-quick scheme. He has taken all of his money out of these companies at the top price in 1929. He unloaded thousands of shares of these securities, not only on his employees but on other innocent investors, on the installment plan. He has cashed in at great profits at these high prices. The public and his employees are holding the bag. In Washington during the Harding administration we had examples of the Green House on K Street. We now have another house on K Street, the Doherty Men's Club, where, I am told, those people who are helpful to Doherty and have influence can go and enjoy a very pleasant evening.

Mr. BOYLAN. Will the gentleman yield?

Mr. McFADDEN. I am sorry, but I do not have time.

Mr. BOYLAN. I would like the gentleman to put the address of the house in the RECORD. [Laughter.]

Mr. McFADDEN. I am going to do that.

Mr. MARTIN of Oregon. Does the gentleman from New York want entertainment?

Mr. BOYLAN. The gentleman declines to commit himself. [Laughter.]

Mr. McFADDEN. I may say for the benefit of my genial young friend from New York [Mr. BOYLAN] that the number is 1319 K Street. If the gentleman would like the telephone number, I can give him that. [Laughter and applause.]

Mr. BOYLAN. I thank the gentleman very much.

Mr. McFADDEN. The gentleman from New York is so conversant with the city of Washington that I am surprised he does not know of this place.

Mr. COCHRAN of Missouri. Of course, the gentleman knows the social club has been in existence in Washington for at least 12 years?

Mr. McFADDEN. I do, but it has been very active lately. I am told it is a very convivial place.

Mr. PARSONS. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. PARSONS. Is that the same address at which Mr. Daugherty lived on K Street?

Mr. McFADDEN. I do not know the address of the little green house on K Street. If the gentleman will look in the telephone book he will find the number.

Mr. WOODRUFF. Will the gentleman yield?

Mr. McFADDEN. I will.

Mr. WOODRUFF. It seems to me that that name Daugherty, in connection with the little green house, has a strangely familiar sound.

Mr. McFADDEN. My memory recalls another Daugherty, but his name is spelled differently. My information is, however, that this club furnishes the same purpose that the little house on K Street did, to which the gentleman refers.

Mr. MAY. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. MAY. I would like to ask what is the use of the Government setting up such agencies as the Federal Trade Commission and making large appropriations for its operations unless it aids the Commission by the very information which the gentleman is trying to give to the House?

Mr. McFADDEN. I may say that the Federal Trade Commission is doing and has done a wonderful job. The experts who have gone into these matters, which are contained in probably 10 volumes such as I have before me and which were sent to me by the general counsel of the Federal Trade Commission, have done a fine piece of work. Their reports contain a marvelous revelation of all of these things. [Applause.]

The SPEAKER. The time of the gentleman from Pennsylvania has expired.

ORGANIZATION OF THE ARMY

Mr. MARTIN of Oregon. Mr. Speaker, the House is being called upon to appropriate a very large sum of money for the Army. At the same time, the Army is subject to great criticism. I have been asked by many Members to explain the organization of the Army. I ask unanimous consent to address the House for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Oregon [Mr. MARTIN]?

There was no objection.

Mr. MARTIN of Oregon. Mr. Speaker, I am not volunteering this address. Many Members of the House, not familiar with Army organization or Army procedure, have asked me to clear up this situation, and I must give that as an excuse for addressing the House at this time.

Mr. Speaker, there are no traffic lights at the national crossroads. Nothing but the penetrating light of vision will enable us wisely to choose our direction. Such vision is but the reflected knowledge of our institutions. It is for each of us to contribute toward the sum of knowledge. In these brief moments I would like to throw the spotlight upon that region of national endeavor which has been home for me, and thus to increase your understanding of the American Army.

A few years ago the Honorable John W. Weeks published a dramatic narrative of the peace-time accomplishments of our Army. This text is worthy of study by every American citizen; because it portrays the character of a great national institution, devised for war, yet uniformly successful even when diverted to the pursuits of peace.

During the past few years the rumblings of impending war have grown stronger. The Army is stirred by a sense of our unreadiness for national emergency. In this moment of anxiety it has again been diverted from its primary purposes and called upon to assist in national recovery. There could be no better proof of its moral strength than its successful participation in a phase of national life for which it was not designed, at a time such as this.

No other agency in this country could have created the Civilian Conservation Corps overnight, or administered it better than has the Army. No other agency responded more promptly to the needs of the Civil Works Administration. No other agency has absorbed and employed public-works funds more efficiently than, for example, the expanded program of the Army engineers. No other agency has had a more urgent need for funds than the Army. Yet, at a time when public expenditures have been lavish, the Army has accepted quietly its meager allotment from the huge appropriations for public works, and the expenditure of these funds according to a program which was not its own choice.

In short, the Army's record of peace-time accomplishment has been unbroken during the past year. The Army has given full proof that, when assured the facilities and the undivided authority necessary to meet its responsibilities, it will continue to reach its objectives. I would like to stop at this point. But I must go on. I have promised to give light, not merely whitewash.

The Army has succeeded, but it has also been condemned. Most men admit that it has done well those tasks for which it was never designed. Many men claim, however, that it has failed in the very purposes for which it was created. It is charged that it has failed because of lack of suitable equipment. It is charged that it has failed to modernize. It is charged that it is stagnant, and that it has been so for 15 years. It is charged that it is unready for war.

There is no question but that modern equipment is lacking. You say it here on the floor of the House. The Army says it. The press repeats it. Radio broadcasts it. The man in the street knows it, and probably says to himself, "So what?" We represent the man in the street. It is time for us to inquire what and why is such a condition. Why should an army lack in its own field and succeed admirably in another backyard?

The average Member of Congress has a shrewd and instinctive understanding of the basic needs of a business enterprise. When the Army is called upon to perform peace-time missions, the public official is not afraid ultimately to give it the authority which it needs. So it succeeds. What could be simpler?

In the primary field of military preparation the conditions are reversed. The average Member of Congress has but a rudimentary understanding of the art and science of war. Knowing so little about it, he assumes, perhaps, that there is little to know about it. Is it not proverbial that we are most inclined to jump at conclusions and to interfere in those processes concerning which we have least knowledge?

From Valley Forge to the present day, our Army has been seriously handicapped in its legitimate field, by the unwarranted meddling of amateurs. Were it not that some of these meddlers are my very good friends, I should be tempted to compare them with little Jack Horner—

> Who stuck in his thumb,
> And pulled out a plum,
> And said, "What a brave boy am I?"

It would be unjust for me to attribute the meddlesome tendency solely to ignorance. It is indeed due, in part, to our inherited suspicion of military power. To one who knows our Army and its untarnished record of loyalty to civil authority, the permanence of this suspicion is paradoxical. Yet you do suspect the Army. And, because it focuses the cross section of military qualifications in the form of a convenient target, you suspect, above all, the General Staff.

The General Staff is a coordinating mechanism, created for the assistance of command. Command is vested in the President and administered through his Secretary and through the Chief of Staff. The viewpoint of command, which to some of you appears restrictive to progress, is seldom if ever the viewpoint of the General Staff. The viewpoint of command is the viewpoint of the Budget. This is, in turn, merely the budgetary reflection of the viewpoint of Congress. You have created a General Staff which is your own image. Because it is loyal to you, you condemn it.

The Army officer who appears before you is charged with loyalty to the Budget. He comes, perhaps, in defense of an insignificant item such as eight tanks, for example. He may believe, as does the General Staff, in the urgent need for 800 tanks. He is forced, nevertheless, to forget his own beliefs and resort to the mental gymnastics of defending an estimate which is yours, not his, from your own attack. After you haggle him down from eight to seven tanks, you ask him if the Army will still carry on in spite of its cuts. When he replies in the affirmative you jump to the conclusion, or at least profess to believe, that the Army has accepted willingly the stagnation which actually has been forced upon it by the Congress. Then you accuse the General Staff of being unregenerate and archaic in its views.

It is a wise American tradition that the Army should not become a political factor. Congress itself has insisted that the soldier should be freed from the necessities of self-advertisement, and protected against the temptations of public propaganda. It should be the wisdom of Congress, conversely, to establish itself as the defense of the Army. Yet, recurrently through history, Congressmen have been the first to attack this institution which is not allowed to strike back. The voice of the Army and of its General Staff is consistently ignored. Yet, in the tragic moments of inefficiency, it has been the Army that bears the brunt of attack.

Prior to the Spanish-American War the Army was a tiny band of scattered remnants, administered through a bureaucratic department which, in the knowledge of every trained officer, was obsolete and inadequate. Congress paid no heed to the voice of the Army. It was inevitable that our entry into war should have been marked, as it was, by scandalous inefficiency. Following the war, Elihu Root tore down the bulwarks of bureaucracy and created the foundation of the General Staff system of control.

Prior to the World War Congress again failed to support the Army and its new coordinating nucleus, the General Staff. Following the war the Army was again subjected to a storm of criticism to which it was forced to listen in silence. This time, through the guidance of Newton D. Baker, the remedy was again sought and the General Staff was built up virtually to the extent to which it exists today. The Congress should never forget that this organization was built up, at your own orders, in the clear light of postwar understanding to increase the efficiency of our country and the security of her sons in war.

History repeats its mistakes. The Army is again neglected. The moderate voice of its leadership is ignored. Financially handcuffed for 15 years, trained to sense the potentialities of war, and to know the need for progress in organization, equipment, and methods, it can only wonder in silence why its needs are ignored.

Our Army fully understands the principles of increasing dispersion, and increasing intensities of fire. Men once fought in ranks, 16 deep, elbow to elbow. With improvement of weapons and organization, ranks were reduced to 8; to 2; and to 1. Lateral intervals were increased to 1 yard; then 5; and what for the future? Dispersion has become three-dimensional. Thus men may have a reasonable chance for survival and victory in war.

But extension must follow the development of weapons. Thirty years ago, we adopted a magazine rifle. We still have it, out of date. Our Infantry should have light semi-automatics. At an enemy on the ground, and also in the air, these can deliver three to four times the volume of fire of the obsolete weapon. Infantry must have the light machine gun, new mortars, and large numbers of tanks which are so urgently needed to take over some of the grievous missions of shock action. It must be supported by vastly improved artillery weapons and transport. Infantry paths must be cleared and investigated by modernized cavalry. They must be assisted and supported by modernized forces in the air. Essential industrial plants and facilities must be protected by antiaircraft artillery which is equipped with modernized equipment. Troops must be prepared to resist the effects of chemical warfare. Communications must be brought up to date, employing all of the marvelous potentialities of radio. Engineers must have modernized bridge equipment. Above all, at the outset of war there must be war reserves sufficient to enable our first line to carry on until industries are mobilized. The Army understands all of this far better than any of you could possibly appreciate. Yet it has been unable to ask for what it needs.

I have endeavored to give you a story in two chapters. The first chapter relates to the achievement of great success in nonmilitary fields. The second is a tragedy of blighted potentialities. I shall not presume to argue the question. If I have not already shown clearly what is the cause of potential failure, and what should be done to remedy the deficiency, then I, too, have failed in my purpose. If I have succeeded in the slightest degree, the Congress will make a corresponding effort in the future better to understand its own creation, the General Staff.

The General Staff is constituted by temporary detail from all arms and services of the Army. Its membership, ever changing, includes, among others, infantrymen, aviators, surgeons, engineers and chemists, artillerymen, and supply experts. Representatives of all parts of the Army are brought together to form a conglomerate whole. This body is created to insure the presentation and weighted consideration of all viewpoints. Organization and procedure are planned to make use of these viewpoints so that, on every matter subject to departmental consideration, the Chief of Staff and the Secretary of War may obtain a composite picture in which all Army agencies are given balanced treatment. The General Staff is concerned primarily with policies. It has no power of action, except as expressly delegated by the will of command.

[Here the gavel fell.]

Mr. BURNHAM. Mr. Speaker, I ask unanimous consent that the gentleman from Oregon may proceed for 5 additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. BURNHAM]?

There was no objection.

Mr. MARTIN of Oregon. In respect to procurement of equipment and supplies, the General Staff is concerned solely as the agent of the using forces. During the reorganization of the War Department, after the World War, Congress insisted that the tremendous task of coordinating industry and procurement for war should be withheld from the control of Army officers and placed securely in the hands of civilians. Side by side with the General Staff, wholly independent of it and of the Chief of Staff, Congress therefore created an organization under the exclusive control of the Assistant Secretary of War, who, in turn, is responsible only to the Secretary of War. The considerations of this agency are predominantly industrial, as those of the General Staff are predominantly military. All contractual functions are therefore under the exclusive control of the Assistant Secretary of War.

Mr. WOODRUFF. Will the gentleman yield there?

Mr. MARTIN of Oregon. Yes; I yield.

Mr. WOODRUFF. In view of what the gentleman has just said, it naturally follows that if there has been any inefficiency or worse in the purchasing of supplies for the Army, it has been due to civilians and not to members of the Military Establishment itself?

Mr. MARTIN of Oregon. Absolutely; and yet people rush in and say the General Staff is to blame for all of this. It has nothing whatever to do with it at all.

Time and talents have permitted me to give you but a thumb-nail sketch of a great institution; and a viewpoint of some of its problems. It is a loyal organization. It can stand censure, and criticism, if it must. I urge upon you, nevertheless, that you practice restraint in resorting to critical measures. When you criticize the General Staff, you criticize the Army of the United States—Regulars, National Guard, and Reserves. When you criticize the Army, you criticize our country. Look upon the General Staff as the reflection of your own image. Cherish its good faith, as you would protect your own good name, and the welfare of our great Nation! [Applause.]

The SPEAKER. The time of the gentleman from Oregon has again expired.

INVESTIGATION OF NAZI PROPAGANDA

Mr. COX, from the Committee on Rules, submitted the following privileged report (Rept. No. 878) from that committee for printing under the rule:

House Resolution 198

Resolved, That the Speaker of the House of Representatives be, and he is hereby, authorized to appoint a special committee to be composed of seven members for the purpose of conducting an investigation of (1) the extent, character, and objects of Nazi propaganda activities in the United States, (2) the diffusion within the United States of subversive propaganda that is instigated from foreign countries and attacks the principle of the form of government as guaranteed by our Constitution, and (3) all other questions in relation thereto that would aid Congress in any necessary remedial legislation.

That said special committee, or any subcommittee thereof, is hereby authorized to sit and act during the present Congress at such times and places within the United States, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearings, to require the attendance of such witnesses, and the production of such books, papers, and documents, by subpena or otherwise, and to take such testimony, as it deems necessary. Subpenas shall be issued under the signature of the chairman and shall be served by any person designated by him. The chairman of the committee or any member thereof may administer oaths to witnesses. Every person who, having been summoned as a witness by authority of said committee or any subcommittee thereof, willfully makes default, or who, having appeared, refuses to answer any question pertinent to the investigation heretofore authorized, shall be held to the penalties provided by section 102 of the Revised Statutes of the United States.

UNCLAIMED DEPOSITS IN NATIONAL BANKS

The SPEAKER. The Chair lays before the House the following communication from the Senate.

The Clerk read as follows:

Ordered, That the Secretary be directed to request the House of Representatives to return to the Senate the bill S. 2359, "To provide for the disposition of unclaimed deposits in national banks."

The SPEAKER. Without objection, the request is granted.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H.J.Res. 290. Joint resolution to provide an appropriation to carry into effect the act entitled "An act to provide for loans to farmers for crop production and harvesting during the year 1934, and for other purposes", approved February 23, 1934.

The message also announced that the Senate agrees to the amendment of the House to the bill (S. 1083) authorizing adjustment of the claim of the Potomac Electric Power Co., of Washington, D.C.

The message also announced that the Senate agrees 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. 7295) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1935, and for other purposes.

The message also announced that the Senate recedes from its amendments nos. 31, 32, 33, and 34 to said bill.

WAR DEPARTMENT APPROPRIATION BILL—FISCAL YEAR 1935

Mr. COLLINS of Mississippi. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 8471) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1935, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H.R. 8471, the War Department appropriation bill for the fiscal year 1935, and for other purposes, with Mr. LANHAM in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. In accordance with the previous order of the House, debate on the bill H.R. 8471 will proceed for 2 hours today and be confined to the bill, the time to be equally divided between the gentleman from Mississippi [Mr. COLLINS] and the gentleman from Ohio [Mr. BOLTON], at the end of which time the bill will be read for amendment under the 5-minute rule.

Mr. BOLTON. Mr. Chairman, I yield myself 15 minutes.

Under the agreement reached earlier in the week, the balance of the time for debate on this bill will be confined to a discussion of the bill itself. The Chairman of the Subcommittee on Appropriations intends to discuss the bill in detail. Consequently I propose to take only such time as needed to make some general remarks on the recommendations which the bill carries to this committee.

The bill as recommended to the committee represents the arduous work of the subcommittee for several weeks, and weeks of hearings. Happily, the bill meets the general approval of those most directly affected by its recommendations and it is believed the bill as recommended to the committee unanimously by the Subcommittee on War Department Appropriations will meet the approval of the committee. As we would naturally expect, discussions and studies of this matter have been led by the able chairman of the subcommittee. I am very glad to have this opportunity not only to express my personal regard for the gentleman from Mississippi and his intense interest in our Military Establishment, but also my respect for the manner in which he has handled these deliberations. But, further, I want to express my appreciation to him for the courtesy which he has shown the minority members of his committee. This year the chairman was handicapped, perhaps, by having two new minority members on his committee. This did not prevent him from giving us every consideration and we of the minority are grateful for the extreme courtesy he has shown us, and we feel very fortunate in having such an able leader of our committee considerations and our common problem.

I also should like to congratulate the chairman of the subcommittee on what he has accomplished in this bill. The gentleman from Mississippi has made suggestions to the committee and to the House of Representatives for many years with regard to certain types of equipment to be used by the Regular Army. Part of his recommendations are carried in this appropriation bill and so it really represents the culmination of years of work on this subject on his part.

I am one of those who believe in national defense. I believe the Regular Establishments of the Army and the Navy are not only the first line of our defense but our best insurance for peace. Consequently I am very happy at the support this bill gives the Army.

The bill carries appropriations of approximately $243,000,000 for the military activities of the Army. As we all know, the bill is divided into three parts: Appropriations for the War Department, appropriations for the military activities of the Army, and appropriations for the nonmilitary activities of the Army. The $243,000,000 recommended this year for military activities is approximately $30,000,000 less than the appropriations recommended to Congress for the current year, but approximately $25,000,000 more than the funds allowed the War Department by the Director of the Budget for the fiscal year 1933-34. When we add to this the huge sum of $115,000,000, which was allotted to the War Department by the Public Works Administration, we can see that the funds at the disposal of the War Department up to June 30 of next year are considerably greater than the War Department has had for several years.

I think it might be appropriate to point out the fact that after the appropriation bill was passed last year the administration saw fit to reduce it by many millions of dollars and cut down activities for which Congress appropriated money. Following that, however, this huge sum of $115,000,000 was allotted by the Public Works Administration; and in connection with that action it might be commented upon that the Public Works Administration made their allocations and allotments without regard to, or at least without following, the recommendations of the Chief of Staff as to the necessity of the different activities provided for.

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

Mr. BOLTON. Certainly.

Mr. DOWELL. Was that at all in harmony with the recommendations of the subcommittee?

Mr. BOLTON. Our committee had nothing to say about the allotments made to the War Department by the Public Works Administration. I might say that what has been done in this instance is characteristic of what has been done with many other departments by the Public Works Administration. In other words, the Public Works Administration has seen fit to follow its own ideas in allotting money for various activities of the Government, many of which had been refused by congressional action.

Mr. DOWELL. One other question, if the gentleman will permit; I understand from the gentleman the General Staff was not consulted about these allocations.

Mr. BOLTON. No. The General Staff submitted a list of recommendations which will be found in the hearings. These recommendations amounted to approximately $380,000,000. From these recommendations the Public Works Administration selected certain ones for which approximately $95,000,000 was allotted for military activities. Of this amount over $60,000,000 was for Army housing. It is but fair to admit that the Public Works Administration in making its allotments was probably moved by the thought of primarily encouraging employment. I say, however, it is very unfortunate that the military necessities and tactical needs of the Army were not considered in making these allotments.

Mr. DOWELL. Would it have been possible to have allocated this money to military activities which would have been more beneficial to the Army and also have created the same amount of employment?

Mr. BOLTON. I think that is a matter of personal opinion. I, being a firm believer in the efficiency of the Army, would have preferred to have seen allotments made for equipment or for ordnance supplies or for mechanization and motorization rather than for the building of barracks, hospitals, gymnasiums, and parade grounds at the Army posts.

As I say, the military activities of the War Department have been well taken care of through the proposed appropriations. Insofar as the nonmilitary activities are concerned, $250,000,000 has been allotted by the P.W.A. For rivers and harbors and for flood-control improvements the total amount of the proposed appropriations comes to something like $279,000,000 as opposed to $349,000,000 appropriated last year. When we add to this $250,000,000 for non-

military activities and $115,000,000 for military activities allotted by the P.W.A. and available until June 30, 1935, I think we can agree that the War Department this year is well taken care of.

General MacArthur, commenting on the bill, said that the funds proposed to be appropriated for the War Department were meager but adequate. This comment was made prior to certain changes made by the committee in which recommendations for motorization, mechanization, and additional airplanes were added. The committee feels that the amount in the bill is adequate, and particularly in view of the augmentation by the P.W.A.

Insofar as the personnel of the Army is concerned, it is proposed at about the same basis as last year. Insofar as equipment is concerned, the committee feels that the ordinary equipment appropriated for is sufficient. In addition, however, there are three large items which the committee added through certain changes in the bill. One is for mechanization of a portion of the Regular Army, by which one regiment of Cavalry will be mechanized, as well as certain units of the Infantry. Another permits the total motorization program of the National Guard to be completed from funds recommended, with the exception of certain of the heavier types of artillery. The committee has appropriated additional funds for experimentation in the airplane field, as well as funds for the purchase of additional airplanes.

Mr. DOWELL. Will the gentleman yield again?

Mr. BOLTON. I yield to the gentleman from Iowa.

Mr. DOWELL. What is the cost of the motorization of the Army?

Mr. BOLTON. Does the gentleman mean motorization in this bill?

Mr. DOWELL. Yes. What is appropriated, or what is the extra amount involved?

Mr. BOLTON. There is an additional one million and a half dollars added to the bill for the purpose of motorization of the National Guard. In addition to this, there are about nine or ten million dollars of P.W.A. funds for motorization in the Regular Army.

Mr. DOWELL. Is that above the expense for motorization?

Mr. BOLTON. The $10,000,000 is the amount allotted by the P.W.A. in addition to funds appropriated in this bill.

Mr. DOWELL. What I want to get at is the aggregate; adding the $10,000,000 to the amount appropriated.

Mr. BOLTON. Between $10,000,000 and $12,000,000 for motorization alone.

Mr. DOWELL. May I inquire what is to be done with the horsepower in the Army? Is that to continue as it has been?

Mr. BOLTON. No. Does the gentleman mean as far as the actual operations of the artillery are concerned?

Mr. DOWELL. So far as the appropriations are concerned.

Mr. BOLTON. The Appropriations Committee has in mind that the horses which will not be used because of mechanization or motorization will be transferred to other units of the Army which today require horses and which today are underhorsed.

Mr. DOWELL. They will be continued?

Mr. BOLTON. In part. Some units will be cut down and some discontinued. There are about five or six thousand animals in the National Guard alone, which have, or can be dispensed with, meaning a tremendous saving on the part of the National Guard. As a matter of fact, the motorization program of the guard for the past 2 years has amounted to about $3,000,000. This expense will be taken care of entirely by savings in the elimination of horses, forage, and so forth.

Insofar as the training activities of the Army are concerned, the previous reductions made by the Director of the Budget will be corrected. Funds are carried in the bill for the training as heretofore of the regular units of the Army. Funds are carried for the National Guard which will permit of an increase in guard drills, also the regular 2 weeks' training at camp, and the regular number of Organized Reserves are appropriated for as recommended by the War Department.

Mr. WADSWORTH. Will the gentleman yield?

Mr. BOLTON. I yield to the gentleman from New York.

Mr. WADSWORTH. Can the gentleman give us some information in connection with the training of the National Guard in this respect? Will the supply of ammunition which may be expended in the coming fiscal year be sufficient to give all the units of the Regular Army and the National Guard their regular target practice in addition to their ordinary training with the rifle?

Mr. BOLTON. I cannot speak about the regular target practice, but the testimony before the committee indicated that ample funds have been set aside not only for the National Guard but for the Regular Army.

Mr. WADSWORTH. Are the funds set aside in this bill larger than the funds set aside last year?

Mr. BOLTON. I think they are much larger than the funds actually allotted last year. I may be mistaken in this.

Mr. WADSWORTH. I am very glad to hear that, because in this present fiscal year the fighting forces of both the Regular Army and the guard are being carried on with a minimum of instruction in their weapons, due to lack of ammunition, and a pitiable condition has arisen. I am glad that there will be a more generous allotment the next fiscal year.

Mr. BOLTON. I recall General MacArthur's testimony to the effect that ample funds were provided for rifle practice. As I say, insofar as training is concerned, we believe that ample funds are set aside for this purpose. This applies not only to the Regular Army and the National Guard but also the Organized Reserves.

The ordinary supplies for the Army are taken care of in the bill. There is one comment, however, I wish to make with reference to the general supply situation. It is on the broad subject of supplies and reserves for our Military Establishments.

We are all familiar with the situation confronting the War Department in 1917 and the fact that the various supply bureaus, with tremendous demands placed upon them, acted independently and without coordination, to such an extent that the President found it necessary to set up the coordinating body of the War Industries Board, with its Priorities Board, Clearance Committee, and similar activities, to correct the situation, and properly correlate the demands of industry.

After the war the National Defense Act was enacted, which, among other things, delegated the responsibility for the supervision of the procurement of supplies for the Army to the office of The Assistant Secretary of War, and which contemplated to so regulate the activities of the Army in that respect that difficulties such as experienced in 1917 would not be reenacted. Yet today each supply bureau of the Army is carrying on its procurement activities rather independently of other supply agencies, and, with the exception of matériel which is common to two or more branches of the field forces, it is customary for these bureaus to secure the necessary equipment and supplies requisitioned of them without regard to other activities.

[Here the gavel fell.]

Mr. BOLTON. I yield myself 5 additional minutes.

Mr. ROBERTSON. Will the gentleman yield?

Mr. BOLTON. I yield to the gentleman from Virginia.

Mr. ROBERTSON. Will the gentleman give us some information about the Army hospital at Denver, Colo.?

Mr. BOLTON. I will when I get through making my general statement.

It is quite true each supply bureau acts under the supervision of the office of The Assistant Secretary of War in its procurement program, but it is equally apparent no direct supervision or direction is authorized relative to sources of supply or industrial requirements of such programs. It is true studies and data relative to the industry of the country have been completed by the War Department and are constantly revised, but it is questioned whether the procure-

ment of supplies for the Army are made with these data primarily in mind and the necessity for close cooperation as well as the development and establishment of basic industries essential for such procurement always of first importance. The various bureaus are permitted to fill their requirements under such conditions as the law prescribes and from such sources as they determine, regardless of the activities of other bureaus.

While it is true that advances have been made in placing the responsibility for the procurement of types of equipment used by more than one branch of the Army under the authority of an individual bureau, yet it is apparent that the various supply bureaus of the Army are dealing with industry and their sources of supply in a manner which might result in the same confusion as referred to at the beginning of the World War.

The hearings through which the committee has sat indicate this lack of close supervision very clearly, and the very natural desire of each supply chief to carry out his activities as efficiently but independently as he is able.

It is believed that a study of the situation might develop facts which could well be corrected or at least indicate the necessity for closer cooperation, for emergency as well as peace-time activities. It is, of course, realized that because of the tremendous number of depots and posts which go to make up our Regular Establishment, centralized activity in the procurement of supplies is most difficult. It is believed, however, that a general policy of procurement under which conflict in purchases as well as the development of industry to meet requirements in times of emergency would be reduced to a minimum is highly desirable and possible, and would lead to greater efficiency both in times of peace as well as war.

Again referring to the National Defense Act, the responsibility for procurements is lodged in the office of The Assistant Secretary of War largely with a view of having in mind procurements on a large scale in time of national emergency, and for the purpose of avoiding conflict in the placing of orders with industry. The Assistant Secretary of War is charged with the development of additional sources of supply in order to most effectively utilize industry in times of emergency, and the assurance of adequate provisions for the mobilization of matériel and industrial organization.

Testimony throughout the hearings has indicated that the Ordnance Department have made real advances throughout the country in setting up ordnance districts for the express purpose of handling orders for ordnance equipment, though little has been done in this respect in other branches. Yet one very serious comment on our procurement activities during the World War was the fact that most of the large establishments producing ordnance matériel, such as guns, armor plate, ammunition, and so forth, were located within easy distance of the seaboard and very vulnerable on that account. While it has been indicated that efforts are constantly being made to develop the ability of industrial plants to produce ordnance requirements throughout the country, little indication is evidenced of actual steps to encourage production of ordnance matériel so essential to the success of an army at points inland.

It is believed highly desirable that consideration of this most important function of the Army be given attention and steps taken not only to coordinate the activities of the ordinary procurement, but to more effectually prepare for the production in various parts of the country of the many types of supplies necessary in huge amounts in time of war.

Similarly the matter of war reserves might well be given serious consideration and study. These reserves today are supposed to consist of matériel and supplies sufficient to promptly equip 1,000,000 men. Primarily the requirement applied to ammunitions and such munitions as require time to produce and were called for in large quantities. Fundamentally preparations should be such as to permit all requirements being secured promptly to properly equip the force designated. Practically part of those requirements can be procured more readily than others, part of those requirements deteriorate more rapidly than others, and some become obsolescent sooner than others. Heretofore Congress has appropriated huge sums to build up and maintain these reserves. Congress further disposes from time to time of surplus or damaged stocks. The recent demands made upon these reserves of the Army for C.C.C. camps, the disposal of large surplus stocks as well as reserve stocks, and the question of replenishment of those stocks brings the matter very much to the fore, and the desirability of reconsidering the entire requirements for that reserve and the best method of maintaining it. Recommendations were made to Congress for such a study by the Committee on Appropriations last year, and attention is again directed to this situation because of the reduction in appropriation for this purpose.

There are two distinct functions of the Army—one of arms, the other of supply. Neither is effective without the full cooperation of the other, and to secure the best results full efficiency must be had in both divisions.

My remarks are not directed as criticism of the activities or efforts of any branch of the War Department. It is rather a belief that further study of our activities might bring us further efficiency and keep us more abreast of the times, which is so essential in the Army, not only in arms and matériel but also on the method of procuring same.

Now I shall be pleased to yield to the gentleman from Virginia.

Mr. ROBERTSON. On the subject of procurement, I would like to ask, first, if it is not true that Government agencies are now carrying over $2,000,000,000 of surplus or excess supplies?

Mr. BOLTON. I am not able to give the gentleman the figures, but I know the amount is very large.

Mr. ROBERTSON. Is any plan being evolved, through the new Division of Procurement or any other agency, for consolidated inventories so that one agency can transfer to another without buying new supplies?

Mr. BOLTON. I know that the General Staff is giving that entire matter consideration and study, and I do know that forward steps have been taken since the war; but, as I have tried to point out, in my opinion, they can go a great deal further.

Mr. ROBERTSON. The other question was with respect to the Army hospital, at Denver, Colo.

Mr. BOLTON. No provision is carried in the bill for continuation of that hospital, largely on the recommendation of the Chief of the Medical Corps of the Army.

Mr. ROBERTSON. Is that because the Army does not feel it wants the hospital or because the Veterans' Administration was using the hospital and the Army bearing part of the expense?

Mr. BOLTON. I think it is a combination of circumstances.

Mr. ROBERTSON. You cut $50,000 off of the item and that is $50,000 under the recommendation of the Budget Bureau.

Mr. BOLTON. Yes.

Mr. ROBERTSON. Would the gentleman feel at liberty to express his own views as to whether this hospital should be continued or not?

Mr. BOLTON. Primarily my recommendation for the disallowance of these funds was based upon the recommendations made by the Surgeon General of the Army. [Applause.]

Mr. Chairman, I yield the balance of my time to the gentleman from Mississippi [Mr. COLLINS].

Mr. COLLINS of Mississippi. Mr. Chairman, in presenting the War Department appropriation bill for the fiscal year 1935, as has been my custom during my chairmanship, I shall avail myself of the opportunity first to speak to a subject pointing to the realization of a better, more efficient, and more effective Military Establishment. I feel that much is gained in this way of focusing public attention upon matters or conditions which should be corrected, if it be our purpose to have a modern and effective military machine both as regards matériel and personnel. Therefore, today I shall

speak at some length to the subject of youth as a prerequisite to the kind of a Military Establishment it is our aim and endeavor to have.

Through the medium of the report which accompanied the presentation of the bill which is before you for consideration, the committee has attempted to inform the House in considerable detail of its action upon the estimates as presented in the President's Budget. In addition, however, I wish to say some things to you about the principal phases of the bill, which I shall do upon the conclusion of my remarks upon youth.

What I have to say about age ought really to be dedicated to those 2,816 first and second lieutenants who have graduated from West Point since June 1920. The highest ranking man of these 2,816 junior officers is still 792 files from his captaincy, and he cannot hope for promotion in less than 4 long years. These forgotten men of the War Department, condemned to withstand the dryrot of a stagnated promotion list, are a real concern. For 14 years they have been lieutenants and for still many more years will they remain so, unless we act upon this problem or wait for Fate to take action for us.

Before I elaborate my view upon the ages of our own military men in particular and upon soldiers in general, a few figures are in order so that an adequate background may be supplied and full information made available. These figures are all contained in the hearings on this bill and reveal a situation that seems fraught with danger and needless expense if we are to maintain a Military Establishment supposedly efficient and instantly ready for action in an emergency.

On June 30, 1933, we had 10,872 promotion-list officers in the Regular Army—officers supposedly capable of combat duty in the event of an emergency. These officers held rank from second lieutenant to major general, and were from 21 to 64 years of age. A glance at the age table on page 104 for Regular officers shows that our 21 major generals, those supposed to exercise high command in war time, had an average age of 59.4 years. Our 46 brigadier generals, those officers who will command brigades and divisions in time of war, were even older, having an average age of 60.33. Our 466 colonels, those officers who nominally command regiments and who would be subject to front-line duty in war, at least those not drawn upon to supply a wartime shortage of general officers, had an average age of 58 years. Similarly, we find our 577 lieutenant colonels had an average age of 51.6 years. Our majors had an average of 44.6 years, our captains 42.6 years, first lieutenants 34.75 years, and second lieutenants 26.33.

What is the significance of these figures? How many of you gentlemen think a colonel of 58 years or more can successfully lead his regiment into the front line and conduct it through a modern engagement? How many men of 58 have the mental and physical stamina to stand the awful pressure of twentieth-century combat or the ravages of future scientific slaughter? There is no hope for sexagenarians in a military establishment, even in peace time, because the rapid advance of invention and ingenuity leave them far behind—desk soldiers, dreaming of battles they fought and won decades ago.

Our Army is not without its full complement of sexagenarians: 46 percent of our major generals, 63 percent of our brigadier generals, 27 percent of our colonels, and too many of our majors and captains will never see 60 again. We have on our active promotion list today 207 officers 60 years or over, and while they are legally entitled to be with us until they reach the age of 64, and while the Government may still, perhaps, realize on their services in so-called "administrative positions", they are of no more use in time of emergency and conflict than so many cigar-store Indians. Furthermore, the positions they now hold could better be filled by younger officers or by civilian clerks. I will grant that there may be exceptions, but from figures and data I will presently produce I hope to show that Father Time and Father Mars have rarely worked together to produce successful antiques in a modern army. I do not use clerks in a disparaging sense. Our War Department right now is staffed with a large number of officers, some of high rank, who were clerks prior to April 6, 1917, which signifies that there are clerks who have the capacity to do the work of officers.

Our Regular Army is not alone the repository of all the officers who seem to suffer from over age and threatened hardening of the arteries. Our Organized Reserves can produce a list of aging officers that ranks with any organization, civil or military, in the world today. The tables on pages 404, 405, and 406 in the committee hearings show we have 86,503 Reserve officers on the active or eligible list. It is assumed, whether properly or not, that they are physically competent to exercise command and withstand the rigors of modern campaign and conflict. As a matter of fact, they are the Reserve officers who have taken some training within the past 5 years.

Strange to say, the age levels in the Organized Reserves are lower—only slightly lower—than in the Regular Army. Happily, the sole major general in the Reserves misses being a sexagenarian by 1 year. However, in order to make up for this slip of venerability, we find on the eligible list of the Reserves, 5 of the brigadier generals 60 years or older, 18 percent of the 823 colonels 60 years or older, 10 percent of the 2,562 lieutenant colonels 60 years or over, 6 percent of the 5,656 majors aged 60 or over, 194 captains, 23 first lieutenants, and even 4 second lieutenants 60 years or over, all claiming years but not youth for their military laurels.

I should refrain from commenting further on 60-year-old second lieutenants, first lieutenants, captains, and majors. This situation is pitiful and the conditions surrounding it even too humorous for digression. Nine hundred and seventy-nine sexagenarians clutter up the so-called "active" list of our Reserve officers. There are 5,882 of these active-list Reserve officers over 50 years of age and let us bear in mind that Reserve officers are now commissioned in grades no higher than that of colonel. Perhaps some day we may realize that senility and national safety cannot join hands. If it be thought I draw too dark a picture here, I refer you again to the table on pages 405 and 406 in the hearings on this bill. For mirth-producing reading I suggest that this table of officers in the Auxiliary Reserve of the Officers' Reserve Corps be inspected. There we find generals, colonels, and majors in their eighties, and standing alone, like some prehistoric man, a second lieutenant aged 72.

I must admit that much of this data sounds like the report of an expedition that has been excavating stone tablets from an Egyptian city buried since time immemorial. Seriously, these tables are official War Department records, dated February 19, 1934—though the ages listed upon them lead one to believe they came from the archives of the Smithsonian Institution or were found in the tomb of King Tut. I do not want to seem to be singling out that over-aged gladiator, the 72-year-old second lieutenant, although he deserves mention. I notice in the tables that he has still an older and a higher-ranking officer in the wheelchair brigade to report to—a major, age 86, of pre-Civil War vintage, but still a Reserve officer in the eyes of the War Department. And I am of the opinion, from what has been developed in committee hearings in the past few years, that even these Stone Age warriors of the Reserve Corps would have still older ones as comrades in arms if only it were possible, by regulation or otherwise, to make Reserve officers live longer. It is only through death that we can lose them from the muster rolls. Indeed, the words of that West Point cadet song have come true in more ways than one—the "Long Grey Line" stretches back into the years and includes the hoary and the aged.

These figures cannot be lightly dismissed with the hope that no such condition exists in our Air Corps. There youth is supposed to prevail. The tables on pages 157, 158, and 159 of the hearings show that there are 19 flying officers with 30 years of service in the Air Corps today. Seven of

these 30-year members are captains and some of the first lieutenants have as high as 24 years' service. On a straight age basis, an analysis of the personnel of the Air Corps shows that 34 percent are above the age of 40. I do not believe that all of these officers are capable of modern air combat in future high-speed planes at fighting altitudes.

There is little significance in merely reciting the ages of officers, as I have done, without making comparisons and relating these ages to war-time efficiency and combat work. I do not want to put the War Department's 86-year-old major and its 72-year-old second lieutenant out on the firing line just yet, even though it were necessary to carry them there. No such conditions as I have described were to be found in the A.E.F. during the World War. If we analyze the age figures in that great American Army, what do we find?

As a matter of truth, according to recent present press reports, a medical officer having the temerity to ground one of these old flyers runs the risk of being villified or involves himself in difficulties.

The supreme high command of the whole A.E.F., headed by Gen. John J. Pershing and including such distinguished staff members as Maj. Gen. Mason M. Patrick, Major General McAndrew, Brig. Gen. H. B. Fiske, and Brig. Gen. LeRoy Eltinge, had an average age of 48.8 years. None of these military leaders was a sexagenarian and all of them were in their low fifties or high forties. Compare these with our military leaders today, with 46 percent of our major generals and 63 percent of our brigadier generals sexagenarians and nearly ready, so far as their ages are concerned, to unhook their spurs and step jauntily into the nearest wheel chair.

We had generals in the World war in their thirties and colonels in their twenties, but we never get anyone lower than 55 or 56 in peace times. The commanding officers and generals of the staffs of the first, second, and third armies of the A.E.F. all averaged less than 50 years old, with one exception. Those two American generals of the A.E.F., Lt. Gen. Hunter Liggett and Maj. Gen. J. T. Dickman, who did reach 60 years of age while in service, invariably surrounded themselves with young generals in their thirties or forties. Gen. Douglas MacArthur, who commanded the Eighty-fourth Infantry Brigade under General Dickman, was 37 in the World War, while Gen. Hugh A. Drum, who was General Liggett's chief of staff, was 38 years old at that time.

Out on the front line with the combat divisions of the A.E.F. you saw no 60-year-old generals on the scene with minor exceptions. Here the average age was much lower, in the middle fifties. The following official War Department figures show that on November 11, the principal troop leading positions were held as follows:

	Oldest	Youngest	Average
Division commanders	63	44	55
Artillery brigade commanders	59	38	47
Infantry brigade commanders	62	37	51

Another important point to notice is that when division commanders were relieved, they were invariably replaced by younger generals. For instance, the First Division of the A.E.F. started out with a general aged 52 in command and ended at the armistice with a general in command aged 45. The Third Division, likewise, had as its first commanding officer a general aged 59. He was replaced with one aged 57 and finally a general aged 45 was placed in authority. I cite these instances, not to reflect upon the efficiency or the courage of any of our A.E.F. division commanders, but merely as an indication that modern warfare and age cannot be joined together in happy wedlock. And if these two instances seem isolated and not indicative of the general trend, I suggest that those of you with a penchant for military history follow the action of such A.E.F. divisions as the Twenty-sixth, the Thirtieth, the Thirty-second, the Thirty-fifth, the Forty-second, the Seventy-seventh, the Eighty-second, and the Ninetieth, each of which ended the war with a commanding general far younger than the one who first went into battle with it.

Even in the War Department in this country in 1917 and 1918 age had to give way to youth, and to give way rapidly. According to official War Department figures in 1918, the Chief of Staff, Gen. Peyton C. March, was only 54 years old. The chiefs of the branches of the War Department averaged 51 as against a pre-war average of over 60. Major generals appointed after October 1, 1918, averaged 54 years of age and brigadier generals averaged 47 years of age, with the youngest aged 35. The commanders of the units being formed in the United States up to and including the armistice showed these age levels:

	Oldest	Youngest	Average
Division commanders	61	43	53
Artillery brigade commanders	55	38	44
Infantry brigade commanders	51	34	47

In the Infantry of the Regular Army on November 11, 1918, there were 24 colonels who were under 40 and 1 of these was 29.

Mr. STUDLEY. Will the gentleman yield?

Mr. COLLINS of Mississippi. I will.

Mr. STUDLEY. How old was General Foch, who went through the entire World War?

Mr. COLLINS of Mississippi. He was one of the exceptions. He knew his weakness, and hence surrounded himself with young officers, and urged other allied countries to send only young men to France.

Mr. STUDLEY. How old was Hindenburg?

Mr. COLLINS of Mississippi. Ludendorff was the man upon whom Hindenburg depended, and was the outstanding general of the German Army.

Mr. STUDLEY. What was his age?

Mr. COLLINS of Mississippi. He was a young man. I do not want any man to believe that there have not been isolated instances in the world's history where men, in spite of their age, have been able to succeed in warfare. But these men have been the exception. If you will read history you will find almost without exception that every successful military leader was under 50, and most of them under 40 at their prime.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. COLLINS of Mississippi. I will yield.

Mr. MARTIN of Oregon. Does the gentleman know the age of Napoleon? He was only 27 years old.

Mr. COLLINS of Mississippi. The gentleman is right; I am coming to that.

When General March took over the War Department in 1917 he ruthlessly weeded out senescent holders of sinecures and replaced them with men almost one half their age. He took R. C. Marshall, a captain in the Coast Artillery, and made him a quartermaster general in charge of all construction. He took Frank Hines, a captain in the Field Artillery, and made him a general in charge of personnel. R. E. Wood, a retired Cavalry major, was made Quartermaster General. These men were young by all the standards that now exist in the War Department. Only youth and physical prime can meet the full impact of war in any field.

Official War Department data has the following to say about the relationship between age and command:

RELATIONSHIP BETWEEN AGE AND COMMAND

Official War Department Data

Command or leadership of any group goes to the man who has the mental and physical qualities necessary for the duty, the mental qualities having been developed by study and by experience.

The mental and physical ability of the officers of the Army to perform their allotted tasks has for many years been of very serious consideration by those in authority. The results of this consideration have been the many measures taken to eliminate those unfit—retirement for physical disability, examination for promotion, class B, etc.

The normal peace-time requirements as to the daily efforts of the individual fill his time, but they do not carry the added items of responsibility for lives of those under them and with it

the corresponding nervous tension which appears in time of stress and war calling for a much fuller and extra effort.

Within our service, command has gone by seniority. With only the losses of officers due to quite natural causes, this has meant that seniority has carried with it age. Increasing age means increasing likelihood of mental and physical disabilities.

The problem of age in relation to command was one of the first which faced General Pershing on his arrival in Europe on our entry into the World War. In 1917 Pershing himself was nearly the junior major general. He was 57 years old, younger than all except Wood, who was only a month younger than Pershing.

In his early visits of inspection to French and British troops he was struck by the ages of the principal troop leaders—division and brigade commanders—so much so that he expressed himself in a cable to War Department in July 1917, as follows:

"My observation of the British and French Armies and most exacting arduous service at the front, fully convinces me that only officers in full mental and physical vigor should be sent here. Contrary course means certain inefficiency in our service and possible later humiliation of officers concerned. General officers must undergo extreme effort in personal supervision of operations in trenches. Very few British or French division commanders are over 45 or brigadiers over 40. We have too much at stake to risk inefficiency through mental or physical defects. Strongly recommend condition be fully considered in making high appointments, and suggest that no officer of whatever rank be sent here for active service who is not strong and robust in every particular. Officers selected for appointment general officer of line should be those with experience in actively commanding troops. Officers not fulfilling above conditions can be usefully employed at home training troops."

It is but necessary to look at the average ages of the officers of the Regular Army of pre-war time to realize the intense shock of such information.

Average age, Jan. 1, 1915

	Number in grade	Youngest	Oldest	Average
Major general	6	55	64	58.2
Brigadier general	15	55	64	59.6
Colonel	160	41	64	57.4
Lieutenant colonel	139	43	62	52.1
Major	363	33	64	46.4

It is, of course, to be realized that the French and British had arrived at this condition as to age of their general officers only after 3 years' fighting with its inherent losses and the accumulated experience to the younger and at the outbreak of the war junior officers.

That he continued to bear this in mind is shown by a letter direct to the Secretary of War on October 4, 1917, in part as follows:

"Both the British and French higher officers emphasize in the strongest terms the necessity of assigning younger and more impressionable men to command brigades and divisions. We would commit a grave error if we fail to profit by their experience. A division commander must get down into the trenches with his men and is at all times subject to severe hardships. * * * The French Army was filled with dead timber at the beginning of the war and many French failures are due to this fact. General officers must be fitted physically and mentally, must have experience and must have go and initiative, if they are to fill positions fraught with such momentous consequences to the Nation and which involve the lives of thousands, perhaps hundreds of thousands of our men."

And in his book Pershing speaks again of the subject as of the summer of 1918, when he says:

"After visits to units that had lately joined, further attention was given to qualification necessary in our higher officers. The British and French both had commented unfavorably upon the evident inactivity of many of them and even upon the infirmities of some of the division commanders who had been sent over during the preceding months to observe and study conditions at the front. It had been proved over and over again by the Allies that only the strongest could stand the continuous and nerve-racking strain of battle. * * *"

Lt. Gen. Hunter Liggett, in his book "A.E.F.", speaks of this same subject as follows:

"Some of the finest officers we had went to pieces under the emotional strain of command, fearful at the best, intensified here by the knowledge that they were leading troops only partially trained against the best organized and most skillful man-killing machine ever set going. The responsibilities broke their hearts. * * * These nervous collapses were most apt to manifest themselves when a man's command was held up with heavy losses. A commander needed iron in his soul at such moment. They were much more frequent among older officers of higher rank than among lieutenants, captains, and majors who had physical discomfort added to responsibility."

For the information of this House I am here inserting into the RECORD an official War Department table compiled by the statistical bureau of the General Staff of yearly age levels of our Army officers:

Average age—Regular Army officers—Promotion list only

	Major generals		Brigadier generals		Colonels		Lieutenant colonels		Majors		Captains		First lieutenants		Second lieutenants	
	Years	Months	Years	Months	Years	Months	Years	Months	Years	Months	Years	Months	Years	Months	Years	Months
June 30, 1933	59	6	60	4	58	0	51	7	44	8	42	7	34	9	26	4
Dec. 31, 1932	57	6	58	5	57	2	50	11	43	9	41	9	34	1	26	1
Dec. 31, 1931	58	4	59	3	56	10	50	10	43	4	40	11	33	11	26	0
Dec. 31, 1929	58	2	58	0	55	8	50	7	41	11	39	5	33	5	25	10
Dec. 31, 1928	59	4	58	2	56	3	51	8	42	9	39	6	34	1	26	9
June 30, 1924	60	5	55	2	54	5	49	5	40	3	36	4	31	11	26	0
Jan. 1, 1923	59	5	54	2	51	9	48	1	39	1	32	8	30	3	25	2

And here is another official War Department table compiled by the statistical bureau of the General Staff showing the ages of A.E.F. World War officers:

General officers, World War—average ages

	Oldest	Youngest	Average
Division commanders—Nov. 11, 1918, A.E.F.	63	44	55
Artillery commanders—Nov. 11, 1918, A.E.F.	59	38	47
Infantry brigade commanders—Nov. 11, 1918, A.E.F.	62	37	51
General officers on duty with General Headquarters—Nov. 11, 1918	58	42	48
General officers on duty with Service of Supply—Nov. 11, 1918	59	39	52
General officers—Nov. 11, 1918, A.E.F. (activities):			
Commanding Army Corps	61	50	55
Confidential duty, Supreme War Council	65	55	59
Medical Corps	56	48	51
Commanding Armies	61	57	59
Sick	55	55	55
Railway Artillery	47	47	47
Headquarters Armies	51	39	46
Headquarters Army Corps	53	43	48
Unassigned	61	45	52
En route to United States	59	56	57
Military attaché	58	58	58
Commanding American forces in Siberia	53	53	53
American Mission to Italy	59	59	59
Major generals appointed after Oct. 1, 1918	61	48	54
Brigadier generals appointed after Oct. 1, 1918	62	35	47

All other armies in the World War had the same experience with regard to age of their officers in the high command. The beginning of the World War saw the British Army led by the commanders who had won their spurs in the Boer War 10 years before, with the result that out of 12 officers above the rank of major general, 9 broke down, including the chief of staff. The same condition existed for the German Army, and it held for the French also. For instance, military historians tell how the French general, Lanrezac, for many years in charge of the French Military Academy and who commanded the Fifth French Army, at once became incapable of forward movement under fire, yet he had done nothing but preach the necessity of continuous attack.

If this be too recent history, turn to our Civil War. What were the ages of our great generals there? Stonewall Jackson at Shenandoah in 1862 was 38 years old. McClellan in the peninsula campaign was 36. J. E. B. Stuart at Chancellorsville in 1863 was 30. Nathan Bedford Forrest, who got there first with the most men, was 43. Sheridan at the Battle of Five Forks in 1865 was 34. Grant at Vicksburg was 41. Lee at the Battle of the Wilderness was 57, and Grant's 15-year advantage, military historians say, had

much to do with the final results. The average ages of 14 of our most successful Civil War generals at the time of their most extended engagements was but 41.9 years.

At this point I will include a table showing these ages:

Ages of Civil War generals in 1862

Jackson	38
McClellan	36
Grant	40
Longstreet	41
Stuart	30
Mosby	30
Beauregard	44
Forrest	41
Early	46
J. Johnston	55
Lee	55
Hancock	38
Sherman	42
Sheridan	31

The average ages of these generals in 1862 was 40.5 years.

Almost any war of major proportions may be selected at random and it will be discovered that combat is the province of youth and not of age. In Gen. J. F. C. Fuller's recent book entitled "Generalship, Its Diseases and Their Cures" he says that in—

The Napoleonic Wars the average age of generals was under 40. At Waterloo, Napoleon was 46. In 1861 the average age of 20 Federal and Confederate officers who as generals played a leading part in the Civil War was 38½ years.

General Fuller says:

All the great British generals except Cromwell and Marlborough gained their victories before middle age. Clive, Wolf, and Wellington were all famous at 30, world famous at 40.

And, believe it or not, we now have in the Regular Army first lieutenants as old as 60 and in the auxiliary of the Reserves a second lieutenant aged 72 and a major aged 86. I confess that some merciful legislation ought to be passed to keep these old gentlemen away from the noise of combat and the dangers of military machinery.

Infrequently equally fine statements are available from worth-while military sources in the United States, some of which I have already noted. One of the most recent was contained in the Field Artillery Journal for January–February 1933. Col. C. D. Herron, executive for Reserve affairs in the War Department, has in that issue of the Field Artillery Journal part of his speech he made to the 1933 annual convention of the Reserve Officers Association of the United States. The subject of his speech was Age. He said:

Of all the combat officers who reached the front line and lasted until November 11, 1918, the oldest was 52. * * * If 52 be the upper limit set by the god of war for a mere summer's campaign, many of us [Reserve officers] are doomed to disappointment when war comes.

Further along he said:

It may be surmised that when war comes those colonels of the Regular Army rated "superior" not more than 60 will receive promotion. However, all over 50 might as well recognize the fact that unless they prove to be Pershings or Hindenburgs, the enjoyment of such promotion will be fleeting. * * * When the armistice came, a few, but not many company officers above 30, were to be found on the front line. And some majors over 40. But by and large, their elders, like the colonels over 52, had gone.

Later he said:

For combat troops there is for every rank an age above which it is futile for the individual to attempt or the Government to permit front-line duty. It is all very well for graybeards to frisk merrily about and sound the loud bazoo concerning their youthful vigor, but they deceive no one but themselves. Congress can decree that we remain on the active list until we are 64, but no law can make us fit to take the field at that age.

Notice this officer's statement:

The colonels over 52 had all left the front lines by the armistice.

And look at these figures I have submitted which show that in our Regular Army today every colonel, with the exception of four, are 52 years of age or older. Are we to learn nothing from experience? Are we to defy the lessons of history and turn our War Department into an old soldiers' home?

I want to quote once more from General Liggett. In his book, The A.E.F., he says—

One night in July 1918 I said to Pershing, "We are too old to make war. If I were 15 years younger I should not be sitting here before a map. I should be out all over the front." Pershing, who was 3 years my junior, smiled, but did not commit himself. Speaking for myself I meant just what I said. * * * I let chances go by which I should have accepted had I been 45 or younger.

This statement is sound military thinking. It is in accordance with what all great generals have believed. Napoleon, for instance, said that no general over 45 should be allotted an active command, and that no general over 60 should be given anything but an honorary appointment.

Of all the diseases and debilities to which modern armies are prone, none is worse in its effects from top to bottom than old age. An army may lack quantity and quality of armament and personnel and still give a good account of itself, provided youth is on its side. But if it suffers from old age, there is no hope for it, and no amount of men and munitions can save it from chaos and failure when emergencies arise. The War Department went to pieces like a house of cards when faced by the problem of the World War. The reason for this holocaust was age and age alone. Maj. Gen. Johnson Hagood, of our Army, told the House Military Affairs Committee last spring that the War Department is doomed to break down again in the event of war. I believe the reason for his prediction may be summed up in one word—"age." Gentlemen, let us eradicate "age" now and fill vacant positions with officers possessing vigor, stamina, and leadership. Let us not keep those thousands of first and second lieutenants graduated from the Military Academy since the World War so far down on the promotion list that they grow old and rheumatic while waiting to exercise the command and the responsibilities they are naturally fitted for.

The only real successes of the last war were achieved when those strongest military attributes of youth were utilized most fully. Those military attributes are mobility and surprise. Mobility in the last war was achieved through mechanization. Surprise was achieved through vigor and dissembling. Age possesses neither of these characteristics and cannot manufacture them by prayer nor by army orders and regulations.

In the last war, mobility, under the guidance of the elders, became zero. Surprise was forgotten in month-long artillery preparations for gigantic battles that were akin to slaughter houses. Vigor was limited by the range of the guns and deception by no other method than to daub paint on static fortifications under the hallowed name of camouflage.

Meanwhile science, the handmaiden of youth, forced age to abdicate. The tank, a dream in 1911, came to fruition 6 years later at Cambrai. Long after the World War was ended a military historian found in the pigeon holes of the British War Office the full plans for a tank that had been submitted to British generals in 1911. On the margin of the plan was a significant notation made by the aged military bureaucrat in rejecting the idea of the tank. The notation read, "The man's mad!"

Youthful "madness", symbolized in armored fighting vehicles, broke the existing stalemate on the western front. General Ludendorf termed the day the tank appeared in France as "the black day for Germany." In the airplane, youth found to the full its highest expression of vigor, mobility, and surprise. Yet even here age offered every handicap. For instance, when Germany toward the end of the war was in possession of 11,000 battle planes, tradition and conservatism, the characteristics of old age, prevented more than 33 bombers from ever raiding England together at one time.

War promises ever to become more mechanical. No longer will a nation permit its manpower to be killed on the grand scale as in 1914–18. Civilization cannot afford to be drained white and prostrated physically and materially for an-

other generation. No one but a stupid commander chained to tradition will ever have the temerity or the gall to send a soldier out on the future battlefield again protected only by khaki. Steel armor will protect the soldier from small-arms fire in the future, and if the venerable general staffs of the future through procrastination or through ignorance deny to youth this protection, civilization is doomed. Flinging soldiers into combat with less than this protection is criminal. Asking them to fight for their countries without it will ever be the function of those vociferous and unintelligent patriots who cry for human sacrifice but do not render it.

E. E. Slosson, a writer on scientific subjects, said recently:

The next war will be something not yet taught in West Point nor discussed in peace societies. In estimating belligerent assets, mechanical horsepower counts far more than man power in a country. Germany held out so long not because of Hindenburg but because of Haber, who discovered how to extract nitrogen for explosives from the air.

Give the fruits of science and mechanics to youth and you will have an unbeatable team. Rely solely upon age and you ask for disaster. Liddell Hart, a brilliant military critic, phrased it in this manner:

When war arises the small minds of aged military men, worn out by attention to trifles, are incapable of effort and fail miserably. Few men understand war in its largest aspects. Their past life has been occupied in drilling troops and they are apt to believe that this alone constitutes the art of war.

I am happy to note a changing policy on mechanization in the War Department. I commend to all of you a careful reading of an article by General MacArthur which appeared in the Hearst papers in connection with National Defense Week. What he says about effective machines is worth while. It is a very great pity that he concludes the article with a plea for "mere numbers of men." Let us hope that General MacArthur, while still young, will look forward toward mechanics and not backward toward man-power mobilization for his guidance. In this connection I submit as a criterion what Brig. Gen. B. H. Estes told the graduating class of the tank school at Fort Benning last month. He said:

What we must have is a swift, smashing military machine full of pep and vigor.

I claim to be no expert of mechanized fighting vehicles. I prefer to quote the best thought of recognized experts. That eminent British military thinker, B. H. Liddell Hart, said in a recent magazine article:

Anyone who has studied the armies of Europe is well aware of their imperviousness to change. Their form, far from being a further development upon that of 1918, resembles that of 1914 save for slight accretions. They are short-horned cattle with unwieldly infantry bodies. If I saw one of them begin to reduce of its own accord, I might begin to feel alarm and to suspect the adoption of some new instrument.

That observation is equally applicable to our own Army. The eternal cry is always for more man power and more animal power, never for more fire power. In the article just referred to by our Chief of Staff he publicly urged a 33-percent increase in enlisted strength for our Army, but even he had to admit that this might be accompanied by some increase in mechanization. This has been actually accomplished in our National Guard without increasing their numbers. Mechanization asks not for more men to go into combat but for fewer men, because each man is faster, more protected, less easily fatigued, and develops greater fire power with his ability to operate more and heavier weapons. Liddell Hart has stated that—

The annual cost of a light tank is only equivalent to that of a couple of infantrymen. In the wars where a mobile arm served as the arm of decision, its proportion to infantry was roughly 2 to 1.

Maj. O. T. Firth, of the British Army, said in an article in the Army Quarterly last year:

The difference between a horsed battery and a motorized battery in respect to training is amazing. In a motorized battery we have three times as much time to train specialists, range takers, etc., than in a horse battery.

We hear on all sides the cry to go slow, to experiment more. Often this doctrine means nothing more than a policy of drift and stagnation. Then we hear the elders claim that the supply of a mechanized force changes its powers of mobility into those of immobility. Liddell Hart has this to say on that point:

The problem of supplying a mechanized force is represented as being insuperable. In actual fact, a tank brigade can perform all the maneuvers of the present-day army without any transport at all. That is to say, soldiers march from 12 to 20 miles per day, cavalry from 20 to 40 miles per day. Mechanized forces can perform these maneuvers and return to their bases without refueling in 2 to 3 hours. In fact, modern armored "cavalry" ought to be accustomed to moving without transportation. Food for the men can be carried in the tanks. And an extended maneuver of 300 miles can be undertaken with a fuel supply carried on 20 trucks. What a contrast to the hundreds of horse and motor vehicles an infantry division must maintain!

I will even go further than this critic and venture to say that a modern mechanized force, like General Sherman's raiders in the Civil War, can ruthlessly scrap its transportation and equipment and live off the country. Gasoline pumps to supply a mechanized force today are as numerous as haystacks for the horse cavalry of 1865.

Let me give a picture of the war of the future. Says Gen. J. C. F. Fuller:

Will the army of today find any place in the future? This depends upon the nature of the ground and the nature of the enemy. Infantry will find a playground in those tracts of land difficult for mechanized forces, but it will have no real place in future warfare. In a war of the first magnitude no decisive battle has ever been lost or won in a mountainous country. Imagine what a mechanized battle will look like. It will be a series of rapid maneuvers, of feints, advances, retirements, followed by sudden annihilating blows. It will resemble a battle at sea, short and sharp, not prolonged. A few hours will see the complete destruction of a large mechanized force or its withdrawal to some land port where it will risk blockade. What use are infantry in such a war? Cut their line of supply and besiege them with tanks and they will only be an encumbrance. The little good they can do will be outbalanced by their need for supply. Cut away the usefulness of infantry and conscription has little reason to exist. The nation in arms, the creation of the Napoleonic Wars, will become a thing of the past and will give way to comparatively small long-service armies. The answer, therefore, is that wars will become less prevalent, gas engines causing the same restrictions in land warfare that steam power already has in sea warfare. No general of the future can hope to be a success if he shows himself antagonistic to the new social order, to the new education, or to new inventions.

Whatever we may say about youth—it may make mistakes, it may be impetuous, it may be inexperienced—but it is never antagonistic to novelty and invention. Youth in warfare never suffers from tactical arthritis nor is it afflicted with arteriosclerosis of its strategy. It never suffers the diseases of generalship. It is not burdened with years, it never stays in the rear, it prefers quality rather than quantity of armaments, it can provide leadership and it has, above all, physical vigor. Give an army leaders with these characteristics and we need never fear about our national security.

And for good measure we bring about economy along with efficiency in expenditures upon national defense, when we change our officer personnel from the old to the young. We can pay those who ought to be retired three fourths of their pay and the younger officers their full salaries and save $1,400 cash in each and every case. [Applause.]

Ladies and gentlemen of the Committee, I see no reason why we should not take a step in this direction, and that is one reason for the provision in this bill, written there with the unanimous vote of this committee, which begins the policy of eliminating practically 200 of these older men. With their elimination, we can feed younger men from the bottom into our Army and make the officer personnel a more active and efficient organization.

PROVISIONS OF THE BILL

I shall now proceed to a discussion of the bill itself. In my opinion, this is the best War Department appropriation bill that it has been my pleasure to help in bringing before the House. It is reported to you unanimously. I know that that means to most of you that there are many things in it

that do not meet with my approval. However, I am supporting it in its entirety, and I ask each and everyone of you to support it in its entirety. It is about $3,000,000 under the Budget. I do not mean to convey that all items are under the Budget, because we have reallocated and increased funds in a number of instances. I believe that if any of you would care to ask the confidential opinion of any member of the General Staff or of any well-informed Army officer in the War Department, with whom you may be acquainted, you would be told that this is as good, if not the best, War Department appropriation bill that has been reported to this House since the war. We feel unusually complimented today in having as one of the supporters of this bill my good friend the very able gentleman from Oregon, Major General MARTIN, of the United States Army. [Applause.]

I consider that I have been particularly fortunate in having as members of the subcommittee, of which I have the honor and privilege to be chairman, the gentleman from Arkansas [Mr. PARKS], who has given a great deal of his time and his thought to military subjects, and who has brought to every War Department bill many worth-while suggestions. I regard Mr. PARKS as one of the ablest Members of this House, and his contributions to this bill have been constructive and forward looking. We also have the gentleman from Texas [Mr. BLANTON] on this subcommittee and all of you know that Mr. BLANTON is one of the most tireless and intelligent workers in the House. For our minority members, we have the gentleman from Ohio [Mr. BOLTON] and the gentleman from New Jersey [Mr. POWERS]. Both of these gentlemen are World War officers. They know military subjects as they are. They are both young men, too, and are therefore not tied to old ways of thinking. They are intensely anxious to give to this Government an efficient military establishment, and their sound help and intelligent cooperation has been largely responsible for what I have said in praise of this bill.

Mr. BYRNS. How about John Pugh?

Mr. COLLINS of Mississippi. We all know John Pugh. No better or more intelligent man ever lived than John Pugh. He is pure gold. With his help our labors have been light. [Applause.]

This bill appropriates $279,000,000 plus. The appropriation bill for 1934 carried $349,000,000 plus, but the $349,000,000 plus that was made available for expenditures in 1934 has been reduced by budgetary limitation to $269,000,000 plus. Therefore, while this bill is about $70,000,000 less than the amount appropriated for 1934, it is about $9,500,000 in excess of the sum to which the Budget has limited current-year expenditures. However, that is not a good criterion to follow in considering this measure, because as to both military and nonmilitary activities extensive funds have been supplied by the Public Works Administration that are available for expenditure not only in the fiscal year 1934 but in the fiscal year 1935 as well. So, when we use the amount appropriated for 1934 of $349,000,000 for comparative purposes we should bear in mind that while that amount has been reduced to $269,000,000 by the Budget, it has been augmented by P.W.A. funds to the extent of $158,000,000. Upon that premise, we find that there is available for expenditure for all War Department objects in 1934, $428,000,000, and not the $349,000,000 that we appropriated.

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

Mr. COLLINS of Mississippi. Yes.

Mr. MARTIN of Colorado. What was the P.W.A. allocation used for?

Mr. COLLINS of Mississippi. It was used for various objects, all of which the gentleman will find in the report of the committee, not only for military but for nonmilitary objects as well.

Mr. MARTIN of Colorado. And I presume that accounts for the fact that we are not getting a lot of P.W.A. work in a number of places.

Mr. COLLINS of Mississippi. This bill appropriates $279,000,000, but there will be available for expenditure out of P.W.A. funds an additional $156,000,000, making a total of $435,000,000 for the fiscal year 1935. So if you should have the impression that this bill carries $279,000,000, you are making a very serious mistake, because there will be available for expenditure next year $435,000,000, which is in excess of $7,000,000 above the amount available for expenditure, as augmented by P.W.A. funds, in 1934. Taking into account C.W.A. funds available for expenditure in 1934 of $23,205,509, the current-year expenditure total becomes $451,000,000. None of the figures that I have given you take into consideration any of the C.C.C. funds, for it has been impossible for this committee to ascertain the extent to which the War Department has profited by or through that activity. Suffice it to say, however, so far as this particular measure is concerned, the appropriations recommended, in the aggregate, are more than $3,000,000 less than recommended in the Budget.

The appropriations for the War Department may be divided into three classes—the War Department proper, military objects, and nonmilitary objects. As to the War Department proper this bill increases the Budget by $12,944, and the principal reason for that increase is owing to the restoration of the office of Assistant Secretary for Air. Our action accords with existing law. There has been a great deal of controversy over this subject. The Air Corps always has felt that it should be able to reach the ear of the Secretary without having to go through the Staff, in order that their proposals might reach the Secretary without alteration or suggestion by officers not directly concerned. The committee has made provision for the reestablishment of this office merely for the purpose of submitting the question for determination to the House itself, and whichever way it may be settled here will be satisfactory to the membership of this committee.

One of the principal proposals of a forward-looking nature that was done by this committee was to take travel wherever it appears in this bill and group it under one head, so that there will be greater flexibility and also in order that we may keep a better check upon expenditures for travel in the War Department.

Mr. WADSWORTH. Will the gentleman yield?

Mr. COLLINS of Mississippi. I yield.

Mr. WADSWORTH. I should have interrupted the gentleman as he was referring to the Assistant Secretary of War for Air. The gentleman used the expression that this bill proposes to reestablish that office.

Mr. COLLINS of Mississippi. Yes.

Mr. WADSWORTH. Has it ever been disestablished?

Mr. COLLINS of Mississippi. The appointment has never been made, and the amount for the pay and office help was not included in the Budget.

Mr. WADSWORTH. The amount for pay and office help was eliminated from the Budget?

Mr. COLLINS of Mississippi. Yes; as it came to us.

Mr. WADSWORTH. How about the bill for the current fiscal year?

Mr. COLLINS of Mississippi. The money was appropriated.

Mr. WADSWORTH. But the office has not been filled?

Mr. COLLINS of Mississippi. The office has not been filled.

Mr. WADSWORTH. Can the gentleman say for what reason it has not been filled?

Mr. COLLINS of Mississippi. I do not have any idea. I understand that a similar office in the Navy Department has never been filled.

Mr. WADSWORTH. Assistant Secretary of the Navy for Air?

Mr. COLLINS of Mississippi. Yes; but the committee felt that this was a matter of policy that should be presented to the Congress. Under the Constitution it is the duty of the Congress to provide for the national defense, expressly so stated in the Constitution. This office not having been dispensed with by law, we felt that before it should be abolished we ought to present the subject to the Congress.

Mr. WADSWORTH. May I ask again if the committee itself expressed any opinion as to whether this officer should be appointed?

Mr. COLLINS of Mississippi. Personally, I think the office should be filled. I believe the better of the argument is in favor of filling the position.

Mr. WADSWORTH. But the committee has not said so in its report?

Mr. COLLINS of Mississippi. Yes; I think this is the opinion of the committee.

Mr. WADSWORTH. It is a Presidential policy that we are up against.

Mr. GOSS. Will the gentleman yield?

Mr. COLLINS of Mississippi. I yield.

Mr. GOSS. If the office should be filled under the terms of the bill, the Assistant Secretary for Air would not have charge of any of the procurement, would he? It would still be under the Secretary of War, in accordance with the National Defense Act.

Mr. COLLINS of Mississippi. I do not know that that is the law.

Mr. GOSS. The Assistant Secretary of War and General Foulois were before the Military Affairs Committee this morning, and that was their opinion.

Mr. COLLINS of Mississippi. Well, that is an interpretation of the statute that many of us may not accept.

Mr. GOSS. What does the gentleman think about it?

Mr. COLLINS of Mississippi. Personally, I think that the Air Corps and the Assistant Secretary for Air would manage to take charge of Air Corps procurements.

Mr. GOSS. Without regard for The Assistant Secretary of War?

Mr. COLLINS of Mississippi. That is my opinion.

Mr. PARKS. Will the gentleman yield?

Mr. COLLINS of Mississippi. Gladly.

Mr. PARKS. In the event of any disagreement, it would naturally go to the Secretary of War, and he would have final decision, as a matter of course?

Mr. COLLINS of Mississippi. That is right.

Mr. McCORMACK. Will the gentleman yield?

Mr. COLLINS of Mississippi. I yield.

Mr. McCORMACK. How long has this particular office been vacant?

Mr. COLLINS of Mississippi. Since the 4th of March.

There are quite a number of minor changes that have been made by the committee in the estimates. The principal worth-while changes that have been made in this bill relate, first, to the desire of the committee to furnish the Regular Establishment with some modern implements of war. We have 13 worth-while tanks; we have 4 armored cars; we have 80 automatic rifles; and that is about all. It is a pitiable condition. So we added, in addition to about $800,000 that is in this bill for tanks, combat cars, and automatic rifles, $2,119,200 for these purposes. This will be the beginning of real implementation for foot soldiers.

We will be able to secure enough tanks fully to mechanize one regiment of Cavalry, considering the tanks on hand and being bought this year. In addition to that, we will be able to mechanize two companies of Infantry.

The Staff is very much pleased with this provision. It is 100 percent in line with the splendid statement of General MacArthur on mechanization made to the Hearst newspapers only a few days ago.

In addition to this, the committee restores about $300,000 to chemical warfare. Likewise, we have provided money so that one officer from the National Guard of each State may go to the Chemical Warfare School. We intend to teach these soldiers modern military methods and ways of making war and that hiding behind a tree is not the last word in military strategy.

Furthermore there is carried in this bill other increases for chemical warfare in the way of mechanized vehicles for the discharge of chemical shells, something they have been asking for for a number of years, but which they have been unable to get on account of budgetary limitations. We appropriated the money for this object last year. It has been withheld because of budgetary limitations, and we are in a sense reappropriating it this year.

AIR CORPS

The Air Corps especially wanted an additional $1,000,000 provided for experimentation. They want to experiment with foreign engines. They want to experiment with worthwhile accessories to airplanes. We did not feel that we should cut down the money for any of the projects included in the Budget, especially for the purchase and operation of airplanes. Therefore, we have added $1,000,000 for experimentation for the Air Corps over and above the amount recommended by the Budget.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. COLLINS of Mississippi. I yield.

Mrs. ROGERS of Massachusetts. Can the gentleman state how many of our airplanes are equipped with both the Sperry & Union air-navigation systems?

Mr. COLLINS of Mississippi. This bill, together with what we have, will provide radio and other equipment of that nature for 55 percent of all the planes.

Mrs. ROGERS of Massachusetts. The commercial airplanes have both systems, or two systems, I understand.

Mr. COLLINS of Mississippi. I am very glad that the gentlewoman has asked me the question.

There are certain savings, we have been led to believe, that can be effected by the Chief of the Air Corps; and in this measure we authorize him to use those savings for the purpose of equipping planes with radio equipment and guns.

So much for the changes touching the Regular Establishments. I have mentioned the principal ones.

NATIONAL GUARD

Now, with regard to the increases elsewhere, this bill carries 42 drills for the National Guard. For the present year the National Guard has been restricted to 36 drills. This bill puts the number of drills up to 42. The law provides for 48. Even though we could, I do not know that we would have put the drills up to 48, the amount prescribed in the National Defense Act. As a matter of truth, England has an organization comparable to the National Guard; and the English officers believe that 42 drills is a sufficient number for their organization. Personally, I have talked with quite a number of very prominent men in the National Guard. I could not well give their names because it might not be a popular thing for them to say, but most of the men with whom I have talked believe that 42 is a better number than 48.

Besides increasing the number of drills, the committee has provided in this bill apparently $1,500,000 to complete the motorization of the National Guard. As a matter of truth, the bill contemplates an expenditure of $3,000,000. The guard is getting $865,000 from P.W.A. for motorization. This bill really gives them $3,000,000 additional. This is true, and yet it is not true. They are going to be able, through savings, to find $1,500,000. They have testified that much of the saving will result from being freed of the cost of repairing the old equipment that will be displaced. The National Guard authorities agree, furthermore, to amortize this $3,000,000 over a period of 2 years.

The CHAIRMAN. The Chair advises the gentleman from Mississippi that he has consumed 1 hour.

Mr. COLLINS of Mississippi. Mr. Chairman, I yield myself the balance of the time.

The CHAIRMAN. Without objection, the gentleman from Mississippi is recognized for an additional 30 minutes.

There was no objection.

Mr. COLLINS of Mississippi. The National Guard has a membership of 190,000 men. By changing the National Guard from an organization that is able to travel at the rate of 3 miles an hour to one that is able to travel at the rate of 25 or 30 miles an hour, in the event of an emergency, these 190,000 men can be taken to any part of the United States in 4 days. Not only that, but we have 190,000 men in the National Guard now available for combat duty. All

of these men, every one of them, are effectives. We have twice as many effectives in the National Guard today as we had 3 years ago without having increased their number by a single man. At the same time we have reduced the appropriation for the National Guard from around $35,000,000 to $27,500,000, yet we have more than doubled its former effectiveness.

These added drills cost approximately $250,000 apiece. You will notice that $968,000 is recommended for this purpose. In other words, the National Guard says it will be able to provide out of savings for 2 of the 6 additional drills.

You will observe with respect to this particular appropriation that $500,000 of the ammunition item has been eliminated. This is because of the fact that the guard has gotten $1,304,000 on ammunition from the P.W.A., of which $1,129,000 will be available for expenditure in 1935. This, together with the ammunition they have on hand, will be more than sufficient to take care of their needs during the fiscal year 1935.

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

Mr. COLLINS of Mississippi. I yield.

Mr. WADSWORTH. Will the gentleman be kind enough to say when they got the allotment for ammunition from the P.W.A.?

Mr. COLLINS of Mississippi. I do not know when, but I can tell the gentleman the exact amount.

Mr. WADSWORTH. I am not questioning the amount. What I have in mind is that they did not get it in time to use it to any extent in the last training period.

Mr. COLLINS of Mississippi. I have heard no complaint from the National Guard.

Mr. WADSWORTH. Then this sum is still held over for use in the next fiscal year, is it?

Mr. COLLINS of Mississippi. There will be available for the use of the National Guard in 1935 out of P.W.A. money $1,129,315.

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

Mr. COLLINS of Mississippi. I yield.

Mr. MILLARD. The gentleman stated that the enlisted strength of the National Guard was 190,000 men. He also made the statement that we had double the number of effective men. I did not quite understand it. Will not the gentleman explain the matter?

Mr. COLLINS of Mississippi. That is because of the fact these men were doing things other than the duty of soldiering. They are all now available for combat duty instead of administrative work and other duties not essentially of a military character.

Mr. MILLARD. That explains it. I thank the gentleman.

REDUCTIONS RECOMMENDED

Mr. COLLINS of Mississippi. With reference to the items of reduction that appear in this bill, the larger ones will be found under the Quartermaster Corps and they deal with matters of clothing, regular supplies, and items of that particular nature; items the Department has in abundance. I think the committee felt the quantity was more than sufficient to take care of normal needs. Also, the War Department has been able to sell to the C.C.C. millions of dollars worth of old supplies for which the War Department has been or will be reimbursed. I say millions, because this is true; the figures will approximate about $40,000,000, and perhaps a larger sum. New stores replaced for old will be available for issue, and we felt it was unnecessary to pile up supplies, many of a limited life that might deteriorate or become obsolete before used.

We have eliminated $541,996 by not providing for the recommissioning of the transport *St. Mihiel*. The estimates contemplate recommissioning the Army transport *St. Mihiel*, which has not been operated since November 16, 1932. Since then only the *Republic, Grant*, and *Chateau Thierry* have been on passenger runs. During the fiscal year 1933 a total of 48,564 passengers were transported and the *St. Mihiel* was out of use more than 7 months. During 1935 it is estimated that there will be moved by water 35,204 persons, exclusive of persons traveling between New York and San Francisco, and exclusive of persons on leave and furlough and persons attached to other branches of the Government. Such class of passengers totaled 18,352 during the fiscal year 1933. The committee does not believe that such class of travel warrants the added expense in these hard times of operating another boat. It has, therefore, eliminated $521,612, included under the "transportation" heading, with the view to recommissioning the *St. Mihiel*, and $20,384 under the "subsistence" heading on account of operating personnel for such vessel.

We have reduced the estimates by $271,579 for motor transportation. Possibly we should have cut it more. The new equipment that the Army will have, to be procured out of P.W.A. funds, should reflect lesser expenditures for maintenance and operation if the old equipment is gotten rid of, which we require them to do.

Of 8,309 vehicles on hand as of January 1, 1934, 5,894 are classed as World War procurements and 596 as older than 5 years. Literally hundreds of thousands of dollars have been squandered in trying to keep this old equipment operating.

To what extent, if any, old equipment would be discarded upon delivery of the new, there seemed to be considerable uncertainty on the part of the Department's representatives. The committee was unable to get any definite information. Therefore, it has inserted in the bill a provision prohibiting expenditures other than for salvaging or scrapping on any vehicles procured prior to January 1, 1920, except tractors. The Department is left to exercise its discretion as to these.

The committee has repeated the provision in the current appropriation act authorizing the purchase of light trucks out of savings that would accrue from their substitution for animals or their use instead of commercial transportation.

We have subtracted from the estimates $635,635 for rail transportation, mostly in the item for transportation of enlisted men upon separation from the Service. The estimate was based upon 46,000 separations. Upon inquiry we found that many classes of separations included in the 46,000 figure should not be considered. They even had deserters included.

Then we have reduced the item for the purchase of horses by $75,000. I have a letter from the Secretary of War concurring in this action for the purpose of helping to finance the cost of the mechanization program, to which I have already referred.

These are the outstanding reductions in the bill affecting the Military Establishment.

NONMILITARY ACTIVITIES

There are only two items in connection with the nonmilitary activities that perhaps I should explain.

We were asked, in a supplemental estimate, to appropriate $150,000 for the repatriation of unemployed aliens in the Republic of Panama. The appropriation has not been granted because the committee desires to give the proposal further study. Such provision, if any, it later may decide to recommend, will be included in another measure.

In the same document a recommendation was made that an appropriation of $50,000 be made to supplement the current appropriation "Sanitation, Canal Zone", in lieu of revenues lost owing (a) to the withdrawal by the Government of the Republic of Panama from the Panama Canal Insane Asylum of some 600 insane nationals of that country; (b) to a material reduction in the amount received from the Veterans' Administration for the hospitalization of veterans; and (c) to an agreement entered into between the United States and the Republic of Panama under which the Panama Canal hospitals are restricted to the care of employees of the United States Government and their families.

Of the current appropriation it appears that more than $50,000 has been reserved from obligation which may be administratively released to meet this deficiency in revenue.

CIVIL COMPONENTS

Let me add before I forget the items under the military title touching the Reserve Officers' Training Corps, the Or-

ganized Reserves, and the Citizens Military Training Corps were left exactly as the Budget recommended.

The Department, as I understand it, feels that the amounts carried in the bill for such components are sufficient.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. COLLINS of Mississippi. I yield to the gentleman from Mississippi.

Mr. WHITTINGTON. With respect to rivers, harbors, and flood-control work, it is true that the appropriation for the improvements and works for the year 1935 is expected to be made out of the Public Works Administration funds?

Mr. COLLINS of Mississippi. That is right.

Mr. WHITTINGTON. This bill does not provide for the usual annual appropriation for this reason?

Mr. COLLINS of Mississippi. Because a large part of the money or most of it has been furnished by the P.W.A. for this fiscal year and most likely will be furnished by the P.W.A. for next year, at least.

Mr. WHITTINGTON. In the case of rivers, harbors, and flood-control work there will be available for 1935 construction the amounts not expended in the year 1934 and heretofore allocated by the Public Works Administration?

Mr. COLLINS of Mississippi. Yes.

Mr. WHITTINGTON. And such additional funds as may be allocated by the Public Works for 1935?

Mr. COLLINS of Mississippi. That is right.

Mr. WHITTINGTON. In the meantime, flood-control work and the rivers and harbors work will be maintained from previous appropriations unexpended?

Mr. COLLINS of Mississippi. Previous appropriations and allotments; that is right.

Mr. MARTIN of Colorado. Will the gentleman yield?

Mr. COLLINS of Mississippi. I yield to the gentleman from Colorado.

Mr. MARTIN of Colorado. Did I understand the gentleman to say that the committee considered appropriations for the R.O.T.C., the C.M.T.C., and the Organized Reserves sufficient?

Mr. COLLINS of Mississippi. Yes.

Mr. MARTIN of Colorado. There have been many inquiries along this line and I felt particularly concerned about these items.

Mr. COLLINS of Mississippi. Those organizations will be well taken care of.

Mr. MARTIN of Colorado. They ought to be.

LIMITATIONS AND LEGISLATIVE PROVISIONS

Mr. COLLINS of Mississippi. With reference to the limitations and legislative provisions, which will be found on page 33 of the report on the bill, may I say that the first one of these relates to enlisted men in certain offices in the War Department.

This committee is undertaking by this first provision to which I am directing attention to eliminate these men as they pass out of the picture, not withdraw them, but as they die, resign, or retire, prevent their positions being filled by military personnel, the idea being that their places should be filled eventually by civilians. This is the purpose of the first legislative provision.

On pages 5 and 6 of the bill there will be found another provision, reading:

> And it shall not be lawful to expend, unless otherwise specifically provided herein, for any bureau or branch of the War Department, or of the Army having or maintaining an office in the War Department proper at Washington—

And so forth. This is directed against the continued use of military appropriations for the objects and purposes of the appropriation "Contingent expenses, War Department."

The next provision, appearing on pages 10 and 11 of the bill, relates to transportation. It has been customary for the War Department to make agreements with the railroads each year and pay for the transportation of enlisted men, officers, and so forth, at 3 percent below the usual current rate charged by the railroads. The committee is of the opinion that the War Department should take advantage of low rates whenever they are available, such as round-trip transportation, thereby bringing about within the Department the savings that any prudent man would make. The purpose of this provision is to cause them to do this.

The next provision appears on page 11 of the bill, and provides that "no part of which sum (pay of the Army) shall be available for the pay of more than 11,750 commissioned officers whose commissions are dated prior to June 1, 1934." The purpose of the provision is to require the War Department by B-boards or otherwise to get rid of some of these older men and to place younger men in their stead, thereby giving some of the 3,000 men who have graduated from the Military Academy at West Point in the last 14 years a chance to advance.

The next provision relates to persons in the Air Corps and provides that none of the appropriation for flying pay "shall be available for increased pay for making aerial flights by nonflying officers above the grade of captain." In other words, we do not want these nonflyers of older ages to be given a 50 percent increase in pay for making these flights. I may say that they have to fly only 4 hours per month in order to draw flight pay and there is hardly a man in this House that does not fly, I dare say, more than that.

The next provision relates to the Panama Canal. There are a great many houses on the Panama Canal owned by the Canal and occupied by officers of the Army and Navy. They pay the Canal a nominal rental for these houses and then draw $75, $80, or $100 a month under the legal provisions relating to commutation of quarters. This is to take away their allowance for quarters when in occupancy of these houses. It does not prevent them from going out in the city of Panama or the city of Colon and renting a house as they would ordinarily, but it does prevent them from using a Government house and drawing a larger amount than they are charged for the use of the house or their full commutation, as the case may be.

The next provision relates to old automobiles. Most of the automobiles in the Army were bought during the war. The Public Works has set aside $10,000,000 for new automobiles for the Army. This provision is to prevent the War Department from continuing to operate these old war-time automobiles. There are two types of the old automobiles that they say they should be permitted to operate—namely fire engines and ambulances. I plan to offer an amendment changing this provision so as to permit the use of the old ambulances and old fire engines, but for reasons of economy the Congress should not delay in making an appropriation for new ones.

Mr. THOMPSON of Texas. Will the gentleman yield?

Mr. COLLINS of Mississippi. I yield to the gentleman from Texas.

Mr. THOMPSON of Texas. Going back just a moment to the matter of the elimination of some of the older officers, provision is made for 11,750 commissioned officers whose commissions are dated prior to June 1, 1934. How will you avoid eliminating some of the younger officers? Do I make the point clear?

Mr. COLLINS of Mississippi. Yes. There is no occasion to feel uneasy about that. They are not going to eliminate any of the younger ones.

There are about 800 officers in the Army now that a physical examination would show are unable to perform field duty. This will enable us to get rid of about 200 of the older men. The provision leaves the mechanics of the matter up to the Department. The Congress could not well invade that field.

Mr. THOMPSON of Texas. I agree with the gentleman.

Mr. COLLINS of Mississippi. I am sure it will be administered by the Department in accordance with the wishes of the Congress.

Mr. THOMPSON of Texas. I hope so. I think it is a splendid provision.

Mr. COLLINS of Mississippi. The next amendment relates to the closing of the Fitzsimons General Hospital.

The closing of this hospital has been recommended to the committee by the Surgeon General of the Army. Besides,

General Drum, who is the Assistant Chief of Staff, in two of his reports when he was Inspector General of the Army, recommended the closing of this hospital.

If the hospital is not closed it will mean Congress will have to appropriate about $5,000,000 for the reconstruction of the buildings.

Furthermore, a deficiency appropriation will need to be provided for its operation. The Army has no need for the hospital, and by closing it the Surgeon General expects to gain about 52 officers and in excess of 300 men for employment elsewhere. Also, the nurses who are there will be transferred to other places.

I find myself in this position. We have about 300 military posts in this country, most of which grew up during the days of Indian fighting. I have a map in my office with blue-headed pins and red-headed pins and green-headed pins, which undertakes to set out the points in the United States, where these posts and camps, and so forth, are located.

It is a great pity that the Army of this country is not accommodated in about 25 establishments, so that they could congregate large numbers of men and give them training in all of the various branches of warfare in small units and large units, instead of having them scattered around over the country and wasting much money on them in administration and otherwise, as we are doing today.

Mr. LEWIS of Colorado. Will the gentleman yield?

Mr. COLLINS of Mississippi. It seems to me whenever the Department itself comes to us and asks us to close one of these institutions, we should have the courage to do it.

I gladly yield to the gentleman from Colorado.

Mr. LEWIS of Colorado. Does not the gentleman know that this hospital was located during the war as the result of an inspection by officers of the Medical Corps of the Army because of the salubrious climate of Denver and the fact that for 60 years that city has been a health resort?

Mr. COLLINS of Mississippi. I imagine Denver is a very delightful place.

Mr. LEWIS of Colorado. I am not talking about it being a delightful place—I will concede that.

Mr. COLLINS of Mississippi. But it cannot be any more delightful than the gentleman who represents it.

Personally I should like very much to see the Veterans' Administration take over the management of this hospital and I shall be delighted to go with the gentleman to General Hines and help the gentleman persuade General Hines to take over and operate the hospital.

Mr. LEWIS of Colorado. I appreciate that very much, but, meanwhile, it is being operated by the Army, and being operated very successfully.

Mr. COLLINS of Mississippi. More or less in a stand-by fashion, I understand.

Mr. LEWIS of Colorado. Does not the gentleman know that the expense per patient per day of operating this hospital is less than any other Army hospital?

Mr. COLLINS of Mississippi. That is because it is being operated more or less on a stand-by basis.

Mr. LEWIS of Colorado. If I may suggest, it is more or less because of the fact there are about 900 patients there——

Mr. COLLINS of Mississippi. Two hundred and sixty-one, the hearings show.

Mr. LEWIS of Colorado. The hearings are not corrected to date, because I will show from a letter just received from the Surgeon General's Office that there were 914 patients there the end of last week. May I ask the gentleman if he knows what is the per diem per patient cost of operating Fitzsimons Hospital?

Mr. COLLINS of Mississippi. I imagine most of the officers and nurses and enlisted men who would ordinarily be charged up in such a table have been withdrawn.

Mr. LEWIS of Colorado. They are all charged up in this table.

Mr. COLLINS of Mississippi. All who are there.

Mr. LEWIS of Colorado. And I would call attention to the fact that the cost of operating this hospital is $4.05 per day per patient.

Mr. COLLINS of Mississippi. The gentleman will be accorded every opportunity to present his case.

Mr. LEWIS of Colorado. I thank the gentleman.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. COLLINS of Mississippi. I yield to the gentleman from Oregon.

Mr. MARTIN of Oregon. With respect to the abandonment of all these old Indian posts and useless posts over the country, the gentleman, of course, understands that the General Staff has recommended the abandonment of these posts repeatedly to Congress?

Mr. COLLINS of Mississippi. Yes; and I may say to the gentleman that I have talked with the President about this matter. It may not be a very good thing to tell what a Member of Congress says to the President, but I assumed the President had the authority to abolish a lot of these posts; and assuming that, I suggested that when Congress adjourns he send somebody out to those he wants to abandon with an acetylene torch and burn them up and have them entirely burned up by the time the Congress meets again, so that we would not have anything over which to fight. [Laughter and applause.]

Mr. MARTIN of Oregon. The gentleman remembers that in order to mechanize a regiment of Cavalry, Marfa, Tex., was abandoned last year as an Army post.

Mr. COLLINS of Mississippi. Yes.

Mr. MARTIN of Oregon. And the gentleman is familiar with the onslaught that was made here on Congress and the President, and especially on the Chief of Staff, by all of Texas. All Texas rose in rebellion over the abandonment of a post of 450 men. That is the difficulty. The fault is not with the General Staff, but is right here in Congress.

Mr. COLLINS of Mississippi. Yes; the War Department wants to get rid of all of them except 25 or 30.

Mr. TABER. Will the gentleman yield?

Mr. COLLINS of Mississippi. I yield to the gentleman from New York.

Mr. TABER. Has the gentleman covered the question of how much money from all sources was available for 1934 and how much will be available for 1935?

Mr. COLLINS of Mississippi. I have covered that.

Mr. CULKIN. Will the gentleman yield?

Mr. COLLINS of Mississippi. I will yield to the gentleman.

Mr. CULKIN. Will the gentleman tell me where the authority lies to abandon these posts? Is it in the President?

Mr. COLLINS of Mississippi. He has that authority under the provisions of the Economy Act.

Mr. McDUFFIE. Will the gentleman yield to me?

Mr. COLLINS of Mississippi. I will yield to the gentleman.

Mr. McDUFFIE. I have not heard all of the gentleman's statement and I do not know whether or not he has covered the phase of the appropriation for air schools. You are carrying twenty-odd million dollars for aircraft, air schools, and so forth, and I assume the construction of a new air school could be had under that appropriation.

Mr. COLLINS of Mississippi. There is no money carried in this bill for the construction of a new air school.

Mr. McDUFFIE. Congress has made no effort to designate a site for such a school. I am wondering what is the gentleman's information as to what procedure will be taken when the time comes to expend money for the new school which is definitely needed.

Mr. COLLINS of Mississippi. There is a school which has been located in Illinois. That particular school has been recommended a number of times for abandonment by the Chief of the Air Corps. Congress last year eliminated, or rather diverted, appropriations that had been made for buildings at that school. The thought has been that this air school should be located either at Dayton or some place near salt water.

That was the idea of the Air Corps. Now, I understand that in view of the fact that there are certain cities, including Dayton, that feel that they should have this air school, they have set up a board——

Mr. McDUFFIE. The gentleman means a board in the War Department?

Mr. COLLINS of Mississippi. Yes; in the War Department, for further study. It will be my disposition to follow the recommendations of that board, and I feel that that will be the disposition of members of the committee.

Mr. McDUFFIE. The gentleman feels that the school will be located after the site is designated by the nonpolitical board, men trained in aeronautics?

Mr. COLLINS of Mississippi. That is right.

Mr. DOBBINS. Will the gentleman yield?

Mr. COLLINS of Mississippi. I will yield to the gentleman.

Mr. DOBBINS. With reference to the gentleman's statement that recommendations have been made to abandon the school in Illinois. The gentleman said it had been recommended several times. Is it not a fact that the last recommendation in favor of removal of the field from its present location has been reversed?

Mr. COLLINS of Mississippi. General Foulois testified that he had got to the point where he wanted a school, and he did not care where it was located.

Mr. DOBBINS. Is it not a fact that the last recommendation was made 2 or 3 years ago, and since that time it has been reconsidered and reversed?

Mr. COLLINS of Mississippi. No such information has come to this committee.

Mr. HARLAN. Will the gentleman yield?

Mr. COLLINS of Mississippi. I yield.

Mr. HARLAN. Where is the provision in the bill appropriating money for an air school?

Mr. COLLINS of Mississippi. There is no provision in the bill for that.

Mr. HARLAN. In what way will it be taken care of?

Mr. COLLINS of Mississippi. When the school is located, Congress will make an appropriation for it.

Mr. MARTIN of Colorado. They will get it out of the P.W.A., will they not?

Mr. COLLINS of Mississippi. I hope not.

Mr. McDUFFIE. My understanding was that funds are carried in this bill which may be used for the construction of this school.

Mr. COLLINS of Mississippi. No; there is no money in this bill for the construction of an air school.

Mr. McFARLANE. In regard to the appropriations carried for the Air Corps, in case we should be fortunate enough to unify the air forces, how would this hook up with the appropriations that should be made in that event?

Mr. COLLINS of Mississippi. I imagine that we would pass a resolution consolidating all of the appropriations that have been made for various air activities.

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

Mr. COLLINS of Mississippi. Yes.

Mr. DUFFEY. Where in this bill is there any reference to rifle practice and national matches at Camp Perry, Ohio?

Mr. COLLINS of Mississippi. There is no money in here for national matches. General Reckord is the head of the organization that always presents the case of the National Board for the Promotion of Rifle Practice. He is a most excellent gentleman and a splendid officer, and the committee always feels most kindly toward him. Naturally he would like to see the matches held, but he would not make a very spirited fight for them in times like these.

Mr. DUFFEY. The gentleman understands that Camp Perry is in Ottawa County, Ohio, and that I am very much interested in it.

Mr. COLLINS of Mississippi. I am sure the committee will take into consideration the fact that the gentleman represents that very fine district just as soon as flush times return.

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

Mr. COLLINS of Mississippi. Yes.

Mr. SABATH. In view of the information that has come to us, does not the gentleman think it would be beneficial and advisable that we should have this flying school, especially in view of the fact that we have the lands and buildings there at Chanute Field? Shouldn't there be an appropriation made? I understand from what some of the officers contended that there was a recommendation against its continuation there, but I think we should have in mind the service and not the pleasure of these officers, and for that reason that field should be retained.

Mr. COLLINS of Mississippi. Is the gentleman trying to make me say that I am against Chanute Field?

Mr. SABATH. No; I should like to have the gentleman say that he recognizes the need of that field, that it is helpful and beneficial and advantageous. That is what I hoped to hear the gentleman say.

Mr. COLLINS of Mississippi. I am sorry to say, as much as I think of the gentleman, I could not recommend Chanute Field.

Mr. SABATH. Has the gentleman ever visited that splendid location?

Mr. COLLINS of Mississippi. I am afraid that Chanute Field is not located at the right place.

Mr. SABATH. Has the gentleman ever visited that field?

Mr. COLLINS of Mississippi. No. I am simply taking the statements of experts who have testified from time to time.

Mr. SABATH. I am satisfied if the gentleman would give me and others from Illinois an opportunity to take him down there over that section of the country he would change his views and would come to the conclusion that it is a splendidly equipped field and location.

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

Mr. COLLINS of Mississippi. Yes.

Mr. McDUFFIE. The gentleman is correct, in my opinion, when he states that a site for this school should be designated with one idea in view, one paramount purpose, and that is for the good of the service.

Mr. COLLINS of Mississippi. That is right.

Mr. McDUFFIE. And those who know about the service are better capacitated to say where this school should be than gentlemen on this floor.

Mr. COLLINS of Mississippi. That is right.

Mr. McDUFFIE. And we should follow the suggestion of an impartial board who will make an investigation of the country to determine where this school should be, for the best interest of the service.

Mr. DOBBINS. Mr. Chairman, will the gentleman yield to me, to interrogate the gentleman from Alabama [Mr. McDUFFIE]?

Mr. COLLINS of Mississippi. Yes.

Mr. DOBBINS. Does not the gentleman from Alabama concede that the Military Affairs Committee of the House is fairly well informed on military affairs?

Mr. McDUFFIE. Indeed, I do.

Mr. DOBBINS. And that its recommendation and findings on this matter are entitled to weight?

Mr. McDUFFIE. I think the Military Affairs Committee is an excellent committee, and I think its recommendations would have great weight in this House; but if the gentleman will permit, I think those gentlemen of the Army who are trained in aeronautics know better where a technical air school should be located than the gentleman and his committee could possibly know. I recognize the very fine ability of the gentleman [Mr. DOBBINS], who is a most useful and effective Member of this House; I hope the people of his district will have the good judgment to return him to Congress. The question I raise is one that demands expert knowledge of Army officers.

Mr. DOBBINS. The gentleman then would favor abrogating the functions of the Military Affairs Committee in favor of Army officers?

Mr. McDUFFIE. Oh, no; and the gentleman cannot put that construction upon anything that I have said. In such a case as this I believe the Army officers' judgment should have consideration.

Mr. DOBBINS. Is it not true that the Military Affairs Committee has passed on this matter a number of times and has never provided for the location of this field or the im-

provement of it at any other location than at Chanute Field, its present location?

Mr. COLLINS of Mississippi. I would not say that, because the Congress discontinued the appropriations.

Mr. DOBBINS. The Congress did not provide for any other location?

Mr. COLLINS of Mississippi. No.

Mr. DOBBINS. It simply canceled certain appropriations.

Mr. COLLINS of Mississippi. The matter was thoroughly argued on this floor.

Mr. DOBBINS. I must disagree as to the matter being thoroughly argued. The gentleman from Mississippi declined to yield while he was presenting a matter on behalf of the Appropriations Committee and not the Military Affairs Committee.

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

Mr. COLLINS of Mississippi. Yes.

Mr. HARLAN. Is the gentleman familiar with the fact that at the time the Military Affairs Committee made this finding and recommendation which the House subsequently repudiated, that all of the testimony before that committee from the Army and the Air Corps was against the advisability of using Chanute Field, and that the Military Affairs Committee, for reasons of its own, and perhaps from some knowledge which was not in the record, found against this evidence?

Mr. COLLINS of Mississippi. I am very glad to get that information.

Mr. BYRNS. Can the gentleman tell us how many men have been killed by aircraft while flying the mail?

Mr. COLLINS of Mississippi. I am afraid my time is up. [Applause.]

The CHAIRMAN. The time of the gentleman from Mississippi has expired. All time has expired. The Clerk will read.

The Clerk read as follows:

Office of Chief of Staff, $196,609.

Mr. BYRNS. Mr. Chairman, I move to strike out the last word. When the gentleman from Mississippi was closing I asked him a question with the view to eliciting the information, if possible, as to how many had been killed in the aircraft flying the mail. I should like to have the gentleman now, if he is in a position to do so, reply to that inquiry, in view of what has been said heretofore upon the floor of the House.

Mr. COLLINS of Mississippi. Deaths incident to carrying the mail have occurred as follows:

But one death has occurred from actually flying the mail.

On February 22 Second Lt. D. O. Lowry was killed at Deshler, Ohio. The War Department reports that this death evidently resulted from engine trouble. Lowry attempted a parachute jump, but the parachute failed to open.

That is the only death that actually has occurred from flying the mail.

Deaths of prospective mail pilots who were familiarizing themselves with routes have been as follows:

February 22, Second Lts. J. P. Grenier and Edward White were killed. While engaged in flying to familiarize themselves with the route between Salt Lake City and Cheyenne, they ran into an unexpected snowstorm, and both were killed. They took off in clear weather.

February 16 Lt. J. Y. Easton was killed at Jerome, Idaho, while flying to familiarize himself with his prospective route. Easton also ran into an unexpected snowstorm, and had also taken off in clear weather.

Then, in addition to the four deaths I have recounted, one death occurred on February 23, while a prospective pilot was en route to an air-mail station. Second Lt. G. F. McDermott, while flying with two others on that day in an amphibian plane to Langley Field, Va., via Bolling Field, D.C., made a forced landing off Fort Tilden, N.Y. McDermott was drowned.

Those are the facts as furnished to me this morning by the Chief of the Air Corps, from the official records. Only one actual death has occurred from flying the mail, which is a very much better showing than any of us had suspected.

Mr. BYRNS. As I understand, the gentleman has read the names of five or six officers?

Mr. COLLINS of Mississippi. Five.

Mr. BYRNS. And only one of those, as the gentleman has stated, was engaged actually in flying the mail at the time of his death?

Mr. COLLINS of Mississippi. That is correct.

Mr. BOLTON. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. BOLTON. Were there not five men killed flying pursuant to orders in preparation for flying the mail?

Mr. COLLINS of Mississippi. Three of them were deaths of prospective pilots familiarizing themselves with air-mail routes. One was en route to an air-mail station to assume the duties of an air-mail pilot.

Mr. BOLTON. They were flying as prospective air-mail flyers, under orders?

Mr. COLLINS of Mississippi. Oh, yes.

Mr. BYRNS. I will say to the gentleman that his statement, which he says is official, is quite a different story from the impression that has been left upon the House and upon the country by remarks made upon the floor which would seem to indicate that there have been a wholesale number of deaths due to flying the mail.

[Here the gavel fell.]

Mrs. ROGERS of Massachusetts. Mr. Chairman, I rise in opposition to the amendment. I cannot see what difference it makes whether an air-mail pilot came to his death while actually flying the mail, or whether he came to his death as the result of the fact that the Army was forced to prepare to take over the air-mail flying as a result of the administration's order. I was told by the Air Corps, and no one in the Air Corps has attempted to deny that six men of our Air Corps went to their death in 6 days after the Army took over the air-mail flying or was preparing to do so. Death makes an indelible record.

Mr. BYRNS. Will the lady yield?

Mrs. ROGERS of Massachusetts. I yield.

Mr. BYRNS. Does not the lady give any consideration whatever to the extremely bad weather we have had ever since this took place?

Mrs. ROGERS of Massachusetts. Yes; and I think that is all the more reason why the Army should not have been forced to take this over in the 2 worst months of the year.

Mr. BYRNS. Is the lady——

Mrs. ROGERS of Massachusetts. I cannot yield again. The gentleman never yields to me. Why should I yield to the gentleman?

Mr. BYRNS. I hope the lady will not do me that injustice.

Mr. MILLARD. Mr. Chairman, a point of order; the lady does not yield.

Mrs. ROGERS of Massachusetts. I refuse to yield again; I yielded to him once. The gentleman does not yield to me.

Why was this injustice done to the Army Air Corps, to aviation in general? It was not done for efficiency. It was not done for economy. It was not done for humanity. I ask you why this was done—it is self-evident it was done for politics. It was not enough to defeat President Hoover through scurrilous attacks made upon him by the Democrats, but the very people who wrecked by their vindictive criticism President Hoover's efforts to bring this country out of the depression now object to any criticism of the present administration as unpatriotic and political.

Time after time since the present administration has come into power they have taken first one person and then another, who served under President Hoover, and tried to besmirch that person's reputation and to besmirch the reputation of the Republican Party.

Every red-blooded person in Massachusetts bitterly resents bringing here to testify the Secretary of the Navy under President Hoover, Charles Francis Adams, illustrious son of an illustrious family, a man most respected, most ad-

mired, most beloved by everybody. The idea of bringing that man into the so-called "air-mail scandals"!

As yet nothing has been proven against these people Why was it done? Was it to throw dust in the eyes of the people? Why was it that contracts recently made have not been canceled? How would you like it if your family, your sons, or your relatives were unjustly accused of dishonesty without a hearing? There is but one reason for it, to bring the former administration into disrepute.

A spokesman of your party criticized the administration for going too far in its attack on Charles Francis Adams, my constituent. This apology was made in my own city of Lowell on Monday night when the son of the President said it was absolutely "silly" to bring Charles Francis Adams into this air-mail investigation, or into the stock investigation. The word he used was "silly." I call it outrageous.

Mr. FOSS. Mr. Chairman, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. Gladly.

Mr. FOSS. It is reported in the papers that the son of the President demands an apology from the committee calling Charles Francis Adams before it.

Mrs. ROGERS of Massachusetts. Yes; that is true also. The son of the President of the United States used the word "silly" in describing this attack; and why did he do it? He realized the smoldering resentment, the smoldering fire—and it is not just smoldering, either; it is growing into a bigger and bigger conflagration—against the administration for its extremely unfair, extremely unjust tactics.

I ask you, is it good sportsmanship? You knock a man out and then you kick him. It is not good sportsmanship. You have proved nothing against the man. You proved nothing against President Hoover's honor. You tried to bring the former President into this thing. You have attacked man after man, man after man, but you have not found a thing. [Applause.]

[Here the gavel fell.]

Mr. BYRNS. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, it has been one of the most regrettable incidents of my entire career in Congress, which has extended over a long period of time, that there have been those who have sought to make a political issue before the country of the unfortunate deaths which have occurred incident to the carrying of the air mail.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. BYRNS. Certainly; I will yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. I yielded to the gentleman.

Mr. BYRNS. I will yield a dozen times to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. I just proved the political nature of the movement to make the Army carry the air mail. If it was not political, why could not the weather have been taken into consideration before the order was issued?

Mr. BYRNS. For the simple reason, I may say to the gentlewoman from Massachusetts, that the country was convinced from the prima facie evidence developed before Senator BLACK's committee that graft and corruption and collusion had occurred in the making of these contracts.

Mrs. ROGERS of Massachusetts. But it had not been proved.

Mr. BYRNS. Mr. Chairman, I yield again to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. But graft and corruption had not at that time been proved, as the gentleman knows, for the hearings had just started. Punish the guilty, but do not make the innocent pay for it.

Mr. BYRNS. Oh, I beg the lady's pardon. I think the country was thoroughly convinced of the fact there was collusion, graft, and corruption.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield further?

Mr. BYRNS. I yield again to the gentlewoman from Massachusetts. [Applause.]

Mrs. ROGERS of Massachusetts. Is it not true that the meanest, the lowest criminal in the United States is not convicted without a trial? The air-mail companies were not given a hearing.

Mr. BYRNS. Oh, certainly; we all concede that; but let me say that while we are not trying anybody now, I hope that those who have been guilty of this graft and corruption will be duly exposed and punished.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield again?

Mr. BYRNS. In a moment. Just let me say this, the country was convinced, in my judgment, that graft and corruption had occurred in the making of these contracts; and what was the administration to do under those circumstances? Was it to sit idly by, and by its silence condone what had occurred; or was it to take action at once with reference to those companies which were carrying the mail? Under those circumstances there was nothing else to do but suspend them.

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

Mr. BYRNS. I yield.

Mr. McDUFFIE. I heard nothing said on the floor of the House about the destruction of a commercial plane, which left Los Angeles last week, with the resultant death of eight people. Do they charge that accident to politics?

Mr. BYRNS. And this morning's paper carries an account of the loss of another commercial plane in which four people were killed, but nobody on the other side of the aisle complains about that. We do not hear anyone make complaint that the commercial air lines are not prepared to fly and to carry passengers, human freight, worth vastly more than any mail that is carried in airplanes.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. BYRNS. I yield to the gentleman from New York.

Mr. O'CONNOR. To carry to a logical conclusion the argument of the distinguished gentlewoman from Massachusetts, if an enemy attacked us, we would have to wait until the Army had a little practice doing the very thing they are supposed to be trained to do before they could defend us against the enemy. [Applause.]

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. BYRNS. I thought I had the floor. Does the gentlewoman from Massachusetts want me to yield again?

Mrs. ROGERS of Massachusetts. I do.

Mr. BYRNS. Mr. Chairman, I yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. The gentleman realizes that the number of deaths of pilots flying the air mail under commercial contracts were only 7 in 1 year as against 6 for the Army during the first week of its flying of the air mail. Give the Army pilots a chance to fly more hours per capita. Give the pilots more practice in night flying. Send them back to perform the duties which they are intended to perform as a part of our national defense. Give the air mail back to commercial air pilots whose sole duty it is to fly the mails.

Mr. HILL of Alabama. Will the gentleman yield?

Mr. BYRNS. I yield to the gentleman from Alabama.

Mr. HILL of Alabama. The gentlewoman is in error about 6 deaths having occurred in carrying the mail. The total is 5 and it has been very clearly shown that 4 out of the 5 went to their death on account of the same weather conditions as destroyed the great private commercial liner and sent 8 people to their death and the same kind of weather that sent another plane down on yesterday causing a number of deaths.

[Here the gavel fell.]

Mr. BYRNS. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

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

There was no objection.

Mr. BANKHEAD. Will the gentleman yield?

Mr. BYRNS. I yield to the gentleman from Alabama.

Mr. BANKHEAD. We have not heard a word in these debates about one phase of this proposition which I think is very important to be considered in view of the severe indictments that have been made. During the last 5 years the official statistics show, I think, that 150 commercial air-mail pilots carrying the mail have been killed. Nothing has been said about that.

Mr. BYRNS. I think the gentleman has stated approximately at least the number of deaths that have occurred. It is singular that in this election year, just a few months before the elections in November, there are some on the other side of this Chamber who have suddenly become aroused by the fact that on account of inclement weather and storms five brave officers have unfortunately gone to their death. As the gentleman from Alabama says, we heard no such complaint when something like 150 or more commercial air pilots went to their death. No one thought of making a complaint against the Government or the air-mail lines at that time or accusing anyone of being guilty of legalized murder.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. BYRNS. Will the gentlewoman please allow me to finish my statement and then I will yield.

No one sought to make political capital out of the deaths which occurred at that time. I repeat, it is one of the most deplorable incidents that has occurred in Congress that there are those who now seek to make the unfortunate death of these brave men, who were doing their duty, a political issue. But the country understands it, and the country will appreciate and understand just why these various speeches have been made upon the floor of this House, not once but repeatedly. The gentlewoman from Massachusetts states that you never condemn a person without trial. We have never condemned anyone, but we have said that in view of the graft and corruption which have been clearly shown by prima facie evidence to have occurred in the making of these contracts that the contracts of these men who were profiting at the expense of the Treasury of the United States shall be suspended while the facts are gone into and fully developed.

Something had to be done in the meantime to carry the mail. We were either in the position of condoning for the time being the occurrences which we all deplore and which I may say occurred during the administration of the party to which the gentlewoman and others who have made these complaints belong, or of suspending the contracts of these people until they can show that their skirts were clean. The Air Corps of the Army, under General Foulois, a man highly competent and splendidly trained, were entirely willing to undertake this duty. They are carrying the mail today. They will carry it until the Post Office Department can make arrangements to carry the mail in a different manner, and I dare say that if the administration had suspended these contractors and stopped the carrying of the mail we would have heard from the other side, particularly from those who have sought to capitalize these deaths politically, the complaint that we were neglecting the duties devolved upon the Government by law in carrying these mails. The truth is that the minority have no issue upon which they can go to the country. They cannot criticize legislation for which they all voted. Neither do they dare criticize the administration which is restoring prosperity and bringing relief from conditions brought on by a Republican administration. Those who have resorted to this criticism have done so hoping thereby to find an issue. In order to do so they have been compelled to reflect unjustly on the efficiency and the training of the brave officers of the Army Air Corps. I resent the imputation. No braver or more loyal set of officers ever lived. They are efficient, prepared, and willing to undertake any task. I give every meed of praise to them and their distinguished commander, General Foulois. [Applause.]

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, not a word of politics was heard in connection with the carrying of the air mail until it came from the other side of the aisle. I appealed to the other side to ignore politics and do the right thing in protecting our air-mail flyers. The gentlewoman from Massachusetts did that, but your cry and your answer, as has been the answer of the Democratic Party to every just criticism of anything that has been done by the administration, was that this was politics.

I am not playing politics now. I am calling attention to the politics that has been played, and the attempt at playing politics by the Democratic Party in connection with this airplane situation. Not a word has been said here that is not just as bad as those of us who tried to correct the situation in the air mail bill that was before the House said at the time that bill was up. The story has been told here by the Chairman of the Appropriations Committee, Mr. COLLINS, of the five deaths, and all of them attributable to this operation.

Mr. MILLARD. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from New York.

Mr. MILLARD. The gentleman from Alabama [Mr. BANKHEAD] spoke about the number of deaths of commercial flyers carrying the mails. Does the gentleman know that since these flyers have learned to fly the beam very few deaths have taken place?

Mr. TABER. Of course, that would improve the situation.

Mr. DUFFEY. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from Ohio.

Mr. DUFFEY. I should like to know whether the gentleman took occasion to read the remarks in the CONGRESSIONAL RECORD that were made by the gentleman from New York [Mr. MEAD] the other day.

Mr. TABER. I read those remarks and they were not an answer to the things that have been told here. The men who understand this situation are aware of the fact that it was reckless and foolhardy to turn the Army flyers loose the way they were turned loose. I am not playing politics. When I went on the floor first I tried to correct the situation. I believe all of you realize this should have been done, but, on account of politics, refused to correct the situation.

Mr. O'CONNOR. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from New York.

Mr. O'CONNOR. What would the gentleman have done?

Mr TABER. I would have had them instructed in beam flying before they went out, and that was not done.

Mr. O'CONNOR. How long would that take?

Mr. TABER. It would not take very long. But why was it not done first?

Mr. O'CONNOR. How long is "so long"?

Mr. TABER. Oh, 3 or 4 days.

Mr. DOBBINS. Will the gentleman yield?

Mr. TABER. I yield to the gentleman from Illinois.

Mr. DOBBINS. Does the gentleman realize that since the last death among the Army flyers, with the Army flyers flying probably twice as far every day as the commercial flyers, there have been 12 deaths in commercial aviation while none has occurred in the Army?

Mr. TABER. I do not know that to be the situation.

Mrs. ROGERS of Massachusetts. That includes passengers.

Mr. TABER. There has been one passenger plane destroyed, I understand.

Mr. DOBBINS. And another today out in my own State of Illinois in which the aviation representative of one of the most severe newspaper critics of the administration met his death.

Mr. HAMILTON. Will the gentleman yield?

Mr. TABER. No.

Mr. HAMILTON. Is it not true that in every grave emergency, the Regular Army——

Mr. TABER. I do not yield.

There were two deaths in Ohio that have not been accounted for.

Mrs. GREENWAY. Will the gentleman yield?

Mr. TABER. I yield.

Mrs. GREENWAY. I thank the gentleman very much. I realize my fellow Members on this side may be uneasy as to my rising, because I have risen once before for the purpose of voting against the continuing of the Army mail service until the equipment was adequate to avoid hazard. I cannot resist rising now because I see no reason why we should confuse two totally different issues; that of carrying the mail as it is being discussed now, and the issue that was introduced, first, that of which we on this side of the House should be proud above everything else, namely, the "new deal", in which we are investigating the past and keeping faith with the taxpayers of the United States. [Applause.]

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. TABER. Not at this time.

The situation is that the administration has taken upon itself a responsibility. I hope that if there are any guilty they will be prosecuted to the limit. If there is none guilty, the country will know about it. I only regret that it was not the attitude of the administration to establish this first. [Applause.]

[Here the gavel fell.]

Mr. GIFFORD and Mr. FISH rose.

Mr. GIFFORD. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, as one of those who has not taken any part in this discussion, but representing those who are interested, I want to say that my attention was arrested when I heard the leader on the other side of the House say that the people of the country are well informed and believe that there was fraud or corruption involved in this situation.

The people of the country were only made to believe that there was fraud or corruption, because in this, as in all these other matters, they believe in the President of the United States. [Applause.]

Yes; I want you to recognize the fact that the thought expressed by Congressmen on the floor of the House is not sufficient. The editorial writers of the papers throughout the country do not wait for Congressmen to consider the facts and place the blame. I want to remind you that they got their information from administration sources, with fraud and corruption asserted but in nowise established.

The second thought I want to express is with respect to the defense you offer here now, as well as previously, namely, that since pilots of some of the commercial transport lines went to their deaths, it is not strange that some of the Army flyers also went to theirs during the recent storms. My answer is that if private-line pilots, with such thorough training and up-to-date equipment, went to their deaths how much more reason was there to protect Army flyers, with their insufficient training and inadequate equipment.

It reminds me of the boy in the Army who tried to get back into the lines, and because he had forgotten the password said, "I am General Pershing." They knocked him down and hurt him badly and afterward asked him, "Why didn't you speak the truth?" He replied, "If you would do that to General Pershing, what would you have done to me?" [Laughter.]

If the finely equipped planes could not get through, how could Army machines have been expected to do so? Yet Members have answered this criticism by saying, "Read this, and see what happened to private flyers." Such an answer should be warmly resented.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. GIFFORD. Yes.

Mr. COCHRAN of Missouri. The gentleman in a number of speeches on the floor of the House has had a great deal to say about fraud and corruption in the activities of the C.W.A.

Mr. GIFFORD. Plenty.

Mr. COCHRAN of Missouri. Where did that fall?

Mr. GIFFORD. On the chairman of the committee who would not allow it to be investigated—squarely on your shoulders. [Applause.]

Mr. COCHRAN of Missouri. That charge exploded, and the gentleman set it off.

Mr. GIFFORD. It was exploded by the chairman of the committee who refused to have any further notice taken of it.

Mr. HARLAN. Will the gentleman yield?

Mr. GIFFORD. Yes.

Mr. HARLAN. The gentleman has made the statement that the charges of fraud were based entirely upon statements emanating from the White House, and the people believed them for that reason. Does the gentleman think that when an ex-Postmaster General takes his mail home and finds lost mail there accidentally, and says that some crook or assassin must have put it there, and when another employee of the Post Office Department tears up mail when he is under subpena and the mail has to be taken out of the cellar——

Mr. GIFFORD. Ask a question. I do not yield further. All that has been gone over.

Mr. HARLAN. Is it necessary to charge fraud under such conditions? Do they not admit it?

Mr. FISH. Mr. Chairman, I move to strike out the last six words.

Mr. COLLINS of Mississippi. Mr. Chairman, I think we have had enough on this subject.

The CHAIRMAN. The gentleman from Massachusetts has the floor. The gentleman has 2 minutes remaining.

Mr. GIFFORD. I thought my time had been exhausted.

I tried to explain, above interruption of the gentleman from Ohio, that all those matters seem to have been gone over with a fine-tooth comb by that marvelous committee in another branch, and after days upon the stand the same ex-Postmaster General seems to have come forth with nothing proved against him.

You tried to bring reproach upon a lot of others and then say to this side of the House "politics." Oh, it does not lie in your mouths to say that. It has been nothing but politics to try to bring in those of a past administration all the year long and refuse to allow any sort of examination into the present administration.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. GIFFORD. Yes.

Mr. OLIVER of Alabama. Does the gentleman feel that he has so carefully examined all of the evidence, which tends to show fraud, that he is now in position to say with very definite assurance that there was no fraud?

Mr. GIFFORD. I have not examined into the matter.

Mr. OLIVER of Alabama. But the gentleman's argument would suggest he had.

Mr. GIFFORD. We are informed by the press that after making many attempts to find something, nothing has come out of it.

Mr. OLIVER of Alabama. The gentleman will wake up some morning to find that he has been asleep at the switch.

Mr. BANKHEAD. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BANKHEAD. What is the matter pending before the Committee?

The CHAIRMAN. A pro forma amendment to strike out the last word.

Mr. BANKHEAD. I make the point of order, Mr. Chairman, that all debate on that amendment has been exhausted.

Mr. FISH. Mr. Chairman, I move to strike out the enacting clause.

Mr. GOSS. Mr. Chairman, I make the point of order that that motion must be in writing.

The CHAIRMAN. The Chair sustains the point of order. The Clerk will read.

The Clerk read as follows:

Office of Chief of Engineers, $108,296: *Provided*, That the services of skilled draftsmen, civil engineers, and such other services as the Secretary of War may deem necessary may be employed

only in the Office of the Chief of Engineers, to carry into effect the various appropriations for rivers and harbors, surveys, and preparation for and the consideration of river and harbor estimates and bills, to be paid from such appropriations: *Provided further*, That the expenditures on this account for the fiscal year 1935 shall not exceed $199,242; the Secretary of War shall each year, in the Budget, report to Congress the number of persons so employed, their duties, and the amount paid to each.

Mr. FISH. Mr. Chairman, I move to strike out the last word.

Mr. BANKHEAD. What is the last word, Mr. Chairman?

The CHAIRMAN. The last word is "each."

Mr. FISH. Mr. Chairman, that is what I propose to speak on. I propose to speak on what each pilot receives, and I will give some interesting information to the House.

I am sorry that I was not present to hear the impassioned and partisan remarks that have been made this afternoon about the efficiency of the Army Air Corps.

What is the use of us acting like a lot of children? What is the use on both sides of the House in making a lot of unfounded statements about the Army Air Corps, when after all, the only people responsible for the inefficiency or lack of training of the Army Air Corps is the Congress of the United States.

It is the easiest thing in the world to prove to Members on both sides and the American people back home. I am going to prove it quickly, and I hope I will get the help of the gentleman from Mississippi. I think he has taken a big step to build up the efficiency of the Army Air Corps in the bill before us by making available an additional million dollars for oil and gas to provide more actual flight training.

Mr. BANKHEAD. Mr. Chairman, I make the point of order that the gentleman is not speaking to his amendment.

The CHAIRMAN. The gentleman will confine himself to his proposed amendment.

Mr. FISH. I will confine myself to speaking on the amount of money and, primarily, on the number of hours that each of the Army air pilots have allotted to them per day and per year.

The fact is the Army air pilots, for lack of appropriation by Congress, are getting only 25 minutes a day air service. That is the whole trouble. How can you make efficient Army air pilots when you appropriate insufficient money, only $1,640,000 for oil and gasoline, which provides for only 25 minutes' flying a day to a pilot? The commercial air pilots have on an average 3 hours a day. Then you expect the Army air pilots, because of a lack of appropriation on our part, to compare with the private air pilots who have an average of 3 hours a day.

The new appropriation adds $1,000,000, which will increase the average per day per pilot to about 32 minutes, in comparison with 3 hours per day for the private pilots.

If anybody is to blame, it must be self-evident that it is the Congress of the United States, and I am not raising any partisan issue at the present time. I was not here when the recent partisan debate took place. Therefore I shall not inject myself into it.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. FISH. Yes.

Mr. O'MALLEY. Will the gentleman tell me how much time these pilots got under the Republican administration in Army training? Is there any difference in the time?

Mr. FISH. I am merely presenting the facts as they are. If the gentleman wants to raise a question of partisanship, I would call his attention to the fact that there has been a Democratic House for 3 years past. The chairman of the committee, the gentleman from Mississippi [Mr. COLLINS]—and I assume it is on his responsibility—has added a million dollars to this bill for oil and gas to extend the time for flights. He has increased the appropriation of last year for fuel oil and gas to the extent that the time of every pilot is lengthened from 24 minutes to 33 minutes a day.

Mr. O'MALLEY. That is much better than it was before, is it not?

Mr. FISH. If the gentleman will follow what I said, it certainly is, and I am congratulating the gentleman from Mississippi, if he is the one who did it, for increasing the time from 24 minutes to 33 minutes, but how does that compare with 3 hours plus in the private air-mail companies for the actual flying time of pilots per day?

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. FISH. Mr. Chairman, I ask unanimous consent to proceed for 3 minutes more.

The CHAIRMAN. Is there objection?

Mr. BANKHEAD. Mr. Chairman, I think we have had a pretty full discussion of this, and this section with which we are now dealing has nothing whatever to do with the air service.

Mr. FISH. If the gentleman will permit, I propose to offer an amendment, when it is reached, to increase the appropriation, for oil and gas, an additional million dollars.

Mr. BANKHEAD. When the gentleman does that he can discuss it. I shall not object to it, but it does seem to me that we ought to get down to a discussion of the bill, and I invoke the chairman of the committee because we have other pending legislation.

The CHAIRMAN. Is there objection to the request of the gentleman from New York that his time be extended 3 minutes?

There was no objection.

Mr. OLIVER of Alabama. Mr. Chairman, will the gentleman yield?

Mr. FISH. Yes.

Mr. OLIVER of Alabama. I am not willing to accept the implied indictment that the Army Air Service is inefficient. My understanding is that perhaps the most efficient, thorough, intense, and complete training that any air corps in this or any other country receives is that of the Army in its school at San Antonio, Tex. All pilots are required to pass the most rigid test and examination before they are qualified to fly, and many indeed have been denied the right to fly because they could not meet the very high and strict requirements of the Army.

Mr. FISH. I agree with the general statement of the gentleman from Alabama I have repeatedly stood on the floor of this House and upheld the Army Air Corps and have stated that in the past they trained the civilian flyers, probably 90 percent of them, that they are trained flyers themselves, and that they are exceedingly courageous, and that if given an opportunity they would make the best flyers in the world. But when Congress provides only 150 hours of flying per year, or 24.6 minutes flying per day, how can they keep up and continue to be expert flyers? In the new bill 200 flying hours are provided, or an average of 33 minutes per day. Under the amendment I propose, adding another million dollars, it would provide for 250 flying hours per year, or 41 minutes per day, as against 1,200 flying hours per year in private companies. Of course, it must be self-evident to all fair-thinking men on both sides that these Army pilots cannot go out and operate the mail routes and learn the beam flying and night flying and blind flying as well as the air-mail pilots who have been flying 3 hours a day over these air-mail routes for months and years and know every contour and sign post on them.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. FISH. Yes.

Mr. O'CONNOR. Is that compulsory? Must they fly that time each year?

Mr. FISH. That is all they can fly under the appropriation.

Mr. O'CONNOR. The reason I ask that is that for years we have had the question here of flying pay. I have sat and listened to it for hours before the Committee on Rules, and every flyer flew the very minimum he had to fly, and it was testified that he flew the very minimum, whether 25 minutes a day or not.

Mr. FISH. If the gentleman is correct he is making a very serious indictment of the Army Air Corps.

Mr. O'CONNOR. I am.

Mr. FISH. I hate to hear him make that statement unless he can substantiate it.

Mr. O'CONNOR. It is against the individual.

The CHAIRMAN. The time of the gentleman from New York has again expired.

The Clerk read as follows:

For contingent expenses of the Military Intelligence Division, General Staff Corps, and of the military attachés at the United States embassies and legations abroad, including the purchase of law books, professional books of reference, and subscriptions to newspapers and periodicals; for the hire of interpreters, special agents, and guides, and for such other purposes as the Secretary of War may deem proper, including $5,000 for the actual and necessary expenses of officers of the Army on duty abroad for the purpose of observing operations of armies of foreign states at war, to be paid upon certificates of the Secretary of War that the expenditures were necessary for obtaining military information, $27,500, to be expended under the direction of the Secretary of War: *Provided*, That section 3648, Revised Statutes (U.S.C., title 31, sec. 529), shall not apply to payments made from appropriations contained in this act in compliance with the laws of foreign countries or their ministerial regulations under which the military attachés are required to operate.

Mr. BROWN of Kentucky. Mr. Chairman, I move to strike out the last word, and I ask unanimous consent to proceed for 5 minutes out of order.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BROWN of Kentucky. Mr. Chairman, I wish to use these 5 minutes to dethrone one king of grafters and enthrone another. I read from the Louisville Courier-Journal of February 12, at which time there was a gathering of the American Legion at Paris, Ky., and at which place Dr. Jo M. Ferguson, head of the United States veterans' hospital at Lexington, Ky., made a talk. In that talk he paid a tribute to those Congressmen from Kentucky who voted here against the Economy Act last spring, and by innuendo a condemnation of those who voted for that act. For the benefit of the Membership of this House I shall now read the war record of that eminent gentleman who made the talk on that occasion, because since he was attempting to incite the soldiers of the country against those who voted for economy and to stir them up in a move to get back on the pay roll those thrown off, I think it well to know what moved this man in making a talk on that occasion. I find out from the War Department that he enlisted October 18, 1918, which is just 24 days before the armistice was signed.

We find that they did not call him from his home in Central City, Ky., for 17 days. That was 7 days before the armistice was signed. He was then called to Camp Johnson in Florida. He was a captain in the Medical Corps for that 7 days before the armistice was signed. He remained in the Army until July 11 of the following summer, but the war was over during that time. He remained as a captain in the Medical Corps, at a base salary of $200 a month. I do not have time to answer questions, because this is all very interesting and I want to call attention to some further things.

Mr. FISH. Will the gentleman yield?

Mr. BROWN of Kentucky. I cannot yield.

Mr. FISH. I wanted to know who the gallant soldier was.

Mr. BROWN of Kentucky. Dr. Jo Marvin Ferguson, head of the veterans' hospital at Lexington, Ky.

The war records show that he was offered a commission as a captain on August 6, 1917, and the records also show that on September 13 he declined that commission. That was at the beginning of the war, and the draft at that time included only those from 21 to 31, and the dear doctor was 40 years of age and therefore not included. His country offered him a chance to fight but it did not make him do it, and he therefore declined to do so. He did not want to fight then, but in the next year the selective draft caught him, for in the summer of 1918 they passed the selective draft including all between the ages of 18 and 45 which, of course, caught the doctor. And he then enlists on October 18, which was as late as possible to evade the draft and then comes in on his captain's salary in the Medical Corps and serves 7 days in the Army, before the armistice was signed, and the balance of his service was after the war was over and confined solely to such duties as a captain in the medical service would be required to perform. There was no drill for him, no smell of gunpowder, no rigors of campaigning of any form or manner but a fat salary of a captain in the Medical Corps and the ease attendant upon such a position. Now, this is the interesting part of it. Before the Economy Act was passed he was drawing $6,500 as head of that hospital, but that was not enough. He was drawing $150 a month emergency officer's retired pay. But that was not enough. He was getting $33 a month for a service-connected disability, based on 7 days as a captain in the Medical Corps. He was drawing a total from the Government of $8,696. The Economy Act cut him $3,099 per year, which was money which he never had any right to draw, for he served only 7 days before the armistice and suffered no injury in any form or manner.

Mr. BLANTON. Did he have some teeth injury?

Mr. BROWN of Kentucky. That is what I am coming to. Here is what his injury was, based on an affidavit of one of his home-town doctors in Central City, Ky. Let me tell you what he said the last day before he left camp. This is the statement he made to the examining surgeon at the time of his discharge on July 11, 1919:

I have no wound, injury, or disease, whether in the military service or otherwise.

That is what he said July 11, 1919, when they mustered him out of the Army, and September 1921 he gets an award of $33 a month dating back to the day after he got out of the Army, $33 a month beginning July 12, 1919. The very day after he made the statement that he had no disability whatsoever, he starts drawing back pay for an injury which, according to his own statement, he did not have.

This is what his home-town doctor said who examined him:

I examined him. He had a pulse at rest of 84; a pulse after exercise of 100. I found the following symptoms: Swelling of the feet and ankles.

He diagnosed the case as rheumatism. Rheumatism! A captain in the Medical Corps for 7 days' war-time service. His home-town buddy said, on which this disability is being paid:

I believe his disability is attributed to the service, due to the fact that he had abscessed teeth.

[Laughter.]

The CHAIRMAN. The time of the gentleman from Kentucky [Mr. BROWN] has expired.

Mr. BROWN of Kentucky. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

Mr. MARTIN of Oregon. I ask that the gentleman be given 5 additional minutes.

Mr. BAILEY. Mr. Chairman, I ask unanimous consent that the gentleman proceed for 5 additional minutes.

Mr. BLANTON. Mr. Chairman, I ask unanimous consent that the gentleman be granted 5 additional minutes.

The CHAIRMAN. Without objection, the gentleman is recognized for 5 additional minutes.

There was no objection.

Mr. BROWN of Kentucky. Mr. Chairman, I think this hero who has proclaimed against a great many of us down here deserves this extra 5 minutes, in order that we may get more of his great record in time of war.

Mr. RANDOLPH. Will the gentleman yield?

Mr. BROWN of Kentucky. I yield.

Mr. RANDOLPH. Is it not a fact that the indictment made by Dr. Ferguson is not against all Members of Congress, but simply the Members in the Kentucky delegation?

Mr. BROWN of Kentucky. That is correct.

Mr. BLANTON. Will the gentleman yield?

Mr. BROWN of Kentucky. I yield.

Mr. BLANTON. It might be interesting to our friend from Kentucky to know that there have been 4,800 of those impostors dropped from the retired list, and now draw no longer their unmerited monthly loot from the Government, and if the gentleman will look at House Document No. 269, which

I just had printed, he will see that of those six-thousand-three-hundred-odd emergency officers who got themselves retired, only 1,518 of them are now on the rolls drawing monthly retired pay.

Mr. BROWN of Kentucky. That is too many.

Mr. BLANTON. I know that the gentleman from Kentucky is going to aid us materially in preventing these emergency officers who have been dropped from being put back on the rolls by the amendment which has been passed by the Senate.

Mr. BROWN of Kentucky. I want to finish with this gentleman's record.

On 7 days' service in the Army, on the affidavit of his home-town physician, he has been drawing $33 a month as a service-connected case. This gentleman has been, since 1922, in the Veterans' Bureau as head of a hospital.

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

Mr. BROWN of Kentucky. I yield.

Mr. PARKER. Did the gentleman say the trouble was caused from cold feet? [Laughter.]

Mr. BROWN of Kentucky. I said the diagnosis of his case showed that his feet and ankles were swollen, and that the doctor, his home-town buddy, said it could be attributed to service connection, because he had had abscessed teeth. From his own statement of the case, the only service he had was as captain in the Medical Corps, without any drilling that would have made ankles or feet swell, but he comes in there as a part of the Veterans' Administration, lives on the pay roll, not once, but three times, and yet we are going to vote in a few days, as the gentleman from Texas has said, on Senate amendments that will put this louse back on the Government pay roll in three different places. [Laughter.] And still honest veterans have to go down there to be taken care of by this fellow who has been grafting on the Government ever since the day after he got out of the Army.

Why, he was grafting even before that. In 1917 when other doctors volunteered and went to war they offered him a commission, but he did not want to fight. He did not have to then, but he had an opportunity to go fight the next year. When he saw he was going to be caught in the selective draft and when the war was over he enlisted.

Mr. Chairman, I am as much in favor as anyone else of putting back on the rolls every honest veteran whose case has not been treated fairly; I am in favor of giving him what he deserves; but I am not in favor of blanketing in a lot of grafters like this one whose case I have just outlined. [Applause.]

Mr. MARTIN of Oregon. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Kentucky. I yield.

Mr. MARTIN of Oregon. The gentleman from Kentucky has very ably unmasked one of these veteran politicians. The country is full of them. Has the gentleman any more on his list? Why not go after some more of them?

Mr. BLANTON. I have 4,800 of them on my list. And we have had them removed from the pay roll, and some are State judges drawing big salaries.

Mr. MARTIN of Oregon. These men are masquerading as soldiers, nothing more.

Mr. BROWN of Kentucky. The Economy Act did not go far enough along this line, for 1,500 of them were left on the rolls. I would like to reach every one of them. It is this type of man who is willing to graft and eat up the money that is allotted for honest veterans that prevents the deserving veterans from being cared for. The money that this man has been taking from the Government on a disability which he never incurred based on manufactured evidence and contradicted by his own statement at the time he left the service is money that ought to be going to actual cases of men who suffered disbility but who cannot get on the rolls because of such grafters as this.

The Economy Act was aimed at and made necessary by such grafters as Dr. Ferguson, and the sooner the American Legion and other service organizations kick out this type of grafter the sooner will their organizations become real peace-time service organizations, devoted to the country's need. I have been a member of the American Legion, and I do not believe that this organization or, for that matter, the real service man of this country, favors Dr. Ferguson's type, living like leeches on a Government which in time of war they declined to serve until they could not evade the draft and who then come in and take the money that should go to those who actually suffered injury in their country's service. It should be the goal of the American Legion to clean this type out of their ranks instead of placing them on their program as was done in the meeting at which Dr. Ferguson spoke in Paris. I believe that his record of grafting on the Government is without parallel, and so I therefore ask that we dethrone William Wolf Smith, who has been known as the "king of grafters" along this line, and crown a new king of grafters. From this time on, the name of William Wolf Smith should be forgotten, and when we speak of graft which deprives honest veterans of an opportunity at compensation we should enthrone the name of Dr. Jo Marvin Ferguson, the new king of grafters on the Veterans' Administration pay roll. He should not only be kicked off the compensation pay roll but should be kicked out of the Veterans' Administration.

[Here the gavel fell.]

The CHAIRMAN. Without objection, the pro forma amendment will be withdrawn.

There was no objection.

The Clerk read as follows:

For pay of not to exceed an average of 12,000 commissioned officers, $28,617,645, no part of which sum shall be available for the pay of more than 11,750 commissioned officers whose commissions are dated prior to June 1, 1934; pay of officers, National Guard, $100; pay of warrant officers, $1,336,407; aviation increase to commissioned and warrant officers of the Army, not to exceed $1,579,410, none of which shall be available for increased pay for making aerial flights by nonflying officers above the grade of captain; additional pay to officers for length of service, $7,039,844; pay of enlisted men of the line and staff, not including the Philippine Scouts, $45,946,153; pay of enlisted men of National Guard, $100; aviation increase to enlisted men of the Army, $457,904; pay of enlisted men of the Philippine Scouts, $945,401; additional pay for length of service to enlisted men, $3,453,300; pay of the officers on the retired list, $9,188,436; increased pay to not to exceed four retired officers on active duty, $4,620; pay of retired enlisted men, $11,610,000; pay of retired pay clerks, $1,519; pay not to exceed 60 civil-service messengers at not to exceed $1,200 each at headquarters of the several Territorial departments, corps areas, Army and corps headquarters, Territorial districts, tactical divisions and brigades, service schools, camps, and ports of embarkation and debarkation, $64,800; pay and allowances of contract surgeons, $46,148; pay of nurses, $759,204; pay of hospital matrons, $540; rental allowances, including allowances for quarters for enlisted men on duty where public quarters are not available, $5,386,397: *Provided*, That during the fiscal year ending June 30, 1935, no rental allowance shall accrue to any officer of the Government in consequence of the provisions found in section 10, title 37, United States Code, while occupying quarters at his permanent station not under the jurisdiction of the service in which serving but which belong to the Government of the United States, or to a corporation the majority of the stock of which is owned by the United States, in excess of the rental rate charged for such quarters on March 5, 1934; subsistence allowances, $5,290,066; interest on soldiers' deposits, $30,000; payment of exchange by officers serving in foreign countries, and when specially authorized by the Secretary of War, by officers disbursing funds pertaining to the War Department, when serving in Alaska, and all foreign money received shall be charged to and paid out by disbursing officers of the Army at the legal valuation fixed by the Secretary of the Treasury, $100; in all, $121,758,094, less $285,000 to be supplied by the Secretary of War for this purpose from funds received during the fiscal year 1935 from the purchase by enlisted men of the Army of their discharges, $121,473,094; and the money herein appropriated for "Pay, and so forth, of the Army" shall be accounted for as one fund except that no amount in this paragraph specifically limited may be increased: *Provided*, That no part of this appropriation shall be available to pay any officer detailed as a military aide to any civil officer of the United States outside of the War Department except the President: *Provided further*, That no appropriation contained in this act shall be available for or on account of the maintenance of more than 32 military attachés: *Provided further*, That no appropriation contained in this act shall be available for or on account of the maintenance of more than 83 bands: *Provided further*, That during the fiscal year ending June 30, 1935, no officer of the Army shall be entitled to receive an addition to his pay in consequence of the provisions of the act approved May 11, 1908 (U.S.C., title 10, sec. 803), or of section 1261 of the Revised Statutes (U.S.C., title 10, sec. 692).

Mr. McDUFFIE. Mr. Chairman, I make the point of order that the language, on page 11, line 8, beginning with the word "no" and ending with the figures "1934" in line 11, constitutes a change of substantive law and, therefore, is legislation on an appropriation bill.

The CHAIRMAN. The Chair will hear the gentleman on the point of order.

Mr. McDUFFIE. Mr. Chairman, in 1911 Congress passed an act providing that the pay of Army officers detailed for work on rivers and harbors may be taken from the funds appropriated for that work rather than from the general funds of the Regular Establishment.

Into the law of 1911 was written substantially this language, that the pay of Army officers detailed for work on river and harbor projects may be paid out of funds appropriated for a given project.

There is probably some $200,000 involved here which might be termed hidden costs. It is to eliminate this that I am asking that this language be stricken.

For instance, in the operation of the Mississippi-Warrior barge line it is often alleged that the salary of General Ashburn, who is in charge of this operation, is not being charged against the operation. Whether the operation has merit is not the question here; the charge is being made that the general's salary is not accounted for in its set-up costs of the operation. The same allegations are often made as to river and harbor work.

When the statute of 1911 was passed providing that these Army officers, the officers of the Corps of Engineers, may be paid from funds appropriated for a given project, the question of its interpretation was raised, and the then Attorney General, Mr. Knox, held with reference to river and harbor work that the word "may" was mandatory. The decision of Attorney General Knox was followed by a decision of the Comptroller General to the effect that the word "may" was mandatory. Since 1911 the officers charged with the duty of river and harbor development have been paid from funds appropriated for given projects.

Assuming that it is now the law that such officers are to be paid from funds allocated to the various projects under their supervision and direction, I make the point of order that this language constitutes a change of substantive law and, therefore, is legislation on an appropriation bill and subject to a point of order.

The CHAIRMAN. Does the gentleman from Mississippi wish to be heard on the point of order?

Mr. COLLINS of Mississippi. Only to say that the gentleman mistakes entirely the purpose of the language. It is not subject to a point of order; it is clearly a limitation. A transfer has been made to the amount here carried from another part of the bill and whether or not a change will be made in the present procedure of charging the pay of Engineer officers on river and harbor work, has been left for administrative determination.

Mr. BLANTON. Mr. Chairman, I call the Chair's attention to the fact that this is merely a limitation pure and simple on the expenditure of this fund. The committee has the right at any time to make such a limitation on expenditures.

The CHAIRMAN. In the opinion of the Chair, the language against which the point of order is made is a limitation. Although it may have an effect upon existing law, nevertheless, it is a restriction which, in the opinion of the Chair, is clearly in order and against which a point of order would not lie.

The Chair overrules the point of order.

Mr. HOEPPEL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOEPPEL: Page 11, lines 25 and 26, strike out "$11,610,000" and insert in lieu thereof "$12,846,672."

Mr. HOEPPEL. Mr. Chairman, it is possible that a point of order may be raised against this amendment. I wish, nevertheless, to explain what is sought to be accomplished by the amendment.

The pending bill provides $450 per annum rental allowances for Government clerks. This same bill provides only $75 per annum rental and clothing allowances for retired enlisted men. In other words, retired enlisted men receive only $75 for the entire year for rent and clothing, yet Government clerks receive $450 for rent alone for the same period. I claim this is an unfair disparity.

In addition, in this bill we provide only 27 cents per day subsistence for retired enlisted men. This amount is insufficient and wholly inadequate.

The men in active service receive 35 cents per day. This figure of 35 cents is predicated upon the fact that they buy in annual allotments and at wholesale, otherwise the allowances would be higher. The aged retired enlisted men who have served in two or three battles, many decorated for bravery, are only receiving 27 cents per day to subsist themselves. Bear in mind that they must purchase subsistence at retail, which makes this small figure insignificant. This is not as much as some of us give in tips. Compare these enlisted men who have served our Nation faithfully and honorably in two or three wars and who receive only 27 cents per day for subsistence with Federal prisoners' allowances. I have here a letter from the Director of the Federal Prisons, Department of Justice, in which he states they are appropriating 60 cents a day to feed racketeers, bootleggers, and criminals of every sort, while we here are only providing 27 cents a day for retired men to subsist themselves in their own private homes.

Mr. BLANTON. Will the gentleman yield?

Mr. HOEPPEL. I yield to the gentleman from Texas.

Mr. BLANTON. The gentleman need not be afraid of a point of order, because he can move to raise this amount to $100,000,000, and it would not be subject to a point of order.

Mr. HOEPPEL. I hope the gentleman will bear in mind that I am seeking to provide for the most honorable body of men that ever served our flag. Some of these men are Civil War veterans. They are also receiving only 27 cents a day subsistence. As a comparison, may I say that enlisted men in active service detailed for duty in any city of the United States receive $1.95 per day to subsist themselves and for their quarters, whereas retired men living in the same city receive only 55 cents per day for the same facilities. In other words, enlisted men of the same grade in active service receive four times as much as the retired enlisted men, who are unable to work. Most of these men bear service-connected disabilities, and because of the fact they are retired they cannot receive one cent of pension regardless of the disabilities they have. Also bear in mind almost 2,000 of these men receive less than $66 per month less 15 percent.

Mr. BLANTON. Will the gentleman yield?

Mr. HOEPPEL. I yield to the gentleman from Texas.

Mr. BLANTON. This subsistence proposition merely means three meals a day?

Mr. HOEPPEL. Three meals a day.

Mr. BLANTON. Breakfast, dinner, and supper?

Mr. HOEPPEL. Correct.

Mr. BLANTON. The gentleman would call it breakfast, lunch, and dinner since coming to Washington, but does the gentleman from California know that there is being fed our Army now better food and more of it than has ever been fed to them before in the history of this country for all three of the meals—breakfast, dinner, and supper? There is more food and better food than they have ever received in the history of this country.

Mr. HOEPPEL. They are grateful to Congress for this consideration, but the Congress should take cognizance of the retired men who are unable to take care of themselves. The criminals, outlaws, and highbinders to whom I have referred receive 60 cents per day and from a glance at this picture you can readily note the commodious and elegant cells which they occupy. I hope you will vote for this amendment.

[Here the gavel fell.]

Mr. COLLINS of Mississippi. Mr. Chairman, I rise in opposition to the amendment.

This amount of $11,610,000, which the gentleman seeks to increase, will pay the retired pay of 10,009 enlisted men according to schedules provided by law. We could add more money to this appropriation, but these 10,009 men would not get one penny more than the amount appropriated here. It may be a very nice gesture the gentleman is making, but a gesture is all it is. It would be utterly foolish for us to amend this figure by appropriating more, because these men could not get it if the money were appropriated.

The question was taken; and on a division (demanded by Mr. HOEPPEL) there were—yeas 6, nays 23.

So the amendment was rejected.

Mr. DOWELL. Mr. Chairman, I move to strike out the last word and ask unanimous consent to speak out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. DOWELL. Mr. Chairman, on Friday last I sought to secure some information from the Appropriations Committee relative to the appropriation for Federal roads next year. I had a great deal of difficulty getting definite information relative to the program. However in answer to a question of mine the gentleman from New York [Mr. TABER] made a statement with reference to the amount available for next year. As will be recalled, $400,000,000 was appropriated for the Public Works highway projects in the Industrial Recovery Act and my inquiry went to the point of ascertaining how much of this remained for use next year. The gentleman from New York answered as follows:

If the gentleman will turn to pages 80, 80-A, and 81 of the Budget message I think he will find that approximately $200,000,000 out of the $400,000,000 will be available for expenditure in 1935.

Mr. Chairman, if that is correct, of course, it divides the appropriation about equally, but this statement coming from the Budget message I desire to correct.

Mr. MacDonald, Chief of the Bureau of Public Roads, was before the Committee on Roads of the House on February 23, and I quote from his statement before that committee, as follows:

Mr. MACDONALD. But this will give you a partial answer now, as of the 17th of February—we had approved 6,139 projects. That "approved projects" means that the State highway departments have prepared the surveys, plans, and specifications, the Bureau has approved all of the details of the project, and the work is ready for letting. That involved $275,000,000, a small part of which came from other funds. Two hundred and fifty-five million dollars came from the Public Works highway funds.

Mr. WHITTINGTON. When do you anticipate that the remainder of the $400,000,000 will be allocated?

Mr. MACDONALD. It will be substantially completed in the latter part of April or the first of May.

Mr. WHITTINGTON. In other words, there will be contracts approved for the expenditure of the entire $400,000,000 by the first of May, in your judgment?

Mr. MACDONALD. Yes, sir; substantially so. There are always projects in every State that for some reason or other take more time to get under way, but substantially the amount will be approved and either be actually contracted or in the process of contracting in the latter part of April or first of May. As of today we have approved projects covering 74 percent of the total highway allotment.

In the report of the Bureau of Public Roads to the Secretary of Agriculture entitled "Progress Report, June 1933 to February 1934, Highway Improvement Projects, Federal Public Works", I quote the following:

FUNDS AVAILABLE FOR ADDITIONAL HIGHWAY PROJECTS

Seventy-three and three tenths percent of the total $400,000,000, less administrative reserve, apportioned to the States is now obligated to the 6,139 projects already approved. There remained as of February 17, $105,262,000 available for additional projects.

* * * * * * *

As indicated on this chart, employment on Public Works highway projects will continue to rise rapidly until June, when it will reach its approximate maximum of around 280,000 men continuously employed. By the 1st of September the major part of the work will have been completed, and employment in this field will fall rapidly during the latter half of the year. The Public Works highway program will be completed as a major employment measure by the 1st of January.

This was sometime ago. I have here a statement from the Bureau of Roads as of March 3, which shows that $296,694,000 of the $400,000,000 has been already obligated. This is 75.3 percent of the entire appropriation.

You will note Mr. MacDonald, in his statement before the Committee on Roads, has stated that this appropriation of $400,000,000 will be obligated by the latter part of April or the first of May of this year. He also stated that the major part of the work will have been completed on September 1 of this year and the employment in this field will fall rapidly.

With no appropriation, the Bureau of Public Roads has told you that after September 1 there will be a closing out of the road work in every State in the Union, and the employment they have been giving to the thousands of men will cease as far as road building is concerned.

[Here the gavel fell.]

Mr. DOWELL. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. DOWELL. I am speaking to this question now because all of us know that the highway commissions of the several States must make out their program for the work of the coming year in advance, and these programs must be approved by the Department.

Unless Congress now makes appropriation for the fiscal year of 1935, road construction cannot be carried on and the men employed in road building throughout the country will find themselves out of employment.

This is a serious question and must have the attention of this Congress, and I am calling your attention to it now, that it may not be overlooked and that Congress may not fail to act.

In my judgment, there is no money expended by the Federal Government which is distributed among more people than the money expended in the building of roads. Federal road building furnishes employment to labor in every section of the country and more of the appropriations reaches the pockets of labor than any of the other appropriations.

The Bureau of Roads estimates that 80 to 85 percent of the money expended in road building goes to labor. I hope that the committee having this matter in charge will give it proper attention. [Applause.]

The Clerk read as follows:

Regular supplies of the Army: Regular supplies of the Quartermaster Corps, including their care and protection; stoves required for the use of the Army for heating offices, hospitals, barracks, and quarters, and recruiting stations, and United States disciplinary barracks; also ranges, stoves, coffee roasters, and appliances for cooking and serving food at posts in the field and when traveling, and repair and maintenance of such heating and cooking appliances; authorized issues of candles and matches; for post bakery and bake-oven equipment and apparatus; for ice for issue to organizations of enlisted men and offices at such places as the Secretary of War may determine, and for preservation of stores; authorized issues of soap, toilet paper, and towels; for the necessary furniture, textbooks, paper, and equipment for the post schools and libraries, and for schools for noncommissioned officers; for the purchase and issue of instruments, office furniture, stationery, and other authorized articles for the use of officers' schools at the several military posts; for purchase of commercial newspapers, market reports, and so forth; for the tableware and mess furniture for kitchens and mess halls, each and all for the enlisted men, including recruits; for forage, salt, and vinegar for the horses, mules, oxen, and other draft and riding animals of the Quartermaster Corps at the several posts and stations and with the armies in the field, for the horses of the several regiments of Cavalry and batteries of Artillery and such companies of Infantry and Scouts as may be mounted, and for remounts and for the authorized number of officers' horses, including bedding for the animals; for seeds and implements required for the raising of forage at remount depots and on military reservations in the Hawaiian, Philippine, and Panama Canal Departments, and for labor and expenses incident thereto, including, when specifically authorized by the Secretary of War, the cost of irrigation; for the purchase of implements and hire of labor for harvesting hay on military reservations; for straw for soldiers' bedding, stationery, typewriters and exchange of same, including blank books and blank forms for the Army, certificates for discharged soldiers, and for printing department orders and reports, $2,576,880.

Clothing and equipage: For cloth, woolens, materials, and for the purchase and manufacture of clothing for the Army, including retired enlisted men when ordered to active duty, for issue and for sale; for payment of commutation of clothing due to warrant

officers of the mine planter service and to enlisted men; for altering and fitting clothing and washing and cleaning when necessary; for operation of laundries, existing or now under construction, including purchase and repair of laundry machinery therefor; for the authorized issues of laundry materials for use of general prisoners confined at military posts without pay or allowances, and for applicants for enlistment while held under observation; for equipment and repair of equipment of existing dry-cleaning plants, salvage and sorting storehouses, hat-repairing shops, shoe-repair shops, clothing-repair shops, and garbage-reduction works; for equipage, including authorized issues of toilet articles, barbers' and tailors' material, for use of general prisoners confined at military posts without pay or allowances and applicants for enlistment while held under observation; issue of toilet kits to recruits upon their first enlistment, and issue of housewives to the Army; for expenses of packing and handling and similar necessaries; for a suit of citizen's outer clothing and when necessary an overcoat, the cost of all not to exceed $30, to be issued to each soldier discharged otherwise than honorably, to each enlisted man convicted by civil court for an offense resulting in confinement in a penitentiary or other civil prison, and to each enlisted man ordered interned by reason of the fact that he is an alien enemy, or, for the same reason, discharged without internment; for indemnity to officers and men of the Army for clothing and bedding, etc., destroyed since April 22, 1898, by order of medical officers of the Army for sanitary reasons, $4,207,112, of which amount not exceeding $60,000 shall be available immediately for the procurement and transportation of fuel for the service of the fiscal year 1935.

Mr. WADSWORTH. Mr. Chairman, I move to strike out the last word, to ask the chairman of the subcommittee a question. I notice on page 21, line 11, this language:

For indemnity to officers and men of the Army for clothing and bedding, etc., destroyed since April 22, 1898.

Why go back so far?

Mr. COLLINS of Mississippi. That is old language simply carried to take care of an occasional case.

Mr. WADSWORTH. Those cases must come pretty near being mildewed.

Mr. COLLINS of Mississippi. Once in a while one arises and has to be taken care of.

The Clerk read to page 28, line 12.

Mr. COLLINS of Mississippi. Mr. Chairman, I ask unanimous consent that the next paragraph for the construction and repair of hospitals be passed over until tomorrow.

The CHAIRMAN. The gentleman from Mississippi asks unanimous consent that the next paragraph be passed over for consideration tomorrow. Is there objection?

There was no objection.

The Clerk read to page 29, line 12.

Mr. FISH. Mr. Chairman, I move to strike out the last word. I want to say to the chairman of the subcommittee that this is a very important section of the bill, and I suggest that it be passed over for consideration tomorrow because if he insists on taking it up this afternoon I shall have to make a point of no quorum.

Mr. COLLINS of Mississippi. I cannot consent to its being passed over.

Mr. FISH. Mr. Chairman, I make the point of no quorum.

The CHAIRMAN. The gentleman from New York makes the point of no quorum. The Chair will count. [After counting.] Forty-two Members present—not a quorum.

Mr. COLLINS of Mississippi. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. LANHAM, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill H.R. 8471, the War Department appropriation bill, and had come to no resolution thereon.

ENROLLED JOINT RESOLUTION SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a joint resolution of the House of the following title, which was thereupon signed by the Speaker:

H.J.Res. 290. Joint resolution to provide an appropriation to carry into effect the act entitled "An act to provide for loans to farmers for crop production and harvesting during the year 1934, and for other purposes", approved February 23, 1934.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1083. An act authorizing adjustment of the claim of the Potomac Electric Power Co. of Washington, D.C.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 52 minutes p.m.) the House adjourned until tomorrow, Thursday, March 8, 1934, at 12 o'clock noon.

COMMITTEE HEARING

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Thursday, Mar. 8, 10 a.m.)

Continuation of hearings on H.R. 7852, the National Securities Exchange Act of 1934.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. COX: Committee on Rules. House Resolution 198. Resolution to authorize special committee to investigate Nazi propaganda activities and certain other propaganda activities; without amendment (Rept. No. 878). Referred to the House Calendar.

Mr. KRAMER: Committee on Immigration and Naturalization. H.R. 8317. A bill to extend the validity of declarations of intention beyond 7 years; without amendment (Rept. No. 879). Referred to the House Calendar.

Mr. LEA of California: Committee on Interstate and Foreign Commerce. H.R. 7801. A bill to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near The Dalles, Oreg.; without amendment (Rept. No. 880). Referred to the House Calendar.

Mr. KELLY of Illinois: Committee on Interstate and Foreign Commerce. H.R. 7803. A bill authorizing the city of East St. Louis, Ill., its successors and assigns, to construct, maintain, and operate a toll bridge across the Mississippi River at or near a point between Morgan and Wash Streets in the city of St. Louis, Mo., and a point opposite thereto in the city of East St. Louis, Ill.; with amendments (Rept. No. 881). Referred to the House Calendar.

Mr. KELLY of Illinois: Committee on Interstate and Foreign Commerce. H.R. 8040. A bill granting the consent of Congress to the Iowa State Highway Commission and the Missouri Highway Department to maintain a free bridge already constructed across the Des Moines River near the city of Keokuk, Iowa; without amendment (Rept. No. 882). Referred to the House Calendar.

Mr. CROSSER of Ohio: Committee on Interstate and Foreign Commerce. H.R. 8477. A bill authorizing the State Road Commission of West Virginia to construct, maintain, and operate a toll bridge across the Potomac River at or near Shepherdstown, Jefferson County, W.Va.; without amendment (Rept. No. 883). Referred to the House Calendar.

Mr. LEA of California: Committee on Interstate and Foreign Commerce. S. 2545. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near Astoria, Oreg.; without amendment (Rept. No. 884). Referred to the House Calendar.

Mr. SADOWSKI: Committee on Interstate and Foreign Commerce. S. 2593. An act granting the consent of Congress to the Highway Department of the State of Minnesota to construct, maintain, and operate a free highway bridge across the St. Louis River at or near Cloquet, Minn.; without amendment (Rept. No. 885). Referred to the House Calendar.

Mr. SADOWSKI: Committee on Interstate and Foreign Commerce. S. 2594. An act granting the consent of Congress to the Highway Department of the State of Minnesota to construct, maintain, and operate a free highway bridge

across the Mississippi River at or near the southerly end of Lake Bemidji, Minn.; without amendment (Rept. No. 886). Referred to the House Calendar.

Mr. CHAPMAN: Committee on Interstate and Foreign Commerce. S. 2675. An act creating the Cairo Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the Ohio River at or near Cairo, Ill.; with amendment (Rept. No. 887). Referred to the House Calendar.

Mr. MILLIGAN: Committee on Interstate and Foreign Commerce. S. 2347. An act to amend the Inland Waterways Corporation Act, approved June 3, 1924, as amended; without amendment (Rept. No. 888). Referred to the House Calendar.

Mr. CONNERY: Committee on Labor. H.R. 8492. A bill to provide a 30-hour week for industry, and for other purposes; without amendment (Rept. No. 889). Referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Claims was discharged from the consideration of the bill (H.R. 8482) conferring jurisdiction upon the Court of Claims of the United States to hear, consider, and render judgment on certain claims of George A. Carden and Anderson T. Herd, and the same was referred to the Committee on the Judiciary.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. WOLCOTT: A bill (H.R. 8511) to amend the Home Owners' Loan Act of 1933 to reduce the interest rate on obligations and/or liens acquired by the Home Owners' Loan Corporation from home owners; to the Committee on Banking and Currency.

By Mr. AYERS of Montana: A bill (H.R. 8512) to amend the act of March 3, 1927, amending section 1 of the act of May 26, 1926, entitled "An act to amend sections 1, 5, 6, 8, and 18 of the act approved June 4, 1920, entitled, 'An act to provide for the allotment of lands of the Crow Tribe, for the distribution of tribal funds, and for other purposes'"; to the Committee on Indian Affairs.

By Mr. EDMISTON: A bill (H.R. 8513) to authorize the coinage of 50-cent pieces in commemoration of the birthplace and boyhood home of Gen. Thomas J. (Stonewall) Jackson; to the Committee on Coinage, Weights, and Measures.

By Mr. KLEBERG: A bill (H.R. 8514) authorizing the Secretary of the Treasury to convey a part of the post-office site in San Antonio, Tex., to the city of San Antonio, Tex., for street purposes, in exchange for land for the benefit of the Government property; to the Committee on the Post Office and Post Roads.

By Mr. SMITH of Washington: A bill (H.R. 8515) to provide for the construction of a post-office building at Kelso, Wash.; to the Committee on Public Buildings and Grounds.

By Mr. COLLINS of Mississippi: A bill (H.R. 8516) granting the consent of Congress to the board of supervisors, of Leake County, Miss., to construct a bridge across the Pearl River in the State of Mississippi; to the Committee on Interstate and Foreign Commerce.

By Mr. KELLY of Pennsylvania: A bill (H.R. 8517) to provide for needy blind persons of the District of Columbia; to the Committee on the District of Columbia.

By Mr. BLACK: A bill (H.R. 8518) to authorize the Commissioners of the District of Columbia to permit the Congregation Shewry Tallmud Tairy, of the District of Columbia, to lay out a cemetery in the District of Columbia; to the Committee on the District of Columbia.

Also, a bill (H.R. 8519) to amend sections 5, 9, and 12 and repeal section 36 of the District of Columbia Alcoholic Beverage Control Act; to the Committee on the District of Columbia.

By Mr. DUNN: A bill (H.R. 8520) to authorize the operation of stands in Federal buildings by blind persons; to create a bureau for the blind in the Post Office Department; to issue licenses to blind persons for the operation of such stands, and to supervise the same; to the Committee on the Post Office and Post Roads.

By Mr. SISSON: A bill (H.R. 8521) authorizing the appropriation of $600,000, or so much thereof as may be necessary, to refund payments made to the collector of taxes of the District of Columbia for illegally assessed taxes for paving roadways or laying curbs or gutters in the District of Columbia, including penalties charged and paid, as may on the date of approval of this act be legally due Paving Tax Refund Corporation of the District of Columbia, a corporation organized under the laws of the State of Arizona; to the Committee on the District of Columbia.

By Mr. BROWN of Georgia: A bill (H.R. 8522) to authorize the President to commission certain officers in the Regular Army; to the Committee on Military Affairs.

By Mr. McLEOD: A bill (H.R. 8523) to provide for the creation of the Pan American Peoples Great Highway Commission, and for other purposes; to the Committee on Foreign Affairs.

By Mr. OLIVER of New York: A bill (H.R. 8524) granting retirement to certain former employees of the Treasury Department; to the Committee on the Civil Service.

By Mr. WEIDEMAN: A bill (H.R. 8525) to amend the District of Columbia Alcoholic Beverage Control Act to permit the issuance of retailers' licenses of classes A and B in residential districts; to the Committee on the District of Columbia.

By Mr. BOYLAN: Resolution (H.Res. 294) authorizing payment of expenses of investigation authorized by House Resolution 293; to the Committee on Accounts.

By Mr. CONNERY: Resolution (H.Res. 295) for the consideration of H.R. 8492, a bill to provide a 30-hour week for industry, and for other purposes; to the Committee on Rules.

By Mr. ANDREW of Massachusetts: Joint Resolution (H.J.Res. 291) directing the Secretary of the Navy to make Boston Harbor the home port of the U.S.S. *Constitution*, and to maintain it there as a national museum; to the Committee on Naval Affairs.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. BROWN of Georgia: A bill (H.R. 8526) for the relief of James O. Greene and Mrs. Hollis S. Hogan; to the Committee on the Post Office and Post Roads.

By Mr. CARPENTER of Kansas: A bill (H.R. 8527) granting a pension to Mary L. Golden; to the Committee on Invalid Pensions.

By Mr. CHRISTIANSON (by request): A bill (H.R. 8528) to provide for the carrying out of the award of the National War Labor Board of April 11, 1919, and the decision of the Secretary of War, of date November 30, 1920, in favor of certain employees of the Minneapolis Steel & Machinery Co., Minneapolis, Minn.; of the St. Paul Foundry Co., St. Paul, Minn.; of the American Hoist & Derrick Co., St. Paul, Minn.; and of the Twin City Forge & Foundry Co., Stillwater, Minn.; to the Committee on War Claims.

By Mr. DOBBINS: A bill (H.R. 8529) for the relief of Herbert F. Wascher; to the Committee on Claims.

By Mr. FIESINGER: A bill (H.R. 8530) granting a pension to Evaline Binkley; to the Committee on Invalid Pensions.

By Mr. McCLINTIC: A bill (H.R. 8531) for the relief of Earl J. Babcock; to the Committee on Military Affairs.

By Mr. MOTT: A bill (H.R. 8532) for the relief of Lincoln County, Oreg.; to the Committee on Claims.

By Mr. OLIVER of Alabama: A bill (H.R. 8533) for the relief of Mrs. Tonnie Smith Young; to the Committee on Claims.

By Mr. REECE: A bill (H.R. 8534) for the relief of Garland Hartman; to the Committee on Military Affairs.

By Mr. SNYDER: A bill (H.R. 8535) for the relief of Lawrence W. Muncey; to the Committee on Military Affairs.

By Mr. WEAVER: A bill (H.R. 8536) for the relief of Dr. C. A. Toline; to the Committee on Claims.

By Mr. WERNER: A bill (H.R. 8537) for the relief of Ursula S. G. Cleaver; to the Committee on Claims.

By Mr. WILLFORD: A bill (H.R. 8538) for the relief of H. E. Harvey; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2807. By Mr. ADAMS: Petition of approximately 4,000 residents of New Castle County, and approximately 125 residents of Kent and Sussex Counties, Del., favoring passage of a bill to safeguard inherent rights of the American people relative to radio broadcasting; to the Committee on Merchant Marine, Radio, and Fisheries.

2808. By Mr. ANDREW of Massachusetts: Petition of Charles H. Stevens and 24 other citizens of Groveland, Mass., favoring the passage of House bill 7019, providing for old-age pensions; to the Committee on Labor.

2809. By Mr. BEITER: Petition of Holly Lodge, No. 70, Ladies' Society to Brotherhood of Locomotive Firemen and Enginemen, protesting against the proposed consolidation of the railroads of the United States, and particularly the Prince plan; to the Committee on Interstate and Foreign Commerce.

2810. By Mr. CARTER of California: Petition of W. Larson, G. H. MacDonald, Dan Shearer, and 43 other residents of Alameda County, Calif., urging restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2811. Also, petition of Nellie Potter Kahot, Mrs. A. J. Church, Margaret L. Kirt, and 32 other residents of Alameda County, Calif., urging restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2812. Also, petition of Perry B. Hollis, R. W. Trowbridge, Thomas A. Merrit, and 47 other residents of Alameda County, Calif., urging restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2813. Also, petition of H. A. Mayberry, P. A. Allison, W. B. Giles, and 19 other residents of Alameda County, Calif., urging restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2814. Also, petition of F. E. Barry, C. Smith, and 48 other residents of Alameda County, Calif., urging the restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2815. Also, petition of Richard E. Robertson, Martha Meyer, Lillian M. Anshultz, and 18 other residents of Alameda County, Calif., urging restoration of benefits to Spanish-American War veterans and their dependents; to the Committee on Pensions.

2816. Also, petition of Julius Swanson, Willard Lynch, L. S. McMichael, and 22 other residents of Alameda County, Calif., urging the immediate payment of the bonus; to the Committee on World War Veterans' Legislation.

2817. By Mr. COLLINS of California: Petition signed by 7,500 voters of the Nineteenth Congressional District, Calif., urging the restoration to Spanish-American War veterans, their widows, and dependents of the pensions they were receiving prior to the passage of the Economy Act; to the Committee on Pensions.

2818. By Mr. FISH: Petition of 61 citizens of Warwick, N.Y., requesting an investigation into the propaganda of munitions companies, and that findings of such an investigation be made public; to the Committee on the Judiciary.

2819. By Mr. GOODWIN: Petition of Hudson Valley County Council Veterans of Foreign Wars in convention, urging support in the passage of the current bonus bill, claiming the veterans in their community are actually destitute and in dire need of immediate payment; to the Committee on World War Veterans' Legislation.

2820. Also, resolution of the Ulster County Pomona Grange, Lake Katrine, N.Y., that Ulster County Pomona Grange favors a 5-percent tariff on coconut oil and sesame oil, and urges the passage of this bill; to the Committee on Ways and Means.

2821. By Mr. KELLY of Pennsylvania: Petition of citizens of Pittsburgh, Pa., protesting against censorship of radio messages; to the Committee on Merchant Marine, Radio, and Fisheries.

2822. By Mr. KRAMER: Resolution of the Council of the city of Los Angeles, petitioning the Secretary of the Navy to retain all present and contemplated Coast Guard facilities at Los Angeles Harbor; to the Committee on Naval Affairs.

2823. By Mr. KVALE: Petition of members of the First Methodist Church of St. Paul, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2824. Also, petition of Trades and Labor Assembly, International Falls, Minn., urging protective legislation for pulp and paper industries; to the Committee on Ways and Means.

2825. Also, resolution of the Farmers' Union, Lyon County, Minn., opposing direct marketing of livestock; to the Committee on Agriculture.

2826. Also, petition of members of the First Methodist Episcopal Church of Duluth, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2827. Also, petition of citizens of Minneapolis, Minn., urging legislative action for the remonetization of silver; to the Committee on Coinage, Weights, and Measures.

2828. Also, resolution of the Farmers' Union of Lyon County, Minn., urging passage of the Frazier, the Swank-Thomas, and the Wheeler bills; to the Committee on Banking and Currency.

2829. Also, petition of members of St. Mark's Evangelical Lutheran Church, of North St. Paul, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2830. Also, resolution of the Farmers' Union, Lyon County, Minn., urging passage of the bonus bill; to the Committee on Ways and Means.

2831. By Mr. LINDSAY: Letters of Ethel Sakson, Ethel Penzes, Ann Brooks, and Daniel Penzes, all of Brooklyn, N.Y., favoring the enactment of the McFadden radio bill, H.R. 7986, to amend the Radio Act of 1927; to the Committee on Merchant Marine, Radio, and Fisheries.

2832. By Mr. MARTIN of Massachusetts: Memorial of the House of Representatives of the Commonwealth of Massachusetts, urging the return to its home port of the U.S.S. *Constitution*; to the Committee on Naval Affairs.

2833. By Mr. MEAD: Petition of the Central Council of Polish Organizations and Societies, Buffalo, N.Y., urging proposed Cannon amendment to the naturalization law; to the Committee on Immigration and Naturalization.

2834. Also, petition of the International Brotherhood of Electrical Workers, Local No. 45, Buffalo, N.Y., urging favorable action on House bill 7580; to the Committee on the District of Columbia.

2835. By Mr. MILLARD (by request): Petition signed by members of James Daley Post, No. 200, Veterans of Foreign Wars, of Hastings-on-Hudson, urging immediate payment of veterans' adjusted-compensation certificates; to the Committee on Ways and Means.

2836. By Mr. PARKER: Petition of J. B. Tippins and 26 other citizens of Evans County, Ga., urging the enactment of legislation providing for an old-age pension; to the Committee on Pensions.

2837. By Mr. RUDD: Petition of Hal U. Fisher, 209–58 One Hundred and Eleventh Avenue, Bellaire, Queens, N.Y., and 16 other citizens of Bellaire, favoring the repeal of the gasoline tax as outlined in Senate bill 2038; to the Committee on Ways and Means.

2838. By Mr. THOMASON: Petition of residents of Hyman, Mitchell County, Tex., recommending reduction of cotton production; to the Committee on Agriculture.

2839. Also, petition of citizens of Crane County, Tex., urging immediate payment of the soldiers' bonus; to the Committee on Ways and Means.

2840. By the SPEAKER: Petition of Jose M. Garcia, secretary Provincial Board, Lingayen, P.I., urging the passage of the King bill; to the Committee on Insular Affairs.

2841. Also, petition of the members of the Switchmen's Union of North America, protesting against any plan of railroad managers or others to merge railroads where such merger would result in the closing of terminals, yards, or plants which would result in the lay-off of man power; to the Committee on Interstate and Foreign Commerce.

SENATE

THURSDAY, MARCH 8, 1934

(Legislative day of Wednesday, Feb. 28, 1934)

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

THE JOURNAL

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

CALL OF THE ROLL

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

The VICE PRESIDENT. The clerk will call the roll.

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

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

Mr. LEWIS. I desire to announce that the Senator from South Carolina [Mr. SMITH] is unavoidably detained from the Senate, and that the Senator from Kansas [Mr. McGILL] is detained by a severe cold.

Mr. HEBERT. I desire to announce that the Senator from South Dakota [Mr. NORBECK] is necessarily absent from the Senate.

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

SUPPLEMENTAL ESTIMATES FOR DEPARTMENT OF JUSTICE (S.DOC. NO. 151)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting supplemental estimates of appropriations for the Department of Justice, fiscal year 1935, amounting to $193,900, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

FIELD SERVICE POSITIONS IN FARM CREDIT ADMINISTRATION (S.DOC. NO. 150)

The VICE PRESIDENT laid before the Senate a letter from the Governor of the Farm Credit Administration, transmitting, in response to Senate Resolution 135 of the present session, a statement showing the number of all persons employed in the field service of that Administration in each salary grade, segregated by States, together with the names and addresses of all persons receiving in excess of $2,000 in each State, compiled as of January 31, 1934, which, with the accompanying statement, was ordered to lie on the table and to be printed.

COMPENSATION OF OFFICERS AND DIRECTORS OF CORPORATIONS

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Federal Trade Commission, which, with the accompanying papers, was referred to the Committee on Banking and Currency, and the letter was ordered to be printed in the RECORD, as follows:

FEDERAL TRADE COMMISSION,
Washington, March 6, 1934.

The PRESIDENT OF THE SENATE,
United States Senate, Washington, D.C.

DEAR SIR: In connection with the Commission's recent report to the Senate dealing with salaries and other compensation paid by certain corporations with securities listed on the New York Stock Exchange or the New York Curb Exchange, the Commission has received letters from the American Austin Car Co., Inc., and from Messrs. S. H. Vallance and Frank Bulkley, of which copies are hereto attached. There is also attached a copy of the Commission's replies to these letters.

In view of the representation made in these letters to the effect that the Commission's report to the Senate regarding "other compensation" paid by the American Austin Car Co., Inc., was erroneous, the Commission has directed that copies of the correspondence be forwarded to the Senate.

By direction of the Commission.

GARLAND S. FERGUSON, Jr., *Chairman.*

The VICE PRESIDENT also laid before the Senate a letter from the Chairman of the Federal Trade Commission, which, with the accompanying statement, was referred to the Committee on Banking and Currency and the letter was ordered to be printed in the RECORD, as follows:

FEDERAL TRADE COMMISSION,
Washington, March 7, 1934.

The PRESIDENT OF THE SENATE,
United States Senate, Washington, D.C.

DEAR SIR: In the Commission's recent report to the Senate dealing with salaries and other compensation paid by certain corporations with securities listed on the New York Stock Exchange or the New York Curb Exchange, the statement was made that the "General Refractories Co. sent in a schedule originally, but later wrote to the Commission to have this report returned to the company for revision. General Refractories Co. did not return the report in revised form, nor did it answer a further request for the report."

Upon the publication of this report the General Refractories Co. advised the Commission that it had sent in its report on January 15. In view of this the Commission advised the company that although its report had not been received, that if it would furnish a copy of its report immediately, the Commission would forward the information to the Senate with an appropriate explanation. There is enclosed herewith, therefore, the information as to the salaries paid by the General Refractories Co. to its executive officers and directors.

By direction of the Commission.

GARLAND S. FERGUSON, Jr., *Chairman.*

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate resolutions adopted by the Senate of the State of New Jersey favoring the passage of legislation abolishing the Federal gasoline sales tax, which were referred to the Committee on Finance.

(See resolutions printed in full when presented today by Mr. BARBOUR.)

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

Whereas it is the desire of the General Assembly of Virginia that the historic grounds and points of interest at Old Appomattox Courthouse be suitably marked, restored, and preserved; and

Whereas such can best be accomplished by establishing this area as a national park: Now, therefore, be it

Resolved by the senate (the house of delegates concurring), That the Congress of the United States be, and it is hereby, memorialized to establish a national park at the said historic spot embracing within its boundaries the points of interest and restoring thereon all buildings connected with the events which took place at and in the said area; and be it further

Resolved, That the clerk of the senate transmit a copy of this resolution to the President of the United States, the President of the Senate and the Speaker of the House of Representatives of the Congress of the United States, and to each Senator and Representative therein from the Commonwealth of Virginia.

Agreed to by the senate March 6, 1934.

O. V. HANGER,
Clerk of the Senate.

Agreed to by the house of delegates March 6, 1934.

JNO. W. WILLIAMS,
Clerk of the House of Delegates.