CONFIRMATIONS

Executive nominations confirmed by the Senate April 6 (legislative day of Mar. 28), 1934

UNITED STATES MARSHAL

Austin D. Smith to be United States marshal for the district of Delaware.

POSTMASTERS

CALIFORNIA

George J. Nevin, Huntington Park.

OKLAHOMA

Berry M. Crosby, Bixby.

SOUTH CAROLINA

Robert Redus Martin, Belton.
Ray E. Young, Due West.
Mary Ellen Seibert, Edgewold.
Pretto H. White, Ehrhardt.
John Albert Howell, St. George.
Errett Zimmerman, Trenton.
Loring Terry, Yemassee.

WEST VIRGINIA

Maurice L. Richmond, Barboursville.

SENATE

MONDAY, APRIL 9, 1934

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

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

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed without amendment the bill (S. 1983) to authorize the revision of the boundaries of the Fremont National Forest in the State of Oregon.

The message also announced that the House had passed the bill (S. 2675) 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 an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the bill (S. 2571) authorizing the Secretary of the Interior to arrange with States or Territories for the education, medical attention, relief of distress, and social welfare of Indians, and for other purposes, with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 5369. An act providing for the issuance of patents upon certain conditions to lands and accretions thereto determined to be within the State of New Mexico in accordance with the decree of the Supreme Court of the United States entered April 9, 1928; and

H.R. 8834. An act authorizing the owners of Cut-Off Island, Posey County, Ind., to construct, maintain, and operate a free highway bridge or causeway across the old channel of the Wabash River.

CLAIM OF MOFFAT COAL CO.

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

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a letter from Hon. L. L. MCCANDLESS, Delegate from Hawaii, transmitting copy of a wireless message from Samuel K. Dias, deputy county clerk of Kauai County, Hawaii, embodying a resolution adopted by the Kauai County Board of Supervisors, protesting against provisions of the so-called "Jones-Costigan sugar bill", which are regarded as discriminatory against the sugar industry in the Territory of Hawaii, which, with the accompanying paper, was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by Local Lodge No. 249, International Association of Machinists, of Ironton, Ohio, favoring the prompt passage of the so-called "Fletcher-Rayburn stock exchange bill", which was referred to the Committee on Banking and Currency.

He also laid before the Senate a resolution adopted by a Woman's Home Missionary Society (no address given), favoring the passage of the so-called "Patman motion picture bill", being House bill 6097, providing higher moral standards for films entering interstate or foreign commerce, which was referred to the Committee on Interstate Commerce.

He also laid before the Senate a letter from C. William Kinsman, chairman of the City Fusion Sixth A.D. Taxes Committee of the Bronx, New York City, N.Y., relative to the pending revenue bill, taxes, and so forth, which was ordered to lie on the table.

Mr. KEYES presented a resolution adopted by the Concord (N.H.) Rifle Club, protesting against the passage of legislation proposing to restrict the possession of firearms in the United States, which was referred to the Committee on Commerce.

Mr. CAPPER presented petitions, numerously signed, of sundry citizens of Atchison, Cummings, and Kansas City, all in the State of Kansas, praying for the passage of the so-called "Patman bill", providing for the payment of adjusted-service certificates of ex-service men in new currency, which were referred to the Committee on Finance.

Mr. HEBERT presented the following resolutions of the General Assembly of the State of Rhode Island, which were referred to the Committee on Finance:

STATE OF RHODE ISLAND, ETC.,
IN GENERAL ASSEMBLY,
January Session, A.D. 1934.

Resolution requesting Congress to investigate through a specially designated committee thereof certain activities of the Administrator of Veterans' Affairs

(Approved Mar. 14, 1934)

Whereas the Administrator of Veterans' Affairs has from time to time submitted estimates to the Congress of the United States, and to certain committees thereof, of the probable costs to the Government of measures advocated in behalf of disabled veterans and their dependents; and

Whereas the American Legion, Department of Rhode Island, believes that such estimates have been consistently misleading to the Congress and to the public and have been grossly unfair to veterans and their dependents in that the people of the United States have received an erroneous impression concerning the probable cost to the taxpayer, and have been apathetic toward these measures as a result thereof: Now, therefore, be it

Resolved, That the Congress of the United States be requested to investigate, through a specially designated committee thereof, the activities of said Administrator of Veterans' Affairs in connection with the above matters, with a view to ascertaining true estimates of the so-called "four-point program of rehabilitation" advocated by the American Legion; and, further, to inquire into the source of information upon which the estimates submitted by the Administrator were based, and the influence, if any, which prompted the issuance of such misleading statements; and be it further

Resolved, That the general assembly respectfully requests the Senators and Representatives of Rhode Island in the Congress of the United States to give their sincere efforts to secure the passage of such legislation as will enable the Senate or the House of Representatives of the United States to conduct such investigation; and be it further

Resolved, That copies of this resolution be transmitted by the secretary of state to the Senators and Representatives of Rhode Island in the Congress of the United States.

Mr. HEBERT also presented the following resolutions of the General Assembly of the State of Rhode Island, which were referred to the Committee on Foreign Relations:

STATE OF RHODE ISLAND, ETC.,
IN GENERAL ASSEMBLY,
January Session, A.D. 1934.

Resolution recommending to Congress passage of a resolution expressing the earnest hope that the German Reich will speedily alter its policy toward its minority groups

(Approved Mar. 15, 1934)

Whereas there are now pending in the files of the Committees on Foreign Relations in the Senate and in the House of Representatives of the United States resolutions regarding the discrimination of the German Reich toward its minority groups; and

Whereas the treatment of these minority groups has shocked the conscience of mankind and violated the principles of humanity; and

Whereas on many historic occasions from 1840 to 1919, intercessions have been made by the United States on behalf of citizens of states other than the United States, oppressed or persecuted by their governments or peoples, indicating that for nearly 100 years the traditional policy of the United States has been to take cognizance of such invasion of human rights; and

Whereas the German Reich stands pledged to the United States to accord to its "nationals who belong to racial, religious, or linguistic minorities * * * the same treatment and security in law and in fact as other nationals"; Now, therefore, be it

Resolved, That the General Assembly of the State of Rhode Island expresses its profound feelings of surprise and pain upon learning of the discriminations and oppression imposed by the Reich upon its minority groups; and be it further

Resolved, That the General Assembly of the State of Rhode Island expresses its earnest hope that the German Reich will speedily alter its policy and restore to its minority groups the civil and political rights of which they have recently been deprived; and be it further

Resolved, That the secretary of state transmit a copy of this resolution to each Senator and Representative of the State of Rhode Island in the Congress of the United States and that they be urged to use their influence toward the passage of a similar resolution by the Congress of the United States.

Mr. HEBERT also presented the following resolutions of the General Assembly of the State of Rhode Island, which were referred to the Committee on Naval Affairs:

STATE OF RHODE ISLAND, ETC.,
IN GENERAL ASSEMBLY,
January Session, A.D. 1934.

Resolution urging the President of the United States, as Commander in Chief of the armed forces, to order the training of naval recruits at the United States naval station at Newport

(Passed Jan. 26, 1934)

Whereas the State of Rhode Island ceded and conveyed to the United States of America Coasters Harbor Island, in the waters of Narragansett Bay, for the purpose of establishing a training station thereon; and

Whereas the first naval-training station in America was established thereon June 4, 1883; and

Whereas the United States Government has erected on Coasters Harbor Island buildings and improvements valued at over $10,000,000; and

Whereas since 1883 up until July 1, 1933, the United States Navy efficiently and at low cost has trained thousands of recruits at said station; and

Whereas the New England recruiting area for the Navy is one of the most fertile in the United States; and

Whereas statistics show that the cost of recruiting and transporting men to be trained on the Atlantic coast is less if trained at Newport than elsewhere; and

Whereas reports of the United States Navy show that conditions for the training of recruits at Newport, R.I., are healthy; that the environment is clean; that the plant is adequate; and that costs are low; and

Whereas the United States Navy has now commenced a program of recruiting and training additional men for the naval service; and

Whereas not only are the citizens of the city of Newport and all the State of Rhode Island interested in having recruits for the United States Navy trained at Newport, but it is more economical and advantageous for the United States Navy to do so and for the benefit of all the taxpayers of the United States: Now, therefore, be it, and it is hereby,

Resolved, That the General Assembly of the State of Rhode Island and Providence Plantations in January session assembled urge the President of the United States of America, as Commander in Chief of the armed forces of the United States, because of the advantages to the United States, to order the training of naval recruits at the United States Naval Station at Newport, R.I.; be it further

Resolved, That the secretary of state be, and he hereby is, directed to forward copies of this resolution, certified under the seal of this State, to the President of the United States, the Secretary of the Navy, and to the Members of the United States Congress from the State of Rhode Island.

Mr. HEBERT also presented the following resolutions of the General Assembly of the State of Rhode Island, which were ordered to lie on the table:

STATE OF RHODE ISLAND, ETC.,
IN GENERAL ASSEMBLY,
January Session, A.D. 1934.

Resolution expressing to Congress the approval of the State of Rhode Island of the measure included in the revenue bill now pending before Congress providing for a tax of 5 percent per pound upon coconut and sesame oils; also endorsing the amendment to include all other foreign competing fats and oils

(Approved Apr. 3, 1934)

Whereas there is now pending before Congress a revenue bill in which is included a tax of 5 percent per pound upon coconut and sesame oils; and

Whereas the members of this general assembly feel that, since the importation of these oils is very heavy, the import of coconut oil in 1933 amounting to something like 250,000,000 pounds, and comes into direct competition with fish oils, in order to protect the citizens of this country, it is imperative that this tax should be supported: Now, therefore, be it

Resolved, That the members of the general assembly of the State of Rhode Island respectfully and earnestly pray the Senators and Representatives from Rhode Island in Congress to support vigorously this measure intending to tax coconut and sesame oils and the amendment to include all other foreign competing fats and oils; and be it further

Resolved, That the secretary of state is authorized and directed to transmit duly certified copies of this resolution to the Senators and Representatives in Congress from Rhode Island.

REPORTS OF COMMITTEES

Mr. BARBOUR, from the Committee on Military Affairs, to which was referred the bill (S. 417) for the relief of Marino Ambrogi, reported it without amendment and submitted a report (No. 664) thereon.

Mr. CAREY, from the Committee on Military Affairs, to which was referred the bill (S. 2909) for the relief of Augustus C. Hensley, reported it without amendment and submitted a report (No. 687) thereon.

Mr. SHEPPARD, from the Committee on Commerce, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 3211. An act to extend the times for commencing and completing the construction of a bridge across the Chesapeake Bay between Baltimore and Kent Counties, Md. (Rept. No. 665);

S. 3230. An act creating the Florence Bridge Commission and authorizing said commission and its successors and assigns to construct, maintain, and operate a bridge across the Missouri River at or near Florence, Nebr. (Rept. No. 666);

H. R. 8429. An act to revive and reenact the act entitled "An act authorizing D. S. Prentiss, R. A. Salladay, Syl F. Histed, William M. Turner, and John H. Rahilly, their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Mississippi River at or near the town of New Boston, Ill.", approved March 3, 1931 (Rept. No. 668);

H.R. 8438. An act to legalize a bridge across St. Francis River at or near Lake City, Ark. (Rept. No. 669);

H.R. 8516. An act granting the consent of Congress to the Board of Supenvisors of Leake County, Miss., to construct, maintain, and operate a free highway bridge across the Pearl River in the State of Mississippi (Rept. No. 670); and

H.R. 8853. An act to extend the time for the construction of a bridge across the Wabash River at a point in Sullivan County, Ind., to a point opposite on the Illinois shore (Rept. No. 671).

Mr. SHEPPARD also, from the Committee on Commerce, to which was referred the bill (S. 3269) relating to the construction, maintenance, and operation by the city of Davenport, Iowa, of a bridge across the Mississippi River at or near Tenth Street in Bettendorf, State of Iowa, reported it with an amendment and submitted a report (No. 667) thereon.

Mr. CAPPER, from the Committee on the District of Columbia, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 450. An act to empower the health officer of the District of Columbia to authorize the opening of graves, and the disinterment and reinterment of dead bodies in cases where death has been caused by certain contagious diseases (Rept. No. 672);

S. 3257. An act to change the designation of Four-and-a-half Street SW. to Fourth Street (Rept. No. 673); and

S. 3290. An act to amend an act entitled "An act to establish a Board of Indeterminate Sentence and Parole for the District of Columbia and to determine its functions, and for other purposes", approved July 15, 1932 (Rept. No. 674).

Mr. KING, from the Committee on the District of Columbia, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 2623. An act to amend the act entitled "An act to require the erection of fire escapes in certain buildings in the District of Columbia, and for other purposes", approved March 19, 1906, as amended (Rept. No. 688);

S. 2714. An act to amend section 895 of the Code of Law of the District of Columbia (Rept. No. 689);

S. 3013. An act to amend sections 416 and 417 of the Revised Statutes relating to the District of Columbia (Rept. No. 690); and

S. 3289. An act to transfer the powers of the Board of Public Welfare to the Commissioners of the District of Columbia, and for other purposes (Rept. No. 691).

Mr. KING, also from the Committee on the District of Columbia, to which was referred the bill (S. 2641) to provide fees to be charged by the recorder of deeds of the District of Columbia, and for other purposes, reported it with an amendment and submitted a report (No. 692).

Mr. GIBSON, from the Committee on Claims, to which was referred the bill (S. 2553) for the relief of the Brewer Paint & Wall Paper Co., Inc., reported it with an amendment and submitted a report (No. 675) thereon.

Mr. BAILEY, from the Committee on Claims, to which was referred the bill (H.R. 6862) for the relief of Martha Edwards, reported it with an amendment and submitted a report (No. 676) thereon.

He also, from the same committee, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H.R. 1301. An act for the relief of M. Aileen Offerman (Rept. No. 677);

H.R. 1398. An act for the relief of Lewis E. Green (Rept. No. 678);

H.R. 4609. An act for the relief of Augustus Thompson (Rept. No. 679);

H.R. 4784. An act to reimburse Gottleib Stock for losses of real and personal property by fire caused by the negligence of two prohibition agents (Rept. No. 680);

H.R. 4792. An act to authorize and direct the Comptroller General to settle and allow the claim of Harden F. Taylor for services rendered to the Bureau of Fisheries (Rept. No. 681); and

H.R. 5936. An act for the relief of Gale A. Lee (Rept. No. 682).

Mr. LOGAN, from the Committee on the Judiciary, to which was referred the bill (H.R. 7356) to provide, in case of the disability of senior circuit judges, for the exercise of their powers and the performance of their duties by the other circuit judges, reported it with an amendment and submitted a report (No. 683) thereon.

He also, from the Committee on Military Affairs, to which was referred the bill (H.R. 2439) for the relief of William G. Burress, deceased, reported it with an amendment and submitted a report (No. 684) thereon.

Mr. WAGNER, from the Committee on Foreign Relations, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 1198. An act for the relief of Louise Fox (Rept. No. 685); and

S. 1199. An act for the relief of Anne B. Slocum (Rept. No. 686).

Mr. HATCH, from the Committee on Public Lands and Surveys, to which was referred the bill (H.R. 5397) to authorize the exchange of the use of certain Government land within the Carlsbad Caverns National Park for certain privately owned land therein, reported it without amendment and submitted a report (No. 693) thereon.

ENROLLED BILLS 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 following enrolled bills:

S. 2324. An act for the relief of the Noank Shipyard, Inc.; and

S. 2689. An act to authorize the Department of Labor to make special statistical studies upon payment of the cost thereof, and for other purposes.

BILLS AND JOINT RESOLUTION INTRODUCED

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

By Mr. WAGNER:

A bill (S. 3317) for the relief of Sarah Smolen; to the Committee on Claims.

By Mr. McNARY:

A bill (S. 3318) to authorize the periodic construction of channels for fishing purposes in the Siltcoos and Takenitch Rivers, in the State of Oregon; to the Committee on Commerce.

By Mr. BARBOUR:

A bill (S. 3319) to amend section 233 of the Criminal Code, as amended; to the Committee on the Judiciary.

By Mr. BAILEY:

A bill (S. 3320) for the relief of Robert J. Enochs (with accompanying papers); to the Committee on Claims.

By Mr. NEELY:

A bill (S. 3321) for the relief of David J. Pritchard; to the Committee on Claims.

By Mr. WALSH:

A bill (S. 3322) to carry out the findings of the Court of Claims in the case of the Union Iron Works; to the Committee on Claims.

By Mr. REED:

A bill (S. 3323) for the relief of George G. Slonaker; to the Committee on Claims;

A bill (S. 3324) granting a pension to Minnie G. Jones; to the Committee on Pensions; and

A bill (S. 3325) granting 30 days' sick leave to employees of the Government Printing Office; to the Committee on Printing.

By Mr. SMITH (by request):

A bill (S. 3326) to amend the Agricultural Adjustment Act, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. BLACK:

A bill (S. 3327) to amend section 2, subsection (c), of the Home Owners' Loan Act of 1933; to the Committee on Banking and Currency.

By Mr. SCHALL:

A bill (S.3328) to amend the Air Commerce Act of 1926, so as to provide further encouragement for civilian flying; to the Committee on Commerce.

By Mr. REED:

A bill (S. 3329) to amend section 17 of title I of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, with respect to suits on claims for yearly renewable term insurance; to the Committee on Finance.

By Mr. SMITH:

A joint resolution (S.J.Res. 100) authorizing suitable memorials in honor of James Wilson and Seaman A. Knapp; to the Committee on Agriculture and Forestry.

REREFERENCE OF BILL

Mr. WAGNER. Mr. President, I desire to ask that Calendar No. 626, the bill (S. 2735) to amend sections 5136 and

5153 of the Revised Statutes, as respectively amended, being a bill which I introduced and which was reported favorably by the Committee on the Judiciary and is now on the calendar, may be referred to the Committee on Banking and Currency. It involves an amendment to the so-called "Glass-Steagall Act", and the Committee on Banking and Currency have expressed a desire to consider the bill before the Senate acts upon it. I have consented to that course, with the approval of the Senate.

There being no objection, the bill was taken from the calendar and referred to the Committee on Banking and Currency.

HOUSE BILLS REFERRED

The following bills were each read twice by title and referred as indicated below:

H.R. 5369. An act providing for the issuance of patents upon certain conditions to lands and accretions thereto determined to be within the State of New Mexico in accordance with the decree of the Supreme Court of the United States entered April 9, 1928; to the Committee on Public Lands and Surveys.

H.R. 8834. An act authorizing the owners of Cut-Off Island, Posey County, Ind., to construct, maintain, and operate a free highway bridge or causeway across the old channel of the Wabash River; to the Committee on Commerce.

CARRIAGE OF MAIL BY AIR—AMENDMENT

Mr. AUSTIN. Mr. President, I ask unanimous consent to submit, have printed, printed in the RECORD, and to lie upon the table an amendment in the nature of a substitute for Senate bill 3170, to revise air mail laws, proposed to be offered by the Senator from Pennsylvania [Mr. DAVIS], the Senator from New Jersey [Mr. BARBOUR], and myself, together with an accompanying statement explanatory of the amendment.

There being no objection, the amendment intended to be proposed by Mr. AUSTIN, Mr. DAVIS, and Mr. BARBOUR was ordered to lie on the table, to be printed, and, with the accompanying statement, to be printed in the RECORD, as follows:

Amendment in the nature of a substitute intended to be proposed by Mr. AUSTIN, Mr. DAVIS, and Mr. BARBOUR to the bill (S. 3170) to revise air-mail laws, viz: Strike out all after the enacting clause and insert in lieu thereof the following:

"That section 3 of the Air Mail Act, approved February 2, 1925, as amended (U.S.C., supp. VII, title 39, sec. 463), is amended to read as follows:

"'SEC. 3. The rate of postage on air-mail letters shall be 5 cents for each ounce or fraction thereof. The rate of postage on air-mail postal cards, which the Post Office Department is hereby authorized to furnish in distinctive design, shall be 2 cents each.'

"SEC. 2. Section 4 of the Air Mail Act, as amended (U.S.C., supp. VII, title 39, sec. 464), is amended to read as follows:

"'SEC. 4. The Postmaster General is authorized to provide for the transportation of air mail over an air-mail route by any carrier operating aircraft over such route, under authority of the Department of Commerce, on a fixed daily schedule. The Postmaster General shall pay compensation for such transportation at the fixed rate of 2 mills per pound-mile, except that the average compensation paid to any carrier for transportation over any route shall not exceed 50 cents per airplane-mile in any calendar year.'

"SEC. 3. Section 6 of the Air Mail Act, as amended (U.S.C., supp. VII, title 39, sec. 465c), is amended to read as follows:

"'SEC. 6. (a) The Postmaster General shall, upon the application of any carrier who held a route certificate on February 9, 1934, issue to the holder in substitution therefor a route warrant, unless the applicant has been adjudged, as hereinafter provided, to be disqualified under section 3950 of the Revised Statutes (U.S.C., title 39, sec. 432). Such route warrant shall be for a period of not exceeding 10 years from said date, and shall provide that the holder thereof shall have the right—so long as he complies with all rules, regulations, and orders that may be issued by the Postmaster General for meeting the needs of the Postal Service and adjusting mail operations to the advances in the art of flying, passenger and express transportation, and advances in national defense—to carry air mail over the route set out in such warrant, or any modification thereof, at the rates fixed under the terms of this act as amended. Nothing in this section shall be construed to invalidate any route certificate.

"'No person shall be denied such a route warrant for the reason that he, or his predecessor, is asserting or has a claim against the United States because of a prior annulment of any contract or route certificate by the Postmaster General.

"'Every person whose contract has been annulled by the Postmaster General shall be entitled to sue the United States to recover such sum as will justly remedy the damages caused to him by such annulment, in the manner provided by paragraph 20 of section 24 or by section 145 of the Judicial Code, as amended, notwithstanding the amount in controversy. Any appropriation out of which payments upon the said contracts were authorized to be made is hereby made available for payment of such damages.

"'No person shall be presumed by the Postmaster General to be disqualified to contract for carrying the mail, or to exercise such route warrant, by virtue of the provisions of section 3950 of the Revised Statutes (U.S.C., title 39, sec. 432); but every such person who may be accused thereof shall be tried and adjudged disqualified in a district court of the United States in the judicial district wherein is the residence of such person sought to be disqualified under said section 3950 of the Revised Statutes (U.S.C., title 39, sec. 432), before the Postmaster General shall deny such route warrant to him for such cause.

"'Whenever the status of ineligibility is intended by the Postmaster General to be asserted against one who held a contract or certificate February 9, 1934, the Postmaster General shall invoke the jurisdiction of said court by a complaint setting forth the essential facts constituting the alleged offense presented to a district judge of said district. Said judge shall immediately call to his assistance, to hear and determine the complaint, two other district judges. Said complaint shall not be heard or determined until at least 10 days after notice of hearing and copy of complaint have been served upon the accused.

"'No person shall be disqualified because of combinations to prevent competitive bidding, or agreements respecting air-mail routes established under the act of April 29, 1930 (U.S.C., supp. VII, title 39, secs. 464, 465c, 465d, 465e, and 465f), unless a majority of judges shall determine after hearing, by three judges, according to the usual procedure in district courts of the United States, that said combinations or agreements were made fraudulently and collusively and illegally by such person.

"'Any such warrant may be canceled by the Postmaster General at any time for willful neglect on the part of the holder to carry out any rule, regulation, or order, or for any violation of this act as amended. Notice of such intended cancelation shall be given in writing by the Postmaster General, and 45 days from the date of service of the notice shall be allowed the holder in which to show cause why the warrant should not be canceled.

"'(b) It shall be unlawful for any person holding a route warrant under this act to have any financial interest in or to participate in the management of any other air-mail line or part thereof which is competitive in transcontinental service, or to control, be controlled by, or be under the common control with another person holding a route warrant issued under this act or a route certificate, for another competitive transcontinental line or part thereof. The term "person", when used in this subsection, includes individual, partnership, association, and corporation. For the purposes of this subsection a person having the power (whether or not legally enforceable, and whether exercisable directly or indirectly) to manage the affairs or direct the policies of another person shall be deemed to have control of such other person.'

"SEC. 4. Section 7 of the Air Mail Act, as amended (U.S.C., supp. VII, title 39, sec. 465d), is amended to read as follows:

"'SEC. 7. (a) The Postmaster General, when in his judgment the public interest will be promoted thereby, may extend or consolidate routes which existed on February 9, 1934, or which may be established after such date under this act, as amended, and may modify accordingly the warrants for the routes thus extended or consolidated, and may establish a new air-mail route and issue a route warrant therefor, in any case where such route or extension of a route does not duplicate any route set out in a route warrant issued and in force under this act, as amended, the holder of which has a letter of authority from the Department of Commerce for the carrying of passengers over the route set out in such warrant. No route warrant shall be issued for any contemplated route or be modified for any extension of a route under this section to or for any carrier which has not owned and operated an air transportation service over such route or extension, as the case may be, for a period of 6 months or more prior to the issuance of such warrant. Route warrants issued under this section shall have the same force and effect and be subject to the same conditions and limitations as in the case of route warrants issued under section 6 of this act, as amended.

"'(b) Any extension in effect on the date of enactment of this amendatory section or any route or extension established after such date under this section over which an air-mail service has been operated for a period of 12 consecutive months, shall be canceled by the Postmaster General whenever the average plane load of mail carried between stations over the entire distance of the route or extension does not exceed 25 pounds per day for any consecutive 3 months of operation after the expiration of such 12-month period, except that any extension forming the whole or part of the main-line route of the holder of a route warrant may, in the discretion of the Postmaster General, be exempted from cancelation under this subsection."

"SEC. 5. The Air Mail Act, as amended, is further amended by adding, after section 9, the following additional sections:

"'SEC. 10. The Postmaster General, if in his judgment the public interest will be promoted thereby, upon application of any carrier which has exchanged its route certificate for a route warrant on or before July 1, 1934, may pay such carrier for transportation of air mail an amount in addition to the fixed pound-mile rate provided in section 4 of this act, as amended. Such amount shall be determined by the Postmaster General upon a formula, standardized for all operators and calculated to create a financial inducement and incentive to competitively develop the aeronautical industry, to improve its efficiency to the end of making it self-supporting, to encourage the development of safety, speed, additional space for carriage of passengers and express, and to promote the national defense.

"'SEC. 11. (a) When used in this act the term "pound-mile" shall mean the transportation of 1 pound of air mail 1 mile.

"'(b) For the purpose of computing compensation for transportation of air mail under this act the mileage for transportation between any points having more than one connecting route shall be the mileage of the shortest route between such points.

"'SEC. 12. The Postmaster General shall promulgate forthwith the formula, referred to in section 10 hereof, for determining the rates of payment in addition to the fixed pound-mile rate to be made to route warrant holders transporting air mail under this act. He shall publish in his annual report said formula, the payments made thereunder, and the improvements in the standard of efficiency, economy, safety, speed, space for the transportation of passengers and express, and contribution to the national defense upon which said additional payments were based.

"'SEC. 13. The Postmaster General shall provide in the rules, regulations, and orders made by him under section 5 of this act standards of qualification of pilots, including experience in operating aircraft on night schedules, standards of working conditions for pilots, copilots, mechanics, and laborers, which shall not be less safe and efficient than working conditions in effect in 1933, and standards of compensation to be paid by the holder of such warrant to such employees, which shall be not less than the rate of compensation paid by air-mail carriers during 1933, unless the same be changed from time to time through the medium of collective bargaining through representatives of their own choosing, or other bargaining, standards for landing fields, lighthouses, radio stations, and other means of communication and aids to navigation, as well as standards of planes and their equipment.'"

The statement above referred to was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR AUSTIN, OF VERMONT, SENATOR DAVIS, OF PENNSYLVANIA, AND SENATOR BARBOUR, OF NEW JERSEY, IN EXPLANATION OF AN AMENDMENT IN THE NATURE OF A SUBSTITUTE TO BE PROPOSED BY THEM TO S. 3170

The existing law relating to contracts for carrying air mail was framed for the objectives of developing the volume of mail and fostering commercial aviation, for the purpose of promoting the national defense, improving our national position in industry and commerce, and making air transportation self-supporting.

Before the adoption of the McNary-Watres Act the scheme of air-mail routes, which had grown a little at a time, was illogical. There were short lines and there were long lines, which the McNary-Watres Act authorized the Postmaster General to extend or to consolidate, to develop the aeronautical industry. As administered, the effect of the law was to consolidate the short, detached, and failing lines into well-financed and well-managed systems, providing three independent transcontinental operations, with appropriate north and south intersecting services, which competed evenly with each other in service at all important terminals. Cross-ownership of stock and interlocking directorates were discontinued, effecting complete independence. Neither complete monopoly nor pure competition were accomplished. Sufficient competition was created to produce transport airplanes under competitive conditions in the passenger and express transportation industry which attracted public patronage, reduced operating costs, and reduced the cost to the Government of carriage of the mail from $1.09 per mile in 1929 to $0.42 per mile in 1933. A further reduction of 32 percent has since been made. This latter reduction cannot be attributed to development of the industry but must be credited to curtailment of the service. Notwithstanding an extraordinary development of the air transport industry throughout the period of the depression which has resulted in such progress that America leads the world in the art, the Air Mail Service is not yet earning enough to pay its way without any subsidy.

It is beyond question that commercial aviation, as fostered and supervised by governmental authority, is vital to our national security and has already become an essential service for the business of this country.

The policy of the proposed amendment is:

To preserve the benefits obtained for the public under the McNary-Watres Act and to prevent the setting back of the industry to conditions of 5 years ago.

To assure the people of the United States that their Government is honest and honorable as a contractor with citizens.

To reestablish justice and reaffirm that no person shall be deprived of property without due process of law.

To prevent the passage of a bill of attainder of citizens whose contracts with their Government have been canceled by their Government.

To prevent the passage of a law impairing the obligation of contracts.

To maintain the control of the Postmaster General over the operation of airships with due regard to safety, efficiency, labor relations, service standards, economical management, and the amount of compensation.

To preserve the control of the Government over combinations for the purpose of preventing reduction or elimination of competition on the one hand and ruinous competition on the other hand.

To enable the Postmaster General to place air mail for transportation on any air-mail route by any carrier operating aircraft thereon on a fixed daily schedule and under the authority of the Department of Commerce.

To fix the compensation upon a pound-mile basis at a rate which is not speculative but is based on official statements indicating that the stamp revenue for air mail currently amounts to between $1\frac{5}{10}$ mills and 2 mills per pound-mile for the country as a whole. Said compensation is fixed by the bill at the rate of 2 mills per pound-mile, except that the average compensation shall not exceed 50 cents per airplane-mile.

To frankly provide a subsidy by way of additional pay based upon improvement of efficiency, development of safety, additional space for carriage of passengers and express, and promotion of the national defense;

To continue the practice of employing a formula for ascertaining said subsidy, standardized for all operators and calculated to create the financial inducement and incentive to competitively develop the aeronautical industry as aforesaid.

The amendment recognizes that competitive bidding is not adaptable to the situation. In the words of Captain Rickenbacker, "To ask any one of these companies to bid on another route is as impracticable as asking the New York Central Railroad to bid to carry mail over a route such as the Santa Fe system."

The amendment attempts to assure the future status of the air-mail operators and remove uncertainty and insecurity in order to encourage long-time planning and the making of decisions with respect to new capital expenditures having for their objective decrease of operating expenses and ultimate ability of the industry to support itself. This is done by empowering the Postmaster General to issue route warrants for a period of not exceeding 10 years from date.

The amendment provides for such care of human life as may be obtained through the control of the Postmaster General by rules, regulations, and orders establishing standards of qualification, experience, working conditions of pilots and mechanics, of landing fields, lighthouses, radio stations, means of communications, aids to navigation, and of planes and their equipment.

INTERNAL-REVENUE TAXATION—AMENDMENTS

Mr. MURPHY and Mr. NORRIS each submitted an amendment intended to be proposed by them, respectively, to House bill 7835, the revenue bill, which was ordered to lie on the table and to be printed.

INCREASE OF NET INCOME TAXES BY 10 PERCENT

Mr. COUZENS. Mr. President, there has been considerable discussion in the press with respect to my proposal for increasing the net income taxes 10 percent. I ask unanimous consent to offer the amendment now so that it may be printed and lie on the table, and at the same time be printed in the RECORD, together with some tables bearing on the matter, for the information of Senators and to show the exact effect the proposal will have upon individual income taxpayers.

Mr. McKELLAR. Mr. President, may I ask the Senator from Michigan if his amendment means that each taxpayer's income tax will be increased by 10 percent?

Mr. COUZENS. That is correct. In other words, the man getting $3,000 would have to pay 80 cents extra income tax under my proposal.

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

Amendment proposed by Mr. COUZENS to House bill 7835, the revenue bill, viz: On page 13, after line 24, insert a new section to read as follows:

"SEC. 14. Increase of tax for 1934: In the case of an individual the amount of tax payable for any taxable year beginning after December 31, 1933, and prior to January 1, 1935, shall be 10 percent greater than the amount of tax which would be payable if computed without regard to this section, but after the application of the credit for foreign taxes provided in section 131, and the credit for taxes withheld at the source provided in section 32."

The accompanying tables were ordered to be printed in the RECORD, as follows:

Married man, no dependents

ALL EARNED INCOME

Net income	Present law	House bill	Senate bill (Harrison rates)	Senate bill (Couzens 10 percent added)	Increase over or decrease from present law: House bill	Increase over or decrease from present law: Senate bill (Harrison rates)	Increase over or decrease from present law: Senate bill (Couzens 10 percent added)
$3,000	$20	$8	$8	$8.80	−$12	−$12	−$11.20
$3,500	40	26	26	28.60	−14	−14	−11.40
$4,000	60	44	44	48.40	−16	−16	−11.60
$4,500	80	62	62	68.20	−18	−18	−11.80
$5,000	100	80	80	88.00	−20	−20	−12.00
$6,000	140	116	116	127.60	−24	−24	−12.40
$7,000	210	172	177	194.70	−38	−33	−15.30
$8,000	300	248	263	289.30	−52	−37	−10.70
$9,000	390	328	359	394.90	−62	−31	4.90
$10,000	480	408	465	511.50	−72	−15	31.50
$12,000	680	583	692	761.20	−97	12	81.20
$14,000	900	778	939	1,032.90	−122	39	132.90
$16,000	1,140	993	1,206	1,326.60	−147	66	186.60
$18,000	1,400	1,228	1,493	1,642.30	−172	93	242.30
$20,000	1,680	1,498	1,800	1,980.00	−182	120	300.00
$25,000	2,520	2,348	2,705	2,975.50	−172	185	455.50
$30,000	3,480	3,378	3,785	4,163.50	−102	305	683.50
$40,000	5,800	5,743	6,195	6,814.50	−57	395	1,014.50
$50,000	8,600	8,633	9,085	9,993.50	33	485	1,393.50
$60,000	11,900	12,003	12,455	13,700.50	103	555	1,800.50
$70,000	15,700	15,868	16,320	17,952.00	168	620	2,252.00
$80,000	20,000	20,258	20,710	22,781.00	258	710	2,781.00
$100,000	30,100	30,358	30,810	33,891.00	258	710	3,791.00
$200,000	86,600	86,783	87,235	95,958.50	183	635	9,358.50
$500,000	263,600	263,708	264,160	296,576.00	108	560	26,976.00
$1,000,000	571,100	571,158	571,610	628,771.00	58	510	57,671.00

ONE HALF EARNED AND ONE HALF DIVIDEND INCOME

$3,000	0	0	0	0	0	0	0
$3,500	0	0	0	0	0	0	0
$4,000	0	0	0	0	0	0	0
$4,500	0	0	0	0	0	0	0
$5,000	0	0	0	0	0	0	0
$6,000	$20	$8	$8	$8.80	−$12	−$12	−$11.20
$7,000	50	46	51	56.10	−4	1	6.10
$8,000	80	104	119	130.90	24	39	50.90
$9,000	110	162	197	216.70	52	87	106.70
$10,000	140	220	285	313.50	80	145	173.50
$12,000	220	351	476	523.60	131	256	303.60
$14,000	340	502	687	755.70	162	347	415.70
$16,000	500	673	918	1,009.80	173	418	509.80
$18,000	680	868	1,169	1,285.90	188	489	605.90
$20,000	880	1,098	1,440	1,584.00	218	560	704.00
$25,000	1,520	1,848	2,235	2,458.50	328	715	938.50
$30,000	2,280	2,778	3,205	3,525.50	498	925	1,243.50
$40,000	4,200	4,943	5,395	5,934.50	743	1,195	1,734.50
$50,000	6,600	7,633	8,085	8,893.50	1,033	1,485	2,293.50
$60,000	9,500	10,803	11,255	12,380.50	1,303	1,755	2,880.50
$70,000	12,900	14,468	14,920	16,412.00	1,568	2,020	3,512.00
$80,000	16,800	18,658	19,110	21,021.00	1,858	2,310	4,221.00
$100,000	26,100	28,358	28,810	31,691.00	2,258	2,710	5,591.00
$200,000	78,600	82,783	83,235	91,558.50	4,183	4,635	12,958.50
$500,000	243,600	253,708	254,160	279,576.00	10,108	10,560	35,976.00
$1,000,000	531,100	551,158	551,610	606,771.00	20,058	20,510	75,671.00

ALL DIVIDENDS

$3,000	0	0	0	0	0	0	0
$3,500	0	0	0	0	0	0	0
$4,000	0	0	0	0	0	0	0
$4,500	0	0	0	0	0	0	0
$5,000	0	0	0	0	0	0	0
$6,000	0	0	0	0	0	0	0
$7,000	$10	$20	$25	$27.50	$10	$15	$17.50
$8,000	20	60	75	82.50	40	55	62.50
$9,000	30	100	135	148.50	70	105	118.50
$10,000	40	140	205	225.50	100	165	185.50
$12,000	80	235	360	396.00	155	280	316.00
$14,000	140	350	535	588.50	210	395	448.50
$16,000	220	485	730	803.00	265	510	583.00
$18,000	320	640	945	1,039.50	320	625	719.50
$20,000	440	830	1,180	1,298.00	390	740	858.00
$25,000	880	1,480	1,885	2,073.50	600	1,005	1,193.50
$30,000	1,440	2,310	2,765	3,041.50	870	1,325	1,601.50
$40,000	2,960	4,275	4,775	5,252.50	1,315	1,815	2,292.50
$50,000	4,960	6,765	7,265	7,991.50	1,805	2,305	3,031.50
$60,000	7,460	9,735	10,235	11,258.50	2,275	2,775	3,798.50
$70,000	10,460	13,200	13,700	15,070.00	2,740	3,240	4,610.00
$80,000	13,960	17,190	17,690	19,459.00	3,230	3,730	5,499.00
$100,000	22,460	26,490	26,990	29,689.00	4,030	4,530	7,229.00
$200,000	70,960	78,915	79,415	87,356.50	7,955	8,455	16,396.50
$500,000	223,960	243,840	244,340	268,774.00	19,880	20,380	44,814.00
$1,000,000	491,460	531,290	531,790	584,969.00	39,830	40,330	93,509.00

Single man

ALL EARNED INCOME

Net income	Present law	House bill	Senate bill (Harrison rates)	Senate bill (Couzens 10 percent added)	Increase over or decrease from present law: House bill	Increase over or decrease from present law: Senate bill (Harrison rates)	Increase over or decrease from present law: Senate bill (Couzens 10 percent added)
$2,000	$40	$32	$32	$35.20	$−8	$−8	$−4.80
$3,000	80	68	68	74.80	−12	−12	−5.20
$3,500	100	86	86	94.60	−14	−14	−5.40
$4,000	120	104	104	114.40	−16	−16	−5.60
$4,500	140	122	122	134.20	−18	−18	−5.80
$5,000	160	140	140	154.00	−20	−20	−6.00
$6,000	240	216	226	248.60	−24	−14	8.60
$7,000	330	292	312	343.20	−38	−18	13.20
$8,000	420	368	418	459.80	−52	−2	39.80
$9,000	510	448	524	576.40	−62	14	66.40
$10,000	600	538	640	704.00	−62	40	104.00
$12,000	800	728	882	970.20	−62	82	170.20
$14,000	1,020	938	1,144	1,258.40	−82	124	238.40
$16,000	1,260	1,168	1,426	1,568.60	−92	166	308.60
$18,000	1,520	1,428	1,728	1,900.80	−92	208	380.80
$20,000	1,800	1,728	2,050	2,255.00	−72	250	455.00
$25,000	2,640	2,648	3,020	3,322.00	8	380	682.00
$30,000	3,600	3,708	4,130	4,543.00	108	530	943.00
$40,000	5,920	6,148	6,600	7,260.00	228	680	1,340.00
$50,000	8,720	9,098	9,550	10,505.00	378	830	1,785.00
$60,000	12,020	12,558	13,010	14,311.00	538	990	2,291.00
$70,000	15,820	16,498	16,950	18,645.00	678	1,130	2,825.00
$80,000	20,120	20,948	21,400	23,540.00	828	1,280	3,420.00
$100,000	30,220	31,168	31,620	34,782.00	948	1,400	4,562.00
$200,000	86,720	87,638	88,090	96,899.00	918	1,370	10,179.00
$500,000	263,720	264,608	265,060	291,566.00	888	1,340	27,846.00
$1,000,000	571,220	572,088	572,540	629,794.00	868	1,320	58,574.00

Single man, no dependents

ONE HALF EARNED AND ONE HALF DIVIDEND INCOME

Net income	Present law	House bill	Senate bill (Harrison rates)	Senate bill (Couzens 10 percent added)	Increase over or decrease from present law: House bill	Increase over or decrease from present law: Senate bill (Harrison rates)	Increase over or decrease from present law: Senate bill (Couzens 10 percent added)
$2,000	0	0	0	0	0	0	0
$3,000	$20	$8	$8	$8.80	−$12	−$12	−$11.20
$3,500	30	18	18	19.80	−12	−12	−10.20
$4,000	40	28	28	30.80	−12	−12	−9.20
$4,500	50	38	38	41.80	−12	−12	−8.20
$5,000	60	48	48	52.80	−12	−12	−7.20
$6,000	80	108	118	129.80	28	38	49.80
$7,000	110	166	186	204.60	56	76	94.60
$8,000	140	224	274	301.40	84	134	161.40
$9,000	170	282	362	398.20	112	192	228.20
$10,000	200	350	460	506.00	150	260	306.00
$12,000	320	496	666	732.60	176	346	412.60
$14,000	460	662	892	981.20	202	432	521.20
$16,000	620	848	1,138	1,251.80	228	518	631.80
$18,000	800	1,068	1,404	1,544.40	268	604	744.40
$20,000	1,000	1,328	1,690	1,859.00	328	690	859.00
$25,000	1,640	2,148	2,550	2,805.00	508	910	1,165.00
$30,000	2,400	3,108	3,550	3,905.00	708	1,150	1,505.00
$40,000	4,320	5,348	5,800	6,380.00	1,028	1,480	2,060.00
$50,000	6,720	8,098	8,550	9,405.00	1,378	1,830	2,685.00
$60,000	9,620	11,358	11,810	12,991.00	1,738	2,190	3,371.00
$70,000	13,020	15,098	15,550	17,105.00	2,078	2,530	4,085.00
$80,000	16,920	19,348	19,800	21,780.00	2,428	2,880	4,860.00
$100,000	26,220	29,168	29,620	32,582.00	2,948	3,400	6,362.00
$200,000	78,720	83,638	84,090	92,499.00	4,918	5,370	13,779.00
$500,000	243,720	254,608	255,060	280,566.00	10,888	11,340	36,846.00
$1,000,000	531,220	552,088	552,540	607,794.00	20,868	21,320	76,574.00

ALL DIVIDENDS

$2,000	0	0	0	0	0	0	0
$3,000	0	0	0	0	0	0	0
$3,500	0	0	0	0	0	0	0
$4,000	0	0	0	0	0	0	0
$4,500	0	0	0	0	0	0	0
$5,000	0	0	0	0	0	0	0
$6,000	0	$40	$50	$55	$40	$50	$55
$7,000	$10	80	100	110	70	90	100
$8,000	20	120	170	187	100	150	167
$9,000	30	160	240	264	130	210	234
$10,000	40	210	320	352	170	280	312
$12,000	80	320	490	539	240	410	459
$14,000	140	450	680	748	310	540	608
$16,000	220	600	890	979	380	670	759
$18,000	320	780	1,120	1,232	460	800	912
$20,000	440	1,000	1,370	1,507	560	930	1,067

Single man, no dependents—Continued

ALL DIVIDENDS—continued

Net income	Present law	House bill	Senate bill (Harrison rates)	Senate bill (Couzens 10 percent added)	Increase over or decrease from present law		
					House bill	Senate bill (Harrison rates)	Senate bill (Couzens 10 percent added)
$25,000	$880	$1,720	$2,140	$2,354	$840	$1,260	$1,474
$30,000	1,440	2,580	3,050	3,355	1,140	1,610	1,915
$40,000	2,960	4,620	5,120	5,632	1,660	2,160	2,672
$50,000	4,960	7,170	7,670	8,437	2,210	2,710	3,477
$60,000	7,460	10,230	10,730	11,803	2,770	3,270	4,343
$70,000	10,460	13,770	14,270	15,697	3,310	3,810	5,237
$80,000	13,960	17,820	18,320	20,152	3,860	4,360	6,192
$100,000	22,460	27,240	27,740	30,514	4,780	5,280	8,054
$200,000	70,960	79,710	80,210	88,231	8,750	9,250	17,271
$500,000	223,960	244,680	245,180	269,698	20,720	21,220	45,738
$1,000,000	491,460	532,160	532,660	585,926	40,700	41,200	94,466

RECIPROCAL TARIFF AGREEMENTS—AMENDMENTS

Mr. REED and Mr. COPELAND each submitted an amendment intended to be proposed by them, respectively, to the bill (H.R. 8687) to amend the Tariff Act of 1930, which were referred to the Committee on Finance and ordered to be printed.

INCLUSION OF SUGAR BEETS AND SUGAR CANE AS BASIC COMMODITIES—AMENDMENT

Mr. FLETCHER submitted an amendment intended to be proposed by him to the bill (H.R. 8861) to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes, which was referred to the Committee on Finance and ordered to be printed.

VETERANS' REGULATIONS

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read, and, with the accompanying papers, ordered to lie on the table, as follows:

To the Congress of the United States:

Pursuant to the provisions of section 20, title I, of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, I am transmitting herewith copies of Executive Orders No. 6668, Veterans' Regulation No. 1 (e), and No. 6669, Veterans' Regulation No. 12 (b), approved by me April 6, 1934.

These veterans' regulations have been issued in accordance with the terms of title 1, Public, No. 2, Seventy-third Congress. Executive Order No. 6661, Veterans' Regulation No. 1 (d), and Executive Order No. 6662, Veterans' Regulation No. 12 (a), contained provisions carrying out the purpose as expressed in my message of March 27, 1934, to the House of Representatives, returning without my approval H.R. 6663, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes." The provisions of Public, No. 141, Seventy-third Congress, March 28, 1934, have gone far beyond the intent of these regulations. The regulations transmitted herewith are, therefore, for the purpose of canceling them.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *April 6, 1934.*

REPORT OF INTERNATIONAL PASSAMAQUODDY FISHERIES COMMISSION

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Foreign Relations, as follows:

To the Congress of the United States:

I transmit herewith the report made by the International Passamaquoddy Fisheries Commission, the American members of which were appointed according to an act of Congress approved June 9, 1930. The act authorized appropriations for an investigation jointly by the United States and Canada of the probable effects of proposed international developments to generate electric power from the movement of the tides in Passamaquoddy and Cobscook Bays on the fiisheries of that region.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *April 7, 1934.*

[Enclosure: Report.]

TRANSFER OF VETERANS' ADMINISTRATION FUNCTIONS PERTAINING TO CIVIL-SERVICE RETIREMENT TO CIVIL SERVICE COMMISSION

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read, and, with the accompanying paper, ordered to lie on the table, as follows:

To the Congress:

Pursuant to the provisions of section 16 of the act of March 3, 1933 (ch. 212, 47 Stat. 1517), as amended by title III of the act of March 20, 1933 (ch. 3, 48 Stat. 16), I am herewith transmitting an Executive order transferring to the the United States Civil Service Commission the duties, powers, and functions now vested in the Veterans' Administration pertaining to the administration of the Civil Service Retirement Act and the Canal Zone Retirement Act.

The administration of laws governing the retirement of civil employees of the Government is logically and properly a function of the Civil Service Commission, and the transfer effected by this order will permit a more efficient administration of the activities involved. The Director of the Bureau of the Budget has informed me that the transfer will result in an annual saving of approximately $45,000.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *April 7, 1934.*

JOHN MARSHALL

Mr. REED. Mr. President, recently Ira Jewell Williams, Esq., of the Philadelphia bar, before the Philadelphia Bar Association February 6, 1934, delivered a magnificent address upon the subject of Chief Justice John Marshall. I ask that the address may be printed in the RECORD.

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

CHRONOLOGY

September 24, 1755: John Marshall, born at Germantown, Fauquier County, Va.

1773: Attends Campbell's Academy.

May 1775: Drills militia.

1776–80: Serves under Washington; lieutenant, deputy judge advocate, captain; Brandywine, Iron Hill, Germantown, Valley Forge.

May–August 1780: William and Mary College (law lectures for 6 weeks).

August 28, 1780: Admitted to bar.

Fall 1782: Elected Virginia Legislature.

January 3, 1783: Married Mary Willis Ambler.

January 1788: Virginia Convention for Ratification of Constitution.

1793: Serves in Pennsylvania whisky riots.

May 1797: Envoy Extraordinary France (X Y Z).

June 1798: Triumphant return. "Millions for defense."

May 1799: Election to Congress.

Spring 1800: Secretary of State under Adams.

January 20, 1801: Appointed Chief Justice.

February 4, 1801: Becomes Chief Justice.

1801–35: Directing spirit and principal mouthpiece of Supreme Court in long line of celebrated decisions: 1803, *Marbury* v. *Madison;* 1807, trial of Aaron Burr; 1809, *Fletcher* v. *Peck;* 1819, Dartmouth College case; 1819, *McCullough* v. *Maryland;* 1821, *Cohens* v. *Virginia;* 1824, *Gibbons* v. *Ogden.*

July 6, 1835: Died at boarding house of Mrs. Krimn, 424 Walnut Street, Philadelphia.

JOHN MARSHALL AND PHILADELPHIA

It is fitting that this bar should observe the one hundred and thirty-third anniversary of the Chief Justiceship of John Marshall. The great name of Marshall is linked with Philadelphia in many ways. He was born at a little town in Fauquier County, Va., then called Germantown. Under the command of his father's friend, George Washington, young Marshall fought at our own Germantown, at Iron Hill, and at Brandywine, and later endured the

winter at Valley Forge. Young Marshall made two pilgrimages on foot to Philadelphia, the first to be inoculated with smallpox, and, during the later years of the war, to return to service under Washington. From Philadelphia he went, under President Adams, as Envoy Extraordinary to France, and, by his blunt honesty in the X Y Z episode, returned in triumph to Philadelphia to receive the plaudits of all. In Philadelphia he argued the case of *Ware* v. *Hylton* (British debts), which gave a national setting to his fame as a lawyer. Urged by his friend and leader, George Washington, he reluctantly accepted a nomination for Congress, and, winning his seat after a close fight, he sat here in the last Congress which convened in Philadelphia. It was here that he announced in Congress the death of George Washington, and presented the resolutions drawn by Richard Henry Lee, which included the words, "First in war, first in peace, and first in the hearts of his countrymen." Marshall showed his independence here by opposing the sedition law. He came to Philadelphia in his old age for treatment by Dr. Physic, and in 1835 died at the boarding house of Mrs. Krimn, in Walnut Street, within sight of Independence Hall

The initiative of the Philadelphia bar resulted in the great statue in Washington by William Wetmore Story, which was dedicated in a speech by William Henry Rawle, Esq., of this bar, in 1885, just 50 years after Horace Binney made his memorable eulogy on the one hundredth anniversary of the birth of Marshall.

In 1901 the Philadelphia bar observed the centenary of Marshall's service as Chief Justice. The principal address was by Mr. Justice Mitchell, of our Supreme Court.

In 1930, through the generosity of JAMES M. BECK, Esq., of this bar, a reproduction of the Story statue was presented and dedicated under the auspices of this association, with addresses by Judge Buffington, Chief Justice Von Moschzisker, and the late John Frederick Lewis, Esq.

This meeting is held at the suggestion of the committee on citizenship of the American Bar Association, of which Mr. BECK is chairman.

JOHN MARSHALL "FOUNTAIN OF HIS NATION'S HONOR"

Patriot, soldier, advocate, legislator, member of the Virginia Convention, Congressman, diplomat, Secretary of State—in all these Marshall gave eminent and distinguished service. At 19 he began to drill troops as lieutenant. He became captain and acting judge advocate. His courage and resourcefulness marked him out among the many vigorous, sturdy, and brave men of that desperate struggle.

As a lawyer he soon attained front rank. There is one volume of Virginia Reports in which he was of counsel on one side or the other in practically every case.

The War of the Revolution taught him the deep need of a more perfect union of the States, and he became an enthusiastic supporter of Federalistic policies, and with Madison led the debates in the Virginia Convention against Patrick Henry, George Mason, and others.

In the Virginia Legislature his parts and power were so obvious that he was almost at once appointed a member of the council of State, and was reelected even against his preference and notwithstanding his Federalistic principles.

Lord Craigmyle, one of the law lords, who as Shaw of Dunfermline sat in the Privy Council, has said of Marshall:

"* * * the great American * * * was so constituted that corruption made no appeal to him whatsoever * * * therein was his greatness and the secret of his dignity. He stood for his country at that most critical juncture of its early manhood, and in representing it he became the fountain of his Nation's honor."

HONOR VERSUS OPPORTUNISM

Honor or opportunism: That is the issue in government today, and will be tomorrow and to the end of time.

John Marshall was no servile camp follower of "mass psychology." He believed in the existence of right and wrong, and stood for the right, regardless of public clamor and error. He held to that continuity with the past whereby we live. He did not believe in discarding its lessons. He believed in the teachings of experience, and did not hold with experimenting against its truths.

He declared that the temporary "spirit of the people" was not infallible, and that the Supreme Court would declare void an unconstitutional act of Congress.

Lord Craigmyle says of *Marbury* v. *Madison:*

"This decision * * * broke through in one swift movement a great bulwark of English tradition and drove the English doctrine of the omnipotence of Parliament from the American field. Congress, the Federal Parliament of the States, was not omnipotent: It stood within constitutional limits. Those limits standing—and until changed by the constitutional machinery of amendment—every court in the land must respect them, and this though Congress itself and all the political parties and wire-pullers should get the shock of their lives. The respect for the Supreme Court was not now unmingled with fear, public security was enhanced, and the power of self-determination of this infant State was by the stern majesty of law made manifest to the world."

And Lord Craigmyle points out how Marshall's decisions were for the healing of the Nation.

"Without John Marshall's interpretations of the Constitution's test, in what predicament would America have been placed? I think, after much consideration, that it would have found flourishing everywhere the seeds of interstate discord, and that the resulting collisions might have worked on to political anarchy and to the national enfeeblement which anarchy brings. From the Atlantic to the Pacific there would have been a welter of rivalries, misunderstandings and cross-purposes, which would have wrecked even social development and made the words 'United States' a derisory term. From these calamities America was saved by John Marshall."

How was Marshall endowed for his great part in the war between honor and opportunism? Francis Gilmer said:

"The characteristic of his eloquence is an irresistible cogency, and a luminous simplicity in the order of his reasoning. His arguments are remarkable for their separate and independent strength, and for the solid, compact, impenetrable order in which they are arrayed."

The only true keystone, the only safe anchorage, is the bedrock of principle.

"This apostle of integrity (Marshall) was the missioner of a straight deal on every issue. No one who discerns true greatness can ever fail to find in it this man who in the midst of national upheaval, and defiant of unpopularity, could dare to put passion, public or private, to the proof of reason, and to obey the call of truth."—(Lord Craigmyle.)

Though it might bring upon him a hurricane of wrath, in any crisis however tragic, such as that of today, he would stand like a rock for national honor against every assault no matter how plausible or "noble in motive."

NATIONAL HONOR MEANS SECURITY

There was ingrained in John Marshall a love of honesty, and a hatred of dishonesty in every form, public or private. He saw governmental repudiation as dishonesty. He believed in a literal and absolute compliance with "Thou shalt not steal." To many it seems that common honesty is as unpopular today as it was in the time of John Marshall. Dishonesty by the Government, no matter by what "high prerogative", was hateful to Marshall. And he helped to win in the Virginia convention the 3 weeks' fight to ratify the Constitution, which contained the simple rule of common honesty, "No State shall * * * pass any * * * law impairing the obligation of contracts. * * *"

It may be added that Marshall believed in honesty not only because it was right, but because it meant security. Where any government, under stress of popular clamor or emergency or for any other reason or excuse, yields in a matter of principle and violates the plain dictates of common honesty, it not only sins against righteousness, but it commits a grave error of policy. The last end of that State is worse than the first. These vital questions of the preeminence of public security and confidence in governmental obligations and dealings between men and men, were threshed out in titanic conflict a century and a half ago. Then, if ever, there were excuses for public and private breaches of faith, when all the colonies were engulfed in a common chaos of financial emergency. But righteousness and the common sense policy prevailed. Read the judgment of the House of Lords in the gold clause cases. (Société Intercommunale Belge d'Électricité), and you will see that the principles that John Marshall labored for have not in 1934 perished from the earth. The Eighth Commandment still has vitality in Great Britain.

MARSHALL'S MORAL GRANDEUR AND STEADFAST MIND

Above and beyond John Marshall's great intellectual gifts tower the moral greatness of his soul and spirit. He did not what he thought expedient but only what he thought was right.

There are timid souls today who voice the view that the true rule to govern legislator, executive, and judge is the rule of expediency. And by that, unconsciously, they mean the rule of imagined or temporary expediency. I have even heard the shocking suggestion that the Supreme Court dare not interpret the Constitution as it is written lest court and government be swept away. Such a suggestion should arouse resentment in every mind. Almost every landmark decision of the Supreme Court under John Marshall was visited with bitter opprobrium. Many of the anti-Federalists hated the centralization of power and hated any interference with the exercise of power by the States. Any difference of opinion today or any possible difference of opinion would seem mild and tolerant compared with the violence and hatred and criticism aroused by the earlier decisions of the Supreme Court of the United States. Yet John Marshall, unaffected by clamor, and with a steadfast mind, wrote those miracles of clarity, each of which seems a mathematical demonstration leading inevitably to its Q.E.D. What if Marshall and his Court had wavered? Indeed, what if our courts should waver today? A single step aside from the path of enforcing the Constitution may become a precedent permitting of further deviations, with the result that the true limitations of the instrument are recognized only in the letter.

"It is the duty of courts to be watchful for the constitutional rights of the citizen and against any stealthy encroachment thereon. Their motto should be obsta principiis * * *.

"'It is the loftiest function and the most sacred duty of the judiciary * * * unique in the history of the world * * * to support, maintain, and give full effect to the Constitution against every act of the legislature or the Executive in violation of it. This is the great jewel of our liberties * * *. This is the final breakwater against the haste and passions of the people, against the tumultuous ocean of democracy. It must at all costs be maintained.'"

CENTRIPETAL TENDENCIES ALMOST UNCHECKED

Recent developments

Speaking at the dedication of the monument of John Marshall in 1930, our distinguished fellow member, the late John Frederick Lewis, Esq., mentioned some 40 activities of the Government not expressly authorized by the Constitution. These were not expressly mentioned in the Constitution, but many of them could be regarded as "necessary and proper" to carry out the express powers granted. There is, however, under the decision of the Supreme Court in *Massachusetts* v. *Mellon*, and kindred cases, no way in which the constitutionality of many of these measures can be tested unless the United States Comptroller should decline to give his approval. Otherwise the power of appropriation by Congress is practically absolute.

Contrast this with our own wise system in Pennsylvania, of taxpayers' bills, permitting any taxpayer to challenge any unconstitutional appropriation.

Within the last year there have been added 57 varieties of instrumentalities of the Federal Government, from A.A.A. to T.V.A. They are collected in a brilliant brochure by John C. Bell, Jr., Esq., of this bar. Roughly speaking, these activities may be grouped under agricultural relief, financial relief, general relief, industrial control and so-called currency reform.

Under agricultural relief we have a bonus of hundreds of millions to the cotton growers, a right to borrow without recourse at 10 cents, and a right to call on the Government at 6 cents, all in order to decrease production. The result has been a net increase of production of 117,000 bales. We have $150,000,000 bonus to the wheat farmers and $150,000,000 bonus to the hog growers.

Under financial relief we have loans right and left, including twenty millions to China to buy cotton, and projected loans of taxpayers' money to Soviet Russia; also loans to duplicate and put out of business existing public utilities; also loans to build private enterprises such as furniture factories, further to compete with an existing excess productive capacity. Also loans to build labor union centers, as in Philadelphia.

Under general relief we have vast disbursements and rates of wages paid in excess of local wages, so that in some places workmen have left private employment in order to get higher wages under C.W.A. Chairman Buchanan, of the Committee on Appropriations, warns, "There is a great danger of public relief becoming a rapacious maw to devour everything." His remark recalls Lord Macaulay's "You will act like people who in a year of scarcity devour all the seed corn."

Under currency reform we have the repudiation of Government covenants to pay gold, the seizure of all gold, the reduction of the gold content of the dollar, and a paper profit of two billions and upwards by the seizure of the gold in the Federal Reserve banks. Also the purchase of silver at 20 cents per ounce above market price. Further, an attempt rigidly to limit the right of American citizens to make investments abroad. The stated objective is to turn back the hands of time and restore the price level of 1926.

The numerous blank checks given by Congress to the President are not without precedent. In Mexico the legislative phrase is: "Se conceden facultades extraordinarias el Ejecutivo para legislar en los ramos de Hacienda y Credito Publico" ("The Executive is granted special power to legislate in the departments of the Treasury and Public Credit"). In this way there is complete concert between the legislative and executive branches. I recall my feelings on being told in 1919 that the law prohibited taking any Mexican gold out of Mexico. I would have regarded with scorn the prediction that within 15 years the United States, under its high prerogative of plunder, would forbid the ownership of gold and the free foreign exchange of any United States money for the purpose of investment. You are aware that when a New York lawyer tried to raise the question of his right under the Constitution to retain the ownership of bars of gold which he had lawfully acquired, he could not do it as to the whole amount of $200,000, because that would have resulted in a fine of $400,000. He retained a single $5,000 bar, but the Treasury ordered the Chase National Bank to turn over that bar, and the bank did. This recalls the fact that the administration has repeatedly refused to allow any industry to include in its code a provision that the members of the industry reserved their constitutional rights.

It will do us no good to blink the fact of the steady tendency toward one-man-power strong-arm governments such as those now existing in Italy, Germany, and elsewhere. Absolutism means despotism. In theory the British Parliament is omnipotent, but it never abdicated to a prime minister or king, and but once to the Protector Cromwell. There is a great gulf and an irreconcilable conflict between absolutism and liberty. We may pay too much for a hoped-for security; and it will prove illusory under any despotism.

Under industrial control we have legislation decreeing, under hundreds of codes and hundreds to be enacted, minimum pay and maximum hours and limitation of production in industry, whether interstate or intrastate, together with the attempt to enact into law a stimulus to collective bargaining, which has already resulted in doubling the membership in the American Federation of Labor.

The old order has been suddenly and violently changed under threat of boycott and by means of Government-paid propaganda. If an administration has the right to employ the taxpayers' money to pay for publicity agents and publicity to tout the administration's policies, where is the line to be drawn? The total expense to the taxpayers of Federal publicity is not known, but it is charged that the Commonwealth of Pennsylvania alone is paying tens of thousands a year inter alia to confirm the loyalty of those who have signed pledges to be "loyal to the policies approved by the people at the 1930 election." Then there is the Federal propaganda in favor of the so-called "child-labor amendment" (advocated by Secretary Perkins and the Chief of the Children's Bureau) and in favor of unemployment insurance (advocated by Secretary Perkins). And, we are told by her, not of a temporary experiment to restore prosperity, but of a new epoch under a planned equilibrium of production and consumption. This is the end of liberty.

"Drastic changes in the methods and forms of government." These are the words of the present Federal administration. Now in Germany the "Nazi doctrine holds that members of a unified nation should all think and act in the same way." That is also the doctrine of Mussolini and Stalin. Shall we imitate them?

Everyone will agree that the changes are revolutionary, and that they have come with incredible swiftness and in kaleidoscopic variety, accompanied by unbridled propaganda. Most of us believe that they are all steps toward the left.

Are they consistent with honor and the Constitution, or are they dictated by opportunism?

WHAT WOULD JOHN MARSHALL THINK?

What would John Marshall think of the ninety and nine years since 1835, and especially of these years of grace, 1933 and 1934? Is there not a duty on our part to appraise the acts and tendencies of government and to aid in forming a sound opinion as to their constitutionality and wisdom, as well as their effect upon our freedom and security?

Judges in California and in the District of Columbia have sustained the constitutionality of certain provisions of N.I.R.A. and N.R.A. on the ground of emergency. When did the emergency begin? In 1929? Four Justices of the Supreme Court, in the Minnesota Mortgage Moratorium case voted that the statute impaired the obligation of contract, and the majority opinion clearly states that emergency cannot create a power (though it may be the occasion for the exercise of a power already existing). So the Supreme Court is unanimously on record against emergency as creating power, and the Federal Government being a government of limited and delegated powers we must find some provision in the Constitution itself to sustain recent legislation. Federal Judge Akerman, of Florida, has twice held N.R.A. unconstitutional as applied to codes fixing prices in intrastate industries—cleaners and dyers, and citrus growers. Judge Lambertson, of our own court of common pleas, has ruled that a code, though approved by the President, cannot overrule the public policy of Pennsylvania. Several States in a scramble to endorse N.I.R.A. and N.R.A. have adopted statutes attempting to make all codes binding as State laws. The court of common pleas no. 3 has refused a charter to the retail code authority of Philadelphia.

The recovery program contemplates an additional deficit of ten billions, making our Federal debt twenty-nine billions, in addition to local debts of nineteen billions, or a total of nearly fifty billions.

Let us briefly point out the obvious dangers:

1. These billions furnish an enormous fund tending to bribe and debauch the political support of those disbursing and receiving them. The cotton vote, the farmer vote, the silver vote, the labor-union vote, the unemployed vote, the minimum-wage vote—all are being paid for, if not bought, and almost all out of the pockets of the taxpayers.

2. The obvious, if not the announced, objective is the redistribution of property (or poverty), largely away from the East and the North.

3. To Pennsylvania there is one poignant fact in the program to peg perpetual prosperity. Pennsylvania and Pennsylvanians are being bled white in the process. Pennsylvania pays $114,000,000 of Federal taxes, an average per person of $11.73 a year, and has received in gratuities under P.W.A. $1 for every $100 paid. Mississippi, the home of the Chairman of the Senate Finance Committee, gets back $11 for every $1 paid, or 1,100 times what Pennsylvania receives. Arkansas, the home of the Democratic leader of the Senate, gets $5.77 for every $1 of taxes paid, or 577 times what Pennsylvania receives. Of each $1 contributed by Pennsylvania to the processing tax under A.A.A. Pennsylvanians receive back 1 cent. For each $1 contributed by Arkansas, Arkansans get back $26.57. For each $1 contributed by Mississippi, Mississippians get back $23.20. Some of the individual checks are as high as $10,000 each. New York, New Jersey, and other States are similarly victimized. Is this the redistribution of property or the redistribution of poverty; the enrichment of a few large agriculturists at the expense of the plain people of Pennsylvania? Does taking out of their pockets and putting it into the pockets of others increase purchasing power? The figures for C.W.A. are not available but would merely show the continuance of the direct relief previously granted.

4. This not only saps the self-reliance of the individual but discourages sound recovery by imposing a crushing burden of taxation, or by threatening repudiation which may bring down the pillars of civilization itself.

5. The program is carried on with such swiftness and confidence and with such plausible and abundant propaganda and threats of reprisal against dissenters as to muzzle comment or criticism. As in the Nazi State, I repeat, we are all expected to think and act as a unit.

6. There is no adequate machinery with which to test the constitutionality of most of the program; and those who attempt to challenge it must risk opprobrium and popular passion.

The foregoing indicates but in bare outline some of the high spots of the present crisis in our constitutional history and national life.

Yet probably 85 percent of our entire citizenry are still employed or in business and still have a vital stake, as indeed we all have, in averting a final catastrophe. If these can be awakened to the real nature and extent of the danger that threatens, the situation may be saved.

The letter and the spirit of the Constitution, as well as natural justice and common honesty, forbid confiscation, and the impoverishment of those who have, to enrich others. Government is among the least successful of human efforts. Government means politicians. Politicians are eager for power. Despite their ill success with government, they seek to control all business. That way danger lies.

Many of you have received a New Year's card saying:

"Liberty is not merely the absence of restraint. It is active and positive, the human spirit realizing its powers, destiny, and duty.

"And therefore, when for a time the freedom of the individual has been laid aside for a common purpose the citizen when mustered out at the conclusion of the draft, must be alert to resume at once his freedom unimpaired."

"Constitutions must be supported by the wisdom and fortitude of man." They must be supported also by our love and enthusiasm and our high resolve to transmit unimpaired and undiminished the heritage of our forefathers.

What in Marshall's view would be the sum of the whole matter? "Independence, the Nation, the Constitution.

"A Nation whose precepts of justice and righteousness are enshrined in a supreme law ordained by the people; these are unique American concepts of wisdom and safety in government.

"A people, withholding ultimate political power, and limiting the functions and power of the temporary servants of the people; and establishing a great court to whose arbitrament any person, however humble, may appeal against the aggressions of his servants: This was of the essence of the faith of the fathers.

"A supreme court of the people, composed of men of preeminent goodness and wisdom, fearless and upright judges, marking out the respective orbits of the Nation and the States, and safeguarding the sanctuaries of human right; a supreme court owing no duty except to their oaths to the people to support the people's law: This is the proud tradition of five generations of American free men.

"A monument of constitutional jurisprudence, a temple of the people's justice, builded by patriot lawgivers, its noble columns buttresses of our rights, embellished by more than two score precedents in restraint of attempted excesses by the people's servants in Congress: This is our greatest national edifice.

"We, the people, of old time did ordain and establish this Constitution; we confided to our Supreme Court the duty of deciding as between one of the people and our servants, whenever he might be injured by a servant's act; this duty has been performed with rare fidelity and wisdom; our liberties are safe in the hands of the great court of the people; and as to our servants in Congress and elsewhere, we intend that they shall be our servants, not our masters." This should be the answer of the people to any attempt to pull down their temple of justice.

It was Washington who said:

"The preservation of the sacred fire of liberty and the destiny of the republican model of government are justly considered, perhaps, as finally staked on the experiment entrusted to the hands of the American people."

As for America, she has chosen the better part. There is now on permanent view in the Library of Congress the original Declaration of Independence and the original Constitution of the United States. On a background of gray marble, in letters of gold, are the words "Declaration of Independence and the Constitution of the United States." Below can be seen these precious scrolls of American independence and American freedom, the whole a new national shrine. And as for the support of the "wisdom and fortitude of man", let there be deep in every mind and heart the steady purpose that these memorable sayings of the fathers shall not become proverbs of ashes.

John Marshall lives today and will live to the end of time as America's embodiment of the inextinguishable will to be free. Let us highly resolve that the "free Constitution which is the work of his hands be sacredly maintained."

Let us recall the words of Horace Binney a century ago:

"Of all the constitutions of government known to man, none are so favorable to the development of judicial virtue as that of America. None else confide to the judges the sacred deposit of the fundamental laws and make them the exalted arbiters between the Constitution and those who have established it. None else give them so lofty a seat, or invite them to dwell so much above the impure air of the world, the tainted atmosphere of party and of passion. None else could have raised for the perpetual example of the country, and for the crown of undying praise, so truly great a judge as John Marshall."

Of Marshall we can say:

"And thus this man died leaving * * *
An example of noble courage * * *
And a memorial of virtue
Unto all his Nation."

REGULATION OF SECURITIES EXCHANGES

Mr. METCALF. Mr. President, I ask unanimous consent to have printed in the RECORD a very interesting article by President Henry D. Sharpe, of the New England Council, relative to the pending bill for the regulation of securities exchanges.

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

[From the New England News Letter]

PRESIDENT SHARPE WARNS OF EFFECTS OF EXCHANGE BILL ON BUSINESS

That the Fletcher-Rayburn bill for regulating securities exchanges, now pending in Congress, will have the effect of depressing values and jeopardizing the market for New England corporate securities is the conclusion communicated in a letter to members of the New England Council, and to corporation executives and commercial and industrial assocations of New England, by Henry D. Sharke, of Providence, president of the council.

Too little has been said concerning the effect of this bill on business itself, Mr. Sharpe declared, pointing out that the council is not concerned in the details or procedures of reasonable regulation of securities exchanges, but is "seriously concerned at the prospect of the enactment of a law which would place the hand of the Federal Government on the management of practically all business in New England."

Quoting the resolution on the subject passed by the council at its Hartford meeting, President Sharpe wrote:

"To date, most of the discussion of this bill has been dominated by the considerations important to those directly associated with the stock exchanges. There has been too little discussion from the standpoint of New England business enterprises and investors.

"We doubt if business executives in New England yet realize the extent to which this measure requires the furnishing, and makes possible the publication of information about the affairs of business corporations of every sort. We do not believe it is generally appreciated that this measure creates authority to make rules governing trading in unlisted as well as listed securities.

"It is doubtful that those who hold securities of New England enterprises not listed on stock exchanges appreciate the restrictions which the bill allows the Federal Trade Commission to impose on trading in unlisted securities. There are also certain restrictions on the use of unlisted securities for collateral.

"The revised Fletcher-Rayburn bill still contains provisions vesting in agencies of the Government powers of control over business corporations not essential to the declared purposes of such regulation of securities exchanges.

"It may be that the power and the determination exist in Washington to enact this measure without substantial change," Mr. Sharpe said. "If such be the case, that does not make it any the less incumbent upon the business corporations of New England, individually and through their associations, to make known their views to both the administrative and legislative authorities."

REGULATION OF SECURITIES EXCHANGES

Mr. HASTINGS. Mr. President, I ask unanimous consent to have inserted in the RECORD some opinions relative to the pending securities bill collected by the Washington Post.

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

[From the Washington Post, Apr. 4, 1934]

VIEWS OF BUSINESS LEADERS ON EFFECT OF SECURITIES ACT

(Following are some of the replies received by the Washington Post in answer to telegrams asking the opinion of prominent and responsible individuals on Chairman RAYBURN's statement Monday that it was not the Securities Act but the lack of a market which was preventing the sale of securities.)

Morgan B. Brainard, president Aetna Life Insurance Co., Aetna Casualty & Surety Co., Automobile Insurance Co., and Standard Fire Insurance Co.:

"In reply to your telegram our companies have large sums awaiting investment and we believe that the onerous requirements of the Securities Act prevent opportunities which would ordinarily be presented to us in times where there was a decided increase in business activity such as is now evident."

Henry S. Kingman, treasurer Farmers & Mechanics Savings Bank of Minneapolis, and member of the board of directors of the American Bankers Association:

"In reply to your telegram, in my opinion governmental stimulation of business and general recovery program must be gradually turned over to private enterprise in order to carry through for permanent recovery. Liberalization of the Federal Securities Act, in my opinion, is necessary step to permit private capital to further finance such recovery. Ample funds appear to be awaiting investment and strong market available for sound corporate financing."

Darwin R. James, president East River Savings Bank, New York City:

"Chairman RAYBURN has reversed the facts. Bonds are selling today at yields lower in many instances than have been obtained since 1901, notwithstanding the fact that the country has just emerged from a protracted depression. The reason for this is not increased earnings, but the fact that new issues are not coming

out because of the Securities Act. There is an excellent market for all high-grade bonds. The Securities Act should be amended promptly."

J. T. Sharp, president Mill Owners Mutual Fire Insurance Co. of Iowa:

"In our opinion the Securities Act is a greater factor in preventing issuance and sale of securities than the lack of a market."

George P. Hardgrove, director American Investment Bankers Association:

"I would take issue with Chairman RAYBURN'S statement that it is lack of a market and not the Securities Act that is today preventing the sale of securities. First, let me state that I am decidedly in favor of regulation of the sale of securities, but it should be fair and sane regulation under which there could be a free flow of capital. We have not lacked a market for securities for months past; and were it not for this act, which puts undue burden not only on the directors of borrowing corporations but also on bankers who know how and can distribute investment securities, there would have been many millions of new securities for refunding purposes and otherwise offered to and subscribed by the public all to the advantage of national recovery.

"There are hundreds of corporations that were it not for these burdens could take advantage of this market in securing funds not only to their own advantage but also to the advantage of national recovery. If there is one thing today that is retarding that progress of recovery it is the drastic provisions of that act which is preventing not only the sale of new issues, but also many reorganizations which would be not only to the advantage of the corporations but even in many cases far more advantageous to the small investors throughout the country who are today holding defaulted securities that could be put in better shape.

"The prices at which high grade corporation and municipal bonds are selling today evidence the fact that we have a market right now that would take many new issues of bonds if it were not overregulated in an unworkable manner. What we need now and what would be a greater help than anything else to combat unemployment and along with that to help the small investor is a free flow of capital which the present market would give us without this insane regulation."

Walton L. Crocker, president John Hancock Mutual Life Insurance Co., of Boston:

"Responding to your inquiry as to the effect of the Federal Securities Act as proposed, I will state that, in my opinion, there is an ample market for new or refunding issues of sound securities which will be made manifest as soon as the way is cleared."

Robert M. Hanes, director American Bankers Association.

"I believe it will be impossible to get any responsible board of directors to vote for the issuance of securities under the Securities Act. They cannot afford to take the chance if they are at all responsible."

John R. Longmire, director American Investment Bankers Association:

"Feel definitely that Securities Act is preventing the sale of new securities and refunding of a number of situations that seriously hamper recovery program. Believe that real progress cannot be made unless capital market is permitted to function freely, and legitimate financing is allowed, as there is no other available source of investment capital that is satisfactorily serving. My opinion is the only way out is to modify the Securities Act to open economic channels."

Arthur F. Hall, president Lincoln National Life Insurance Co., Fort Wayne, Ind.:

"Of course, present Securities Act and proposed Fletcher-Rayburn Act are interfering with sale of securities. Under them industries do not dare offer securities. We need an understandable law, not subject to arbitrary rulings of Federal Trade Commission, a law preventing unfair underwriting profits and operations of pool-price manipulators; a law to encourage durable goods industries to borrow and capital to invest. Such legislation, together with death of Wagner labor bill, would result in honest prosperity such as we have never known. Our citizens have billions of frightened money awaiting investment. My own little company has 5 millions in unprofitable bank balances."

J. Augustus Barnard, director, American Investment Bankers Association:

"Having had 40 years' experience in bond business, I distinctly disagree with Chairman RAYBURN. I believe if it were not for fear engendered by the Securities Act, there would be many new issues put out and that there would be an excellent market for high-grade bonds. Insurance companies, banks, estates, and private individuals are constantly asking for recommendations, and I firmly believe that the Securities Act is one of the chief reasons for the stagnation of private-capital markets with consequent obstruction to recovery."

Daniel W. Myers, director, American Investment Bankers Association:

"In practical effect Securities Act amounts to a prohibition of borrowing by industry on long-term credit. While highly deflationary, that kind of a prohibition may not be altogether bad. We can stand it. The only question is whether the country as a whole can stand it."

Charles B. Crouse, director, American Investment Bankers Association:

"Re RAYBURN statement, there is a strong capital market for prime securities. However, directors and officers of corporations will not accept direct liability under present Securities Act in the issuance of new securities by their companies. The increase in bond prices the past 6 months is definite proof of a capital market."

J. M. Scribner, director, American Investment Bankers Association:

"Regardless of alleged statement of Chairman RAYBURN, have knowledge of situations where directors recently refused to permit reorganization and negotiations for long-term financing owing to liability provisions and uncertain interpretation of Securities Act. Volume of corporation financing from January 1, 1933, to July 27, 1933, although small, practically ceased on the latter date and has not been resumed, although market conditions for the past several months have been more receptive than at any time in past 18 months. This fact appears to contradict RAYBURN'S statement beyond further argument. Believe greatest single deterrent to recovery is stoppage of capital markets by reason of Securities Act and uncertainty of future monetary policy."

George Leib, director, American Investment Bankers Association:

"Securities Act of 1933, definitely preventing sale of high-grade corporate securities, as witness fact that municipal bonds are being bought and sold daily by bondholders throughout the country at prices approximating highest prices of a decade. Also, at least two issues of railroad bonds have been successfully sold. Both these classes are exempted securities under the act. The quoted prices for other classes of securities are now sufficiently high so that were it not for the liabilities and cumbersome registration requirements of the Securities Act we would at least have a reasonable flow of capital through corporate financing."

T. Stockton Matthews, director, American Investment Bankers Association:

"Referring to statement, Associated Press, quoting Chairman RAYBURN, of House committee, as saying, 'It is not true that Securities Act is preventing the sale of securities. It is the lack of market', I respectfully desire to differ. The excellent current public demand and firm prices for well-secured issues not subject to provisions of the Securities Act is concrete evidence of their marketability. Our firm, engaged in conservative investment business since 1840, is eager to participate in the underwriting of sound new issues of securities and the distribution thereof among investors, but the unjust liabilities imposed by the Securities Act are such that we are not able to undertake new financing which would so materially contribute to the progress of general business recovery, until there is a reasonable modification of the act in these respects."

J. W. Brislawn, president State Secretaries' Association of the American Bankers Association:

"Local securities houses confining activities almost exclusively to municipals because drastic provisions of the Securities Act of 1933 impose such severe liabilities upon borrower and house of issue that not even strong potential market for good, sound, new issues can overcome fear of innocent violation of some of the penal provisions of the Securities Act."

[From the Washington Post, Apr. 5, 1934]

MORE BUSINESS HEADS TELL VIEWS ON EFFECT OF SECURITIES ACT

(Printed below are additional replies received by the Washington Post in answer to telegrams asking prominent leaders in business, banking, and industry to comment on the statement of Chairman RAYBURN that it is not the Securities Act but lack of a market which is preventing the sale of securities:)

William L. De Bost, president Union Dime Savings Bank, New York City:

"Telegram of April 3 received. Cannot agree with Chairman RAYBURN'S statement. Do not believe there is any lack of an investment market as there is much money awaiting safe investment, but Securities Act has made it so difficult for those wishing to borrow that offerings at this time are not being made.

"Also as chairman of bondholders' committee for bonds of State of Arkansas, after months of work we were able with the cooperation of the Governor and his associates to devise a refunding plan which has been voted by the Legislature of Arkansas and are prepared to recommend to all bondholders that they exchange for these new bonds. After doing this we could not proceed due to the complexity of the National Securities Act. The members of the Arkansas bondholders' committee are volunteers serving without compensation in an effort to protect the interest of holders of bonds of the State of Arkansas. The Securities Act, however, imposes upon us what we consider unreasonable liabilities which we do not feel we should be called upon to assume. I am confident that this act needs considerable revision."

Benjamin Rush, president Insurance Co. of North America, Philadelphia:

"Replying to your telegram of the third in regard to statement of Chairman RAYBURN of House committee that it was untrue that the Securities Act is preventing the sale of securities I beg to state that while I have every confidence in Representative RAYBURN'S sincerity in making this statement I am obliged to differ with his conclusions. In my opinion, the Securities Act has prevented, is preventing, and will continue to prevent the sale of securities until the unjust and impossible burdens laid upon the shoulders of those seeking to market securities are removed. It is true that this condition is aggravated by lack of market but that lack of market in turn is caused by lack of confidence on the part of investors in much of the legislation enacted and proposed to be enacted by the administration.

"The Securities Act tends to prevent the issue and sale of new securities. The proposed bill for the regulation of national se-

curity exchanges as now drawn will greatly curtail and probably in some instances prevent the dealing in securities already existing. Therefore these two acts taken separately or together will tend to reduce employment, to lower wages, and to slow up the process of industrial recovery."

A. P. Everts, director American Investment Bankers' Association, Boston:

"The experience of our organization with investment departments in 17 leading cities makes it very clear that there is an active demand for well-secured obligations of seasoned and successful corporations. The interest in investment securities is evidenced by figures in this morning's New York Times, which show that total sales for this year to date of domestic bonds on the New York Stock Exchange are over 100 percent greater than for the same period last year and at substantially higher prices. While institutions are heavy buyers of Government obligations, we find that private investors have an active interest in corporate securities.

"It is my opinion, that given an opportunity, investors of this country, both private and institutional, would purchase new issues put out by sound corporations."

R. W. Huntington, president Connecticut General Life Insurance Co., Hartford:

"Feel that provision of 1933 Securities Act relating to liability of directors should be materially modified.

"There is no lack of market for securities of well-managed companies, but stringent liability imposed on directors of issuing corporations, accountants, and venders is preventing needed refinancing and new issues."

Homer L. Boyd, president Marine National Co.; director, American Investment Bankers' Association, Seattle, Wash.:

"In my opinion the drastic provisions of the Securities Act have effectively stopped the sale of new security issues in this country.

"I believe sane modification of the act would release flow of capital funds immediately, which would result in material aid to recovery program."

Ernest Sturm, chairman, the Continental Insurance Co., and the Fidelity Phoenix Fire Insurance Co., New York:

"With the improvement that has prevailed during the last 9 months in the fire-insurance business large sums for investment have accumulated. The lack of new offerings due to the drastic provisions of the Securities Act is preventing the safe and steady flow of investment money into industries that are sound and need capital funds to carry on to increase employment and further speed recovery, which all current reports show is now well under way.

"In my opinion, the Securities Act should be immediately amended so as to release investment funds that are now available."

Harry F. Stix, director, American Investment Bankers Association, St. Louis:

"Chairman RAYBURN's remarks anent the Securities Act, as quoted by the Associated Press, are open to serious exception because present very high prices for high-grade utility railroad equipment and industrial bonds clearly indicate that new issues could easily be marketed were it not for the deterrent of the drastic features of the Security Act."

William A. Law, president Penn Mutual Life Insurance Co., Philadelphia:

"In our judgment the bond market is hungry for new offerings of prime quality hallmarked by first-class issuing houses.

"The best evidence of this is the extremely high prices at which old issues of such character are being purchased."

G. S. Nollen, president Bankers Life Insurance Co., Des Moines, Iowa:

"Almost total absence of offerings to us of corporation securities since passage of Securities Act taken by us as substantiating accuracy of repeated assertions that issuers and underwriters consider personal liability hazard involved too great to justify public offerings of such securities.

"Consider proper amendment of act necessary to restore free security market."

Wilmot R. Evans, president Boston Five Cents Savings Bank, Boston:

"The Boston Five Cents Savings Bank is investing funds for over 198,000 depositors. It is getting increasingly difficult to invest in prime securities at a reasonable yield. It is undoubtedly true that the threat of the Securities Act prevents the offering of many desirable securities which we should like to buy.

"My belief is the Securities Act does far more harm than good."

Francis Moulton, director, American Investment Bankers Association, Los Angeles:

"For the last 20 years we have confined our activities entirely to underwriting and distributing municipal bonds that are not included in Securities Act. Under these circumstances do not feel qualified to answer your query covering operation of Securities Act. Believe opinion dealers in general corporation underwriting business would be of more value. Might say we have found municipal market very active for last 90 days and continued distribution at advanced prices. This would indicate ample funds for investment in municipals."

George L. Burnham, treasurer Ætna Fire Insurance Co., Hartford:

"Securities Act has prevented issue of good securities for which would be good market.

"This accounts in a measure for the high prices of old issues which are selling on a scarcity value basis."

George Willard Smith, president New England Mutual Life Insurance Co., Boston:

"We have accumulated funds which we would be glad to invest in high-grade securities.

"We know that some borrowers are having difficulty in extending their maturities owing to the pending Securities Act, and we have been told that the act is preventing the issuance of new bonds for much-needed permanent financing of business.

"The natural flow of insurance money into income-bearing securities has been materially checked, a condition which causes us concern."

Lewis Gawtry, president the Bank for Savings in the city of New York:

"Referring to your telegram April 3, when I read remarks attributed to Chairman RAYBURN of House committee I was much surprised that he was under impression that a market for good securities was lacking, because there can be no question that a large and unsatisfied demand now exists for high-grade investments. That this is so is proved by present low yield on Government, State, and municipal bonds."

Robert A. Barbour, president Berkshire Mutual Fire Insurance Co., Pittsfield, Mass.:

"It is my opinion that the Securities Act does prevent the issuance and marketing of securities. I do not feel that there is any lack of capital for investment in good securities."

Orrin G. Wood, director, American Investment Bankers Association, Boston:

"Regret to disagree with Mr. RAYBURN. My opinion is that civil liability provisions of the Securities Act have been the most important cause of preventing new security issues. Believe further that present form of registration statement is onerous on issuing companies and a confusing method of presenting facts to the investors."

A. D. Baker, president, Michigan Millers Mutual Fire Insurance Co., Lansing, Mich.:

"In reply to your telegram, I believe Chairman RAYBURN has been incorrectly informed. The demand for high-grade securities is in excess of the supply. In my opinion removal of the uncertainties involved in the Securities Act and governmental attitude toward business would render desirable many securities which at present we do not dare purchase.

"Removal of the uncertainties above referred to would also justify many corporations in making definite plans for the future and issuing bonds for carrying out those plans. Money is at present piling up in banks for lack of really high-grade securities.

"The uncertainties above referred to are holding back both business and investments. What business needs now is something stable upon which it will be justified in making plans for the future, and the present situation in my opinion lacks the necessary stability."

C. G. Rives, Jr., director, American Investment Bankers Association, New Orleans:

"In this section, Securities Act is seriously interfering with reorganization of outstanding bond issues. At present, dealers principally handling municipal bonds, but believe public would purchase high-grade corporate and utility investments if offered."

P. M. Fraser, vice president, Connecticut Mutual Life Insurance Co., Hartford:

"The remarks of Mr. RAYBURN may best be answered by referring to the prices at which many corporate issues are selling. Among such issues are many which would probably be retired and refunded at lower interest rates were it not for the liability features of the Securities Act.

"Such refunding operations would be of financial benefit to the corporations involved. That the market is in position to also absorb other corporate financing is evidenced by manner in which municipal obligations are being rapidly absorbed daily. The Pennsylvania Railroad has also been successful in selling some of its treasury holdings, such subject, of course, to approval of I.C.C.

"The liability provisions of the Securities Act appear contrary to the wishes of President Roosevelt to create credit expansion."

J. Stewart Baker, chairman Bank of the Manhattan Co., New York City; director, American Bankers Association:

"In answer to your question regarding Representative RAYBURN's statement that 'It is not true that the Securities Act is preventing the sale of securities; it is the lack of a market', it is my opinion that a market for new securities has not had an opportunity, because of the stringencies of the Securities Act, to appear.

"To me it is very much the same thing as prohibiting by legislation the sale of, let's say, a Ford car, and, with the product off the market, justifying the legislation by saying, 'There is no market for such an automobile.'"

[From the Washington Post of Friday, Apr. 6, 1934]

FORTY-ONE MORE LEADERS JOIN ATTACK ON SECURITIES ACT IN POST SURVEY—UNANIMOUS IN CALLING LAW RECOVERY SNAG—PROTESTS REPRESENT ALL LINES OF TRADE

(Printed below are additional replies received by the Washington Post in answer to telegrams asking prominent leaders in business, banking, and industry to comment on the statement of Chairman RAYBURN that it is not the Securities Act, but lack of a market, which is preventing the sale of securities:)

SAM REYBURN *v.* SAM RAYBURN

Samuel W. Reyburn, president Associated Dry Goods Corporation of New York City:

"Congressman SAM RAYBURN honestly believes Securities Act has not prevented sale of securities, but long experience in business convinces me he is mistaken. If he could find time, believe I could persuade him he is in error in his claim. Reasoning as follows, I believe in governmental regulation and supervision of commercial and investment banks and bankers, security exchanges, and other large dealers in public credit, but am sincerely opposed to Government control or imposing duties and responsibilities of business management on political agencies.

"Securities law of 1933 and stock exchange bill of 1934 go far beyond safe and sound regulation and supervision and have destroyed faith and confidence of many people in the value of corporate securities. For nearly a century capital for large undertakings in economic life has been largely raised through use of credit of private corporations and their management.

"The securities of a corporation are its promises. Its promises are salable at fair prices only when many people have faith and confidence in themselves, in other men, in the corporation, its management, and in the stability and efficiency of a government that gives assurance that life, liberty, and property will be protected, lawful contracts enforced, and justice administered. The prosperity of 1926 and 1927 produced a wild optimism that ran into expansion and expansion in turn ran into inflation, during which time men and women in economic, political, and social activities ceased to use forethought and judgment. They were lured by high hopes for the future and acted on rumors and hunches.

"In this wild mass mood most of the leaders in business and politics and in educational affairs were infected with the contagion. Inflation ran its course and, as always, ended in panic followed by depression, the most distressing in our history. All of us were and most of us still are greatly demoralized. The great pressure from unhappy sufferers on our officeholders and lawmakers for relief has caused that group to become frantic and make all kinds of endeavors to correct our distressing condition. With best intentions, legislation has been enacted, regulations enforced have had the effect of adding to rather than correcting many of our difficulties.

"The Securities Act of 1933 and stock exchange bill of 1934 are examples of this misguided zeal. The first should be repealed and a new constructive law passed; the second should not be passed in its present form. If they stand, both will do serious injury to industry, commerce, and trade, cause harm to both labor and the consumer and impede the President's national recovery program."

David F. Houston, former Secretary of the Treasury and Secretary of Agriculture in the Wilson administration; president Mutual Life Insurance Co., New York:

"There undoubtedly has been for several months and is now a good market for sound, new, or refunding issues of well-managed basic industries. This is evidenced in part by the rapid absorption of prime investment issues such as Federal and municipal bonds. To what extent in the present situation, with its uncertainties, sound businesses would sell new bonds or engage in refunding operations if it were not for the unreasonable liability provisions of the securities act I have no means of ascertaining. My opinion, however, is that the volume of their offerings would be substantial.

"It seems clear, in any event, that directors of such businesses will not assume the unusual risks which they would incur under the present liability provisions of the act and will not vote for new or refunding issues. I believe in regulation of security issues, but I think that those responsible for the act as it stands got more out of our past experience than there was in it, and that prompt modification of the measure would greatly contribute toward economic recovery."

Frank D'Olier, vice president, the Prudential Insurance Co., Newark:

"Replying to your telegram, we do not believe that lack of market is preventing the sale of securities. Based on our own experience we believe that life-insurance companies and other like institutions offer a substantial market for new issues of high-grade securities."

Lammot du Pont, president E. I. du Pont de Nemours & Co., Wilmington:

"Telegram received. If statement refers to new issues, feel confident chairman is mistaken. Know positively of cases where Securities Act has prevented issue of new securities. Lack of market may be contributing cause, but I have no information to so indicate."

Henry D. Sharpe, president Brown & Sharpe Manufacturing Co., machine tools, Providence:

"Replying to your inquiry, Chairman RAYBURN'S statement is ingeniously worded to obscure real happenings. Realities of situation are all against implications of his statement. Fault of Securities Act is discouragement of issue of new securities potentially of enormous volume leading to lack of supply of prime securities in present market. Buying and selling in prime securities now generally confined to selected issues of period before Securities Act resulting in selected issues being priced too high. Securities Act, without reasonable doubt, has actually prevented issuance of healthy new securities because of intrinsic difficulties prescribed and refusal of directors to submit themselves to unreckoned liabilities. Securities Act in present form was monumental blunder."

R. H. Whitehead, president New Haven Clock Co., Hartford:

"The Securities Act has prevented the sale of securities. In many cases financing has been done through banks on short-term basis, which should have been through permanent long-term financing. The market is willing and anxious for good securities at present. The matter has now become a vicious circle. Manufacturing corporations looking ahead fear planning for new financing because of fear of penalties under Securities Act. Bankers fear handling for same reason. Buyers fear to purchase because proper action is hampered under the act. If a dam can be broken, manufacturing corporations will plan ahead, sell securities, buy new machinery and materials, put men to work, thus reversing the circle. Even if Mr. RAYBURN'S statements as to last year were correct, we should be looking ahead in regard to this act rather than estimating its effect on past years' financing."

C. M. Chester, president General Foods Corporation, New York:

"Your wire third. As our corporation is not now, nor likely to be in need of financing, our interest in the securities bill is solely what bearing it has on retarding recovery. It is the unanimous opinion of my friends, whom I consider most competent to judge, that the drastic provisions of the National Securities Act are unquestionably holding back new financing which, if permitted to take place, would have beneficial effects of the greatest importance and would definitely stimulate employment."

C. D. Sturtevant, president Bartlett-Frazier Co., grain dealers, Chicago:

"The uncertainty as to extent to which powers granted under the Securities Act might be used to control general investment in securities has tendency to make capital hesitate about immediate investment in corporate securities. I feel, however, that the present noticeable lack of market for new private securities is rather the result of uncertainty of the general-future attitude of Government toward private industry. Constant repetition by public officials of the theory that the profit motive can be officially ignored in industrial reorganization, public press discussion to the same effect, and the enforcement of short hours and high pay, with consequent increased cost of production, coincident with a cracking down upon consumer prices, is probably the strongest deterrent to new investment of private capital in recapitalization of industry. With present belief that the N.R.A. program is directly dissipating industrial capital, there is naturally small enthusiasm in furnishing additional capital to be handled the same way."

P. W. Litchfield, president Goodyear Tire & Rubber Co., Akron, Ohio:

"I believe both the Securities Act and the pending stock exchange bill are still too severe and go beyond the needs of regulation to a degree calculated to retard recovery. In my opinion the Securities Act is tending to dam necessary new and refunding securities which must be sold if particularly the capital goods industries are to share in the upward swing. I am particularly opposed to those sections of the stock exchange bill which unnecessarily involve corporations and propose to subject them to additional burdensome control merely because their securities are dealt in on the stock exchanges. It should not be necessary for our Government to hamper business with additional regulation because some corporations may have been charged with improper financial transactions. There are ample existing laws. Better enforcement of them would prevent recurrence."

F. C. Rand, chairman International Shoe Co., St. Louis:

"In attempting to fix responsibility under Securities Act, contingent liabilities, uncertain and far-reaching, are established. This uncertainty is not only adding another burden to industry but is retarding the sale of securities of many healthy corporations which are conducted on the highest plane of integrity and service. The drastic provisions of the Securities Act have put an end to the sound principle of distributing stock to employees. Industry is not asking the Government for help, but it is making an earnest plea that Government desist from unnecessary regulations and restrictions which interfere with the orderly processes so essential to permanent success in business."

G. C. Miller, president Dodge Manufacturing Corporation, machinery and elevators, Mishawaka, Ind.:

"If RAYBURN is honestly quoted, he is unaware of actual facts. There is ample money seeking investment. Numerous worthy industries need the capital. Underwriters willing and anxious to underwrite securities. Neither underwriters nor industry's sponsors dare risk the penalties of the Security Act or the spirit of vengeance against industry by Congress. Fear of this spirit is defeating the President's avowed plan for reemployment."

Randolph Catlin, president Gold Dust Corporation, New York:

"Think present form Securities Act undoubtedly hindering flow new capital into industry. Reasonable modification liability provisions should be made promptly."

J. Lichtenstein, president Consolidated Cigar Corporation, New York:

"It is my judgment and experience that the Securities Act is impeding the issuance of all character of securities except, perhaps, those of a highly speculative nature. Legitimate houses of issue and legitimate accountants are unwilling to assume the burdens which the act places on them, because the risks inherent therein are entirely out of line with any possible compensation paid to them or possible profit they may enjoy. I believe this has resulted in many corporations accumulating substantial sums to meet maturing obligations over the period of the next few years because they are convinced they cannot refinance their requirements in the ordinary channels. Such a course nec-

essarily tends to restrict what otherwise might prove expansion programs to the benefit of business generally."

John A. Bush, president Brown Shoe Co., Inc., St. Louis:

"Purchasing power of public enormous as demonstrated by large purchases Government and high-grade bonds. Who would think of issuing securities under the present act? Bring forth good securities, and the public will buy and start the wheels of capital industries."

F. A. Seiberling, president Seiberling Rubber Co., Akron, Ohio:

"The Securities Act is preventing issue of new securities. Sale of existing securities seriously retarded by lack of confidence and fear on part of investors."

Carleton H. Palmer, E. R. Squibb & Sons, drugs and chemicals, New York:

"Answering your telegram today, while this company is not directly interested in marketing securities I personally know that the Securities Act in its present form is a direct barrier to the issuance of new securities by companies needing new capital for proper business purposes, and it is a powerful, if not the most powerful, influence against the flow of available capital. This is especially true when this act is considered in conjunction with the proposed stock exchange bill in its present form."

George M. Brown, president Certain-teed Products Corporation, roofing materials, linoleum, paints, etc., New York:

"Answering your inquiry for any comment from us regarding the position of Chairman RAYBURN, of House committee, will say we entirely disagree with his position. We believe business will improve throughout the world if allowed to proceed in a normal way. We further believe that all this experimenting and tinkering is already being harmful and will become extremely dangerous if continued."

C. F. Burroughs, president F. S. Royster Guano Co., Norfolk, Va.:

"Answering your wire, it is my opinion that the very rigid and minute restrictions in the present Securities Act will restrict the issuance of even the best new securities to a minimum. There is evident a strong and wide-spread demand for choice securities, this being held in check, however, by the general feeling of uncertainty."

L. S. Zacher, president the Travelers Life Insurance Co., Hartford:

"Conditions under which financing must be undertaken for emergencies, developments, and new enterprises which are all helpful to business recovery are made difficult by the restrictions and liabilities on directors, shareholders, and employees of borrowing corporations imposed by the Securities Act of 1933, in consequence of which there are few new issues of securities being listed on leading exchanges or enjoying a free market in which financial institutions have been accustomed to invest and for which funds have accumulated and are now awaiting employment in substantial amounts."

John S. Sensenbrenner, vice president Kimberly Clark Corporation, paper and pulp, Chicago:

"In my opinion, the great expense involved and the unlimited liability imposed on every person connected with the issue of securities is chief cause preventing sale of new securities."

Edgar M. Queeny, president Monsanto Chemical Co., St. Louis:

"The theory of the Securities Act meets with almost universal approval, but some of its terms, particularly those which impose unreasonable liabilities upon officers and directors for actions they may take on behalf of and in the interest of thousands of investors, are unjust. Only in the direst need will a man of responsibility submit to such a continuing liability and to the possibility of defending many unjustified nuisance lawsuits. A modification of the act, which would bring it into parallel with the British, which has satisfactorily stood the test of time, would, with a returning confidence in the stability of our currency, greatly increase the volume of securities available and stimulate employment in the lagging, heavy industries."

E. M. Allen, president the Mathieson Alkali Works, New York:

"Any statement that the Securities Act is not preventing the sale of securities, with the attendant loss of millions for construction and the keeping of thousands of men out of work is so far from the actual facts that a statement contradicting such misleading views hardly seems necessary. The Mathieson Alkali Works undoubtedly is consulted by many people contemplating putting out stock, due to the fact that we went through the filing of a certificate of registration when we put out over six million of stock."

P. D. Block, president Inland Steel Co., Chicago:

"Replying your telegram, difficult to make categorical assertion, but if Chairman RAYBURN is correctly quoted he is apparently mistaken about the lack of a market, since quotations for high-grade bonds demonstrate excellent market demand and large New York State issue just sold at very low yield, all indicating substantial capital seeking investment. Registration and other features of Securities Act undoubtedly deterring much necessary financing and to that extent impeding economic recovery and throwing extra burden on Federal Government."

Richard R. Deupree, president Procter & Gamble, soap manufacturers, Cincinnati:

"In my opinion, the penalties and liabilities imposed by the Securities Act not only prevent but practically prohibit the issue and sale of new securities. We are in sympathy with properly regulated procedure but believe act as it stands detrimental to public interest."

Ralph E. Flanders, vice president and director, Jones & Lamson Machine Co., Springfield, Vt.:

"Chairman RAYBURN of the House committee is quoted as saying that the poor demand for securities is not due to the Securities Act, but to the lack of a market. This is a meaningless statement. There are considerable funds available for investment which are not attracted by private enterprise under present conditions and so drift into the support of Government financing as the least of the many available evils. We are thus being edged further and further into doubtful governmental enterprise at a time when private enterprise should be rapidly increasing. The conditions which discourage the market for private investment are primarily due to governmental policies which are well meant but destructive in some elements. Both the Securities Act and the Stock Exchange Act carry proper provisions for correcting abuses but they also carry unnecessary extreme and harmful provisions which discourage the flow of private funds into private enterprise. Much improvement has taken place recently in governmental policy but more needs to be done. The Government must actively foster private enterprise while guarding the investor. Only so can that volume of safe private employment be built up which will put the maximum of pay roll dollars into the hands of the workers of the country."

B. B. Gossett, president Chadwick Hoskins Co., cotton-goods manufacturers, Charlotte, N.C.:

"Replying it is my opinion that liberal investment of private capital is one of the prerequisites to the restoration of business, and I strongly feel that one of the greatest obstacles now in the path of recovery is lack of confidence and fear due to Securities Act. Therefore, unless prompt and definite action is speedily taken to remove causes for this lack of confidence, inevitable effect will be to prolong the depression."

Frank Munson, president Munson Steamship Co., New York:

"Your wire fourth. I have heard of present Securities Act preventing number of issues of new securities and materially interfering with or delaying reorganization plans."

Hal Y. Lemon, vice president National Bank of Detroit; director American Bankers' Association:

"In reply your telegram asking my opinion whether Securities Act is preventing sale of new securities, believe that it is certainly one of many factors which are retarding same. Would hesitate to guess its magnitude among these factors, but believe that it is important. Best indication of this is large number of high-coupon bonds of first-rate corporations selling at substantial premiums over call price. Only Securities Act, seems to me, to explain failure to refund these at lower coupon. If act is thus influencing refunding it must have corresponding effect on new financing."

J. B. Levison, president Firemen's Fund Insurance Co., San Francisco:

"It is my firm conviction that while the proposed Securities Act does not actually prevent the sale of securities, the information required under its terms, much of which is in my judgment irrelevant and without value to a prospective investor, to say nothing of the time and expense required, will deter corporations from entering the open market for their requirements. I believe the provisions of the act are altogether too burdensome in its present form and that drastic changes are vital to the success of future corporate financing. I cannot agree with the statement that the present difficulty is lack of market, as there appears to be an active demand for high-grade corporation bonds provided terms are attractive to borrowers."

Albert H. Morrill, president Kroger Grocery & Baking Co., Cincinnati:

"Have no personal experience on which to base accurate opinion as to the effect of the Securities Act preventing sale of securities. Kroger Grocery & Baking Co. does not need additional capital, but if it does its necessities would have to be pressing for me as president to take the responsibility of issuing statements on which a sale might be based, for I would hesitate to undertake the indefinite liability which might be involved."

B. C. Heacock, president Caterpillar Tractor Co., Peoria, Ill.:

"Chairman RAYBURN's statement probably possesses the doubtful virtue of being only part of the truth. Question is, What will be the effect of our legislation when sound enterprise again needs credit? During periods of business curtailment adequately financed concerns accumulate surplus cash, and as business expands disburse this cash and use credit. Present and contemplated legislation surely will retard business in seeking credit; therefore delay business recovery and in many instances delay action until the business is in desperation, with nothing more to risk, seeks credit and finds it no longer available to it, and if available, only through less sound securities than if same securities had been issued sooner. Believe it largely true that recently little except doubtful liquor and mining issues have appeared, possibly because businesses of sound standing have not needed credit and possibly because sound enterprise could ill afford to risk legislative penalties until law or practices have clarified obligations of issuers of securities."

Silas H. Strawn, past president United States Chamber of Commerce, New York:

"I believe there is abundant market for securities if the Securities Act did not prevent their issue and distribution. Confidence can only be restored by modification of this law."

Benjamin F. Affleck, president Universal Atlas Cement Co., Chicago:

"Replying telegram do not feel competent to express original opinion on Securities Act, but I accept judgment of experts in whom I have confidence and whose opinion it is the Security Act is making it extremely difficult for capital-goods industries and others to sell bonds and stocks and therefore raise money to carry on."

Bernard F. Gimbel, president Gimbel Bros., department store, New York:

"Replying to your telegram which has just reached me: My business does not enable me to be a judge of the volume of business in the sale of securities. The serious aspect of existing and proposed legislation concerning both the issue and sale of securities on exchanges seems to me to be as follows: In accordance with the habits of our people and the evolution of American business half our National wealth is represented by securities. The stock exchange is a complex mechanism constituting a great auction mart. On the whole I think it enjoys the confidence of the American investing public. Many ills seem attributed to it which have their cause elsewhere. In my personal relations with members of the New York Stock Exchange I have found their dealings efficient, honorable, and satisfactory. Frankly, I am fearful of the effect of any attempt by law to readjust the machinery of the exchange. Of course from a selfish standpoint any serious interference with the freedom of this great securities market will have a disastrous effect on the economic life of New York City and I believe will impair the value of the savings of the people as represented by securities which profit by the existence of a free, open, and honorably conducted market."

George W. White, president National Metropolitan Bank, Washington:

"Reference to your letter of this date. It would be interesting to know just how many corporations have applied for and/or received registration of proposed new investment securities. There is at least a rather widespread feeling that the drastic penalties imposed by the securities act upon officers and directors of corporations so applying have operated as a deterrent. The investing public should, of course, be protected from wildcat and speculative securities and operations. If perfectly responsible concerns are unwilling to put out new issues under the proposed regulations, the general business of the country will undoubtedly suffer, or else the proposed regulations should be so amended as to encourage new business and the use of credit."

J. S. Crutchfield, president American Fruit Growers, Inc., Pittsburgh:

"There is no lack of market for good new securities, but existing restrictive laws and fear of further similar legislation are interfering with normal volume of offerings. Congress should seize present unprecedented opportunity not only to eliminate manipulator, gambler, and crook but also to promote and insure maximum national prosperity for years to come by affording legitimate financing and business every reasonable facility and encouragement rather than hampering and restricting same. A free, open security market protected against manipulation would then reflect true status of Nation's business and finance and afford a dependable guide to investors and the public."

Justin Peters, president Pennsylvania Lumbermen's Mutual Fire Insurance Co., Philadelphia:

"Replying to your telegram of today, there is no doubt that Securities Act is very much retarding business recovery and is a grave mistake in its present shape."

F. B. Wells, vice president F. H. Peavey & Co., grain merchants, Minneapolis:

"Your telegram of even date has been referred to me in the absence of Mr. Heffelfinger. The nature of our business is such that we do not feel qualified to express an opinion upon the effect of the Securities Act. We have a distinct impression that the financing of new issues and the refinancing of maturing obligations is being seriously retarded by the proposed legislation."

Virgil Jordan, president National Industrial Conference Board, New York:

"The simplest way to test the correctness of Mr. RAYBURN's interpretation of the situation in the private-capital market is to moderate the primitive provisions of the Securities Act for a year and see what happens. In my opinion, the Securities Act as it stands will force Government financing of industry and cause enormous loss both to holders of outstanding securities and purchasers of new issues, because the act makes it improbable that executives of responsible corporations and security marketing concerns with substantial resources will assume the unlimited liabilities involved in new issues even of a sound character necessary for essential needs of industrial expansion, while new flotations of dubious and highly speculative securities by irresponsible persons are not only possible but definitely favored by the act. The record of security flotations under the act suggests clearly that the market will absorb all the securities offered, even bad ones, which are preferred under that act. Why not let investors have some good ones, too?"

O. J. Arnold, president Northwestern National Life Insurance Co., Minneapolis:

"Replying your wire: While I do not believe Securities Act is sole contributing factor to lack of new securities issues, there appears, nevertheless, to be evidence new issues of merit for which ready market exists have been withheld or have been offered with attractive features as exchanges for outstanding maturing issues in preference to cash sale because of provisions of act. This company is actively seeking appropriate investments for accumulating funds at reasonable yields, but finds field for investments extremely limited with really good securities selling at very high prices, probably due to lack of new emissions. While favoring reasonable measures governing securities offered for public sale, I feel it likely unfavorable effect of any too stringent provisions in Securities Act will be in more pronounced evidence from now on than at any time since its passage."

EXHIBIT SPEAKS LOUDER THAN WORDS

Charles R. Hook, president the American Rolling Mill Co., Middletown, Ohio:

"My opinion is diametrically opposed to that of Chairman RAYBURN of the House committee. Industry generally is opposed to the 1933 securities bill in its present form and also to the securities exchange bill now pending, not because they are opposed to the proper regulations covering securities issues and the stock exchanges, but because these acts place unnecessary and unfair regulations upon industry and prevent the issue or underwriting of securities which would find a ready market at the present time were it not for the fear of unscrupulous persons looking for technical openings to bring suits against bankers and industrialists.

"I am in possession of facts with respect to a sound industrial corporation which is anxious and desirous of making expenditures for capital goods to the extent of over $1,000,000. Like most all corporations in the durable-goods field, its working capital has been depleted by the depression and it would not be good business to use these funds for capital expenditures. The directors, because of the conditions imposed by the Securities Act and the personal liability that would hang over their heads, are unwilling to attempt a sale of the corporation's securities. This is a specific illustration of men in a durable-goods industry being denied employment because of restraint on the flow of new capital into private enterprise.

"I am sending herewith a copy of the employment record of the four major plants of our own company. You will note that in plant A the number of men on the pay roll in April 1934 over April 1933 was increased by 76.6 percent. At plant B the increase was 87 percent, at plant M 66.7 percent, and at plant Z only 2.1 percent. In plants A, B, and M a major proportion of the production goes into industries manufacturing semidurable products, while in plant Z the character of the equipment is such that the entire production of that plant is for the capital-goods industry only. It seems to me that this exhibit made up from the actual figures of our own company speak louder than any words that I might utter with respect to what has happened to the durable-goods industries and the need for sane consideration of industry's plight as a result of the oppression of the restrictive measures now in existence and proposed. Nine tenths of our unemployment is in capital-goods industries."

The American Rolling Mill Co., record of employment Apr. 1, 1933, to Apr. 1, 1934

	April 1933	May 1933	June 1933	July 1933	August 1933	September 1933	October 1933	November 1933	December 1933	January 1934	February 1934	March 1934	April 1934	Percent increase, Apr. 19, 1934, over Apr. 19, 1933
Ashland	1,666	1,704	1,972	2,462	3,015	3,148	3,132	2,934	2,467	2,466	2,558	2,764	2,942	76.6
Butler	1,155	1,168	1,322	1,604	2,236	2,378	2,504	2,465	2,293	2,251	2,168	2,161	2,152	87.0
Middletown	2,106	2,145	2,304	2,664	3,259	2,537	3,661	3,706	3,492	3,382	3,225	3,427	3,489	65.7
Zanesville	747	749	751	755	760	765	825	826	784	778	748	754	763	2.1

TAX ON BUTTER SUBSTITUTES—OPINION OF SUPREME COURT

Mr. BANKHEAD. Mr. President, on April 2, 1934, the Supreme Court delivered an opinion on the validity of a statute of the State of Washington which levies an excise tax of 15 cents per pound on all butter substitutes sold within the State. The tax was attacked on the ground that it was excessive and destructive of the business of appellant.

The Court held that a tax within the lawful power of a State may not be judicially stricken down under the due process clause simply because its enforcement may or will result in restricting or even destroying particular occupations or businesses. This decision, it seems to me, completely disposes of the arguments that have been made to the effect that the tax in the cotton bill, recently passed by the Senate, is unconstitutional. I ask unanimous consent to have the decision printed in the RECORD.

There being no objection, the opinion of the Supreme Court was ordered to be printed in the RECORD as follows:

SUPREME COURT OF THE UNITED STATES

No. 589.—October term, 1933

A. MAGNANO CO., APPELLANT, AGAINST G. W. HAMILTON, AS ATTORNEY GENERAL OF THE STATE OF WASHINGTON, ET AL., ETC. APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES FOR THE WESTERN DISTRICT OF WASHINGTON

(Apr. 2, 1934)

Mr. Justice Sutherland delivered the opinion of the Court.

Appellant assails as invalid a statute of the State of Washington which levies an excise tax of 15 cents per pound on all butter substitutes sold within the State. Every distributor of such butter substitutes is required to file a duly acknowledged certificate with the director of agriculture, containing the name under which the distributor is transacting business within the State and other specified information. Sale of any butter substitute is forbidden until such certificate is furnished. The distributor must render to the director of agriculture on the 15th day of each month a sworn statement of the number of pounds of butter substitutes sold during the preceding calendar month. Section 10 of the act provides that the tax shall not be imposed on butter substitutes when sold for exportation to any other State, Territory, or nation; and any payment or the doing of any act which would constitute an unlawful burden upon the sale or distribution of butter substitutes in violation of the Constitution or laws of the United States is by section 13 excluded from the operation of the act. Violation of any provision of the act is denounced as a gross misdemeanor.

Appellant is a Washington corporation, and has for many years been engaged in importing and selling "Nucoa", a form of oleomargarine. Prior to the passage of the act it had derived a large annual net profit from sales made within the State. Since then, claiming the tax to be prohibitive, it has made no intrastate sales and no effort to do so. "Nucoa" is a nutritious and pure article of food, with a well-established place in the dietary.

Suit was brought to enjoin the enforcement of the act on the ground that it violates the Federal Constitution in the following particulars: (1) That the imposition of the tax has the effect of depriving complainant of its property without due process of law and of denying to it the equal protection of the laws in violation of the fourteenth amendment; (2) that the tax is not levied for a public purpose, but for the sole purpose of burdening or prohibiting the manufacture, importation, and sale of oleomargarine in aid of the dairy industry; (3) that the act imposes an unjust and discriminatory burden upon interstate commerce; and (4) that it interferes with the power of Congress to levy and collect taxes, imposts, and excises in violation of article I, section 8.

The case came before a statutory court of three judges, under section 266 of the Judicial Code, as amended, Twenty-eighth United States Code, section 380, first upon an application for an interlocutory injunction, which was denied, 2 Federal Supplement, page 414, and subsequently for final hearing, at the conclusion of which that court made written findings of fact and conclusions of law, as required by equity rule 70½, and entered a final decree dismissing the bill. Second Federal Supplement, page 417.

First. We put aside at once all of the foregoing contentions, except the one relating to due process of law, as being plainly without merit. 1. In respect of the equal-protection clause it is obvious that the differences between butter and oleomargarine are sufficient to justify their separate classification for purposes of taxation. 2. That the tax is for a public purpose is equally clear, since that requirement has regard to the use which is to be made of the revenue derived from the tax, and not to any ulterior motive or purpose which may have influenced the legislature in passing the act. And a tax designed to be expended for a public purpose does not cease to be one levied for that purpose because it has the effect of imposing a burden upon one class of business enterprises in such a way as to benefit another class. 3. The act, considered as a whole, clearly negatives the idea that a burden is imposed upon interstate commerce as the court below held. The tax is confined to sales within the State, and (secs. 10 and 13, supra) has no application to sales of oleomargarine to be either imported or exported in interstate commerce. 4. The contention that the act interferes with the taxing power of the United States seems to be based upon the supposition that the State tax is so great that it will put an end to the sale of oleomargarine within the State of Washington and thereby destroy a potential subject of Federal taxation. Assuming such a consequence and putting other questions aside, the effect of it upon appellant would be so remote, speculative, and indirect as to afford appellant no basis for invoking the powers of a court of equity. Compare *Massachusetts* v. *Mellon* (262 U.S. 447, 487); *Florida* v. *Mellon* (273 U.S. 12, 17–18).

Second. Except in rare and special instances,[1] the due process of law clause contained in the fifth amendment is not a limitation upon the taxing power conferred upon Congress by the Constitution. *Brushaber* v. *Union Pac. R.R.* (240 U.S. 1, 24). And no reason exists for applying a different rule against a State in the case of the fourteenth amendment. *French* v. *Barber Asphalt Paving Co.* (181 U.S. 324, 329); *Heiner* v. *Donnan* (285 U.S. 312, 326). That clause is applicable to a taxing statute such as the one here assailed only if the act be so arbitrary as to compel the conclusion that it does not involve an exertion of the taxing power, but constitutes, in substance and effect, the direct exertion of a different and forbidden power, as, for example, the confiscation of property. Compare *M'Culloch* v. *Maryland* (4 Wheat. 316, 423); *Child Labor Tax Case* (259 U.S. 20, 37, et seq.); *McCray* v. *United States*, (195 U.S. 27, 60); *Brushaber* v. *Union Pac. R.R.*, supra, 24–25); *Henderson Bridge Co.* v. *Henderson City* (173 U.S. 592, 614–615); *Nichols* v. *Coolidge* (274 U.S. 531, 542). Collateral purposes or motives of a legislature in levying a tax of a kind within the reach of its lawful power are matters beyond the scope of judicial inquiry. *McCray* v. *United States*, supra, 56–59). Nor may a tax within the lawful power of a State be judicially stricken down under the due process clause simply because its enforcement may or will result in restricting or even destroying particular occupations or businesses; *Loan Association* v. *Topeka* (20 Wall. 655, 663–664); *McCray* v. *United States*, supra, 56–58), and authorities cited; *Alaska Fish Co.* v. *Smith* (255 U.S. 44, 48–49); *Child Labor Tax Case*, supra, 38, 40–43), unless, indeed, as already indicated, its necessary interpretation and effect be such as plainly to demonstrate that the form of taxation was adopted as a mere disguise, under which there was exercised, in reality, another and different power denied by the Federal Constitution to the State. The present case does not furnish such a demonstration.

The point may be conceded that the tax is so excessive that it may or will result in destroying the intrastate business of appellant; but that is precisely the point which was made in the attack upon the validity of the 10-percent tax imposed upon the notes of State banks involved in *Veazie Bank* v. *Fenno* (8 Wall. 533, 548). This Court there disposed of it by saying that the courts are without authority to prescribe limitations upon the exercise of the acknowledged powers of the legislative departments. "The power to tax may be exercised oppressively upon persons, but the responsibility of the legislature is not to the courts, but to the people by whom its members are elected." Again, in the *McCray case*, supra, answering a like contention, this Court said (p. 59) that the argument rested upon the proposition "that, although the tax be within the power, as enforcing it will destroy or restrict the manufacture of artificially colored oleomargarine, therefore the power to levy the tax did not obtain. This, however, is but to say that the question of power depends, not upon the authority conferred by the Constitution, but upon what may be the consequence arising from the exercise of the lawful authority." And it was held that if a tax be within the lawful power of the legislature, the exertion of the power may not be restrained because of the results to arise from its exercise.

In *Alaska Fish Co.* v. *Smith*, (supra, 48–49), a statute of Alaska levying a heavy license tax upon persons manufacturing fish oil, etc., was upheld as constitutional against the contention that it would prohibit and confiscate plaintiff's business. "Even if the tax," the court said, "should destroy a business it would not be made invalid or require compensation upon that ground alone. Those who enter upon a business take that risk. * * * The acts must be judged by their contents not by the allegations as to their purpose in the complaint. We know of no objection to exacting a discouraging rate as the alternative to giving up a business, when the legislature has the full power of taxation."

In the *Child Labor Tax Case*, supra, this court, in holding unconstitutional the provisions of the Revenue Act of February 24, 1919, imposing a tax upon the employment of child labor, fully recognized the foregoing limitations upon the judicial authority; but declared that the act constituted an attempt to regulate a matter exclusively within the control of the State, and that although the exaction was called a tax it was, in fact, not a tax but a penalty exacted for the violation of the regulation. "Taxes are occasionally imposed", it was said (p. 38), "In the discretion of the legislature on proper subjects with the primary motive of obtaining revenue from them and with the incidental motive of discouraging them by making their continuance onerous. They do not lose their character as taxes because of the incidental motive. But there comes a time in the extension of the penalizing features of the so-called 'tax' when it loses its character as such and becomes a mere penalty with the characteristics of regulation and punishment. Such is the case in the law before us."

The statute here under review is in form plainly a taxing act, with nothing in its terms to suggest that it was intended to be anything else. It must be construed, and the intent and meaning of the legislature ascertained, from the language of the act, and the words used therein are to be given their ordinary meaning unless the context shows that they are differently used (*Child Labor Tax case*, supra, 36). If the tax imposed had been 5 cents instead of 15 cents per pound, no one, probably, would have thought of challenging its constitutionality or of suggesting that under the guise of imposing a tax another and different power had in fact been exercised. If a contrary conclusion were reached in the present case, it could rest upon nothing more than the single premise that the amount of the tax is so excessive that it will bring about the destruction of appellant's business, a premise which, standing alone, this court heretofore has uniformly rejected as furnishing no juridical ground for striking down a taxing act. As we have already seen, it was definitely rejected in the Veazie Bank case, where it was urged that the tax was "so excessive as to indicate a purpose on the part of Congress to destroy the franchise of the bank"; in the McCray case, where it was said that the discretion of Congress could not be controlled or limited by the Courts because the latter might deem the incidence of the tax oppressive or even destructive; in the Alaska Fish case, from which we have just quoted; and in the Child Labor Tax case, where it was held that the intent of Congress must be derived

[1] See *Brushaber* v. *Union Pacific R.R.* (240 U.S. 1, 24–25); *Nichols* v. *Coolidge* (274 U.S. 531, 542–543); *Heiner* v. *Donnan* (285 U.S. 312, 325–328). Compare *Schlesinger* v. *Wisconsin* (270 U.S. 230, 239–240).

from the lanugage of the act and that a prohibition instead of a tax was intended might not be inferred solely from its heavy burden.

From the beginning of our Government the courts have sustained taxes, although imposed with the collateral intent of effecting ulterior ends which, considered apart, were beyond the constitutional power of the lawmakers to realize by legislation directly addressed to their accomplishments. Those decisions, as the foregoing discussion discloses, rule the present case.

Decree affirmed.

TAX ON OILS AND FATS AND JAPANESE TRADE WITH PHILIPPINES

Mr. DICKINSON. Mr. President, I ask unanimous consent to insert in the RECORD without reading a joint statement made by the National Grange, the American Farm Bureau Federation, the American Fisheries, the National Dairy Union, the Texas and Oklahoma Cottonseed Crushers' Association, the National Cooperative Milk Producers' Association, and the Association of Domestic Producers of Inedible Fats, and also a short statement from the Associated Press concerning sales of Japanese goods in the Philippine Islands and Philippine trade to be printed in the RECORD.

There being no objection, the joint statement and the Associated Press article were ordered to be printed in the RECORD, as follows:

WASHINGTON, D. C., *April 7, 1934.*

MY DEAR SENATOR: The domestic groups which produce animal, vegetable, and marine fats and oils, signing this letter support without qualification, and without exemptions, excise taxes on the commodities named in paragraph (A) section 602 of the pending revenue bill, known usually as the Connally amendment.

Three major plans to secure exemption from these taxes are now being discussed, all of which plans we oppose:

1. To exempt certain amounts of coconut oil from the Philippine Islands, with an exemption of flóor stocks included. The Philippine product has an advantage in our markets of 2 cents per pound over coconut oil imported from other regions owing to the rate of duty not operating on the insular product. If the floor stocks should be exempted together with exemption of Philippine coconut oil practically all benefits would be denied the domestic producers.

2. To exempt all oils and fats which go into inedible products like soap. The American producers of oils and fats will never surrender either the edible or inedible uses to which these products can be put. No one urges a manufacturer to confine himself wholly to making and selling an edible product when as a natural output of his enterprise he has an inedible commodity to offer.

3. To exempt all oils and fats which are "denatured"—made unfit for edible uses. This exemption, if adopted, would be equivalent to forcing the domestic producers out of the edible uses to which their products could be applied.

If the Federal Government is to secure considerable revenue from these taxes; if the price level is to be raised so as to benefit both domestic and imported products; and if additional employment is to be given to American citizens, all exemptions and amendments like those above described must be defeated.

Very respectfully,

TEXAS AND OKLAHOMA COTTONSEED CRUSHERS ASSOCIATION,
A. L. WARD.
NATIONAL COOPERATIVE MILK PRODUCERS' ASSOCIATION,
CHARLES W. HOLMAN, *Secretary.*
ASSOCIATION OF DOMESTIC PRODUCERS OF INEDIBLE FATS,
A. L. BUXTON.
THE NATIONAL GRANGE,
FRED BRENCKMAN.
THE AMERICAN FARM BUREAU FEDERATION,
CHESTER H. GRAY.
AMERICAN FISHERIES,
THOMAS H. HAYES.
NATIONAL DAIRY UNION,
A. M. LOOMIS.

JAPAN GAINING FILIPINO TRADE AS UNITED STATES LOSES—NIPPONESE SALES UP 50 PERCENT, AMERICAN DOWN 12 PERCENT IN YEAR, SURVEY INDICATES—GREAT SHIFT IN TEXTILES—COTTON PRODUCTS' MARKET PASSING TO NEW CONTROL

(By the Associated Press)

MANILA, P.I., February 17.—Sales of Japanese goods in the Philippines increased about 50 percent last year as compared with 1933, while American sales declined 12 percent, preliminary estimates by E. D. Hester, American trade commissioner, reveal.

The principal Japanese gain was in the sale of cotton textiles, and the view that this market is definitely lost to the United States unless a new tariff is imposed was expressed by officials. In 7 months of 1933 Japan's share of the textile trade, normally amounting to only $10,000,000 a year, increased from 8 to 56 percent.

Because of the free-trade relations between the United States and the Philippines, Japan's total trade with the islands remained only a little more than a tenth of that of the United States, however.

TOTAL TRADE INCREASES

The total Philippine trade for 1933 was approximately $176,000,000, slightly larger than the year before. Shipments to the United States amounted to $90,500,000 as compared with $83,000,000 the year before, but imports were only $43,500,000 as compared with $51,500,000. Total trade with Japan was $12,000,000, imports increasing from $6,150,000 to $9,000,000 and exports from $250,500 to $3,000,000.

The Philippines' favorable trade balance for the year was approximately $30,000,000, the third largest on record and nearly twice the $16,000,000 of 1932. The United States duty-free market was the economic savior of the islands again, as the favorable balance with the United States alone was $45,000,000.

SUGAR LEADING EXPORT

Sugar accounted for about 70 percent of the value of Philippine exports, as compared with 63 percent the year before, all going to the United States. The American share of the textile market was 85 percent last May and Japan's only 8 percent, but in November Japanese sales of cotton goods had grown to 56 percent and the American had shrunk to 32 percent.

The end of the Chinese boycott of Japan in May was believed to be the chief reason, but higher American costs under the N.R.A. formed another factor. The boycott was effective in the Philippines because retail trade is largely in the hands of Chinese merchants.

The insular legislature rejected proposals for an increase in the tariff on textiles in 1932.

CALL OF THE ROLL

Mr. LEWIS. I note the absence of a quorum and ask for a roll call.

The VICE PRESIDENT. The clerk will call the roll.

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

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

Mr. LEWIS. I desire to announce the absence at his home of the Senator from Florida [Mr. TRAMMELL], occasioned by public necessity.

I also announce the absence of the Senator from Montana [Mr. WHEELER], occasioned by illness, and the absence of my colleague the junior Senator from Illinois [Mr. DIETERICH], who has been called to his home by important litigation.

I desire further to announce that the Senator from Washington [Mr. BONE] is necessarily detained from the Senate.

Mr. HEBERT. I wish to announce that the Senator from West Virginia [Mr. HATFIELD] is necessarily absent.

The PRESIDING OFFICER (Mr. ROBINSON of Arkansas in the chair). Eighty-nine Senators have answered to their names. A quorum is present.

INTERNAL-REVENUE TAXATION

The Senate resumed the consideration of the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes.

Mr. HARRISON. Mr. President, the Senator from Oklahoma [Mr. GORE] had the floor when the Senate recessed last Friday. I do not mean to take the Senator off the floor, but I am wondering if we may now reach some understanding either as to a limitation of debate on the pending amendment or as to a vote on the amendment at a certain time?

Mr. BORAH. Mr. President, if the Senator will pardon me, I could not hear the first portion of his remarks.

Mr. HARRISON. I was suggesting whether, following the speech of the Senator from Oklahoma, who desisted on Fri-

day because of my request, we might get a unanimous-consent agreement that debate on the pending amendment be limited.

Mr. BORAH. Mr. President, does the Senator from Tennessee intend to leave the amendment in the same form in which it was proposed on Friday last?

Mr. McKELLAR. Yes.

Mr. BORAH. Mr. President, if the amendment remains in that form and proposes to cut out all allowances for depletion, there will be considerable discussion of it.

Mr. McKELLAR. Oh, no; it cuts out all special allowances for the oil companies, but it gives them the same rights that all other companies have for depreciation or depletion. If the Senator will look at the first section, at the top of page 81, he will see that paragraph (1) is left unchanged. The amendment does not take the oil companies out of that paragraph.

Mr. BORAH. Will the Senator from Mississippi permit the request to go over until the Senator from Oklahoma shall have concluded?

Mr. HARRISON. Very well. I merely express the desire that we might at least close this bill and get through with it by tomorrow. Of course, if we take up all day on this amendment, there will be no chance in the world to do it.

Mr. McKELLAR. I want to say to the Senator that I shall be glad to expedite the passage of the bill in every way in the world, and shall take very little time.

The PRESIDING OFFICER. The Senator from Oklahoma [Mr. GORE] is entitled to the floor.

Mr. GORE. Mr. President, I am sorry to take so much time of the Senate in discussing so tedious and so tiresome a topic as this. The fact that the subject is more or less statistical is no fault of mine. The fact that the discussion is so tedious is but partly a fault of mine. It was said that President McKinley had the faculty of crystallizing statistics into poetry. That would be a great gift on the part of anyone. I do not have it.

When I yielded the floor last Friday I was sketching the history of our legislation with respect to depletion allowances as applied to oil and gas wells in particular and to mines in general. I shall try to summarize in a sentence so the Senate will have the background.

The sixteenth amendment was adopted in 1913. The first income tax law was passed in October of that year. It provided the first depletion allowance, which was a maximum of 5 percent on the gross sales of oil and gas or minerals at the mouth of the well or mine. This measure was passed by a Democratic Congress, approved by a Democratic President, and administered by a Democratic Secretary of the Treasury, now a distinguished Member of this body—Senator McADOO.

Another law was enacted in 1916 which was carried over into the act of 1917, providing a new basis for depletion, which I shall not detail—passed by a Democratic Congress and approved by a Democratic President. In 1918 another measure was passed and became a law, adopting a new system insofar as discovery properties were concerned. It made special provision where a discovery well was brought in on an oil property or any other discovery of mineral deposits was made. That is the discovery provision which has provoked so much hostility on the part of the Senator from Tennessee [Mr. McKELLAR]. It was passed by a Democratic House, passed by a Democratic Senate, approved by a Democratic President, and was administered in the first instance by a Democratic Secretary of the Treasury, now a distinguished Member of this body, the senior Senator from Virginia [Mr. GLASS].

In 1926 the discovery provision, insofar as it applied to oil and gas properties, was discontinued. It was abandoned. What is known as the percentage basis was substituted in its stead, which permitted depletion in respect of oil and gas properties of not more than 27½ percent of the gross income derived by the operator from the property, the particular property from which the income was derived, and with a further provision that in no case should the depletion allowance exceed 50 percent of the net income from the property.

To make the history complete, discovery value was continued with respect to other mineral resources until the act of 1932, when it was discontinued as to coal, sulphur, and metal mines, which were at that time placed on a percentage basis, the limitation with respect to coal being 5 percent of the net income, with respect to metals, 15 percent, and with respect to sulphur, 23 percent. Why that indulgence in favor of brimstone I do not know unless the supply was not equal to the demand. The discovery provision still continues with respect to other natural deposits excepting those which I have just enumerated.

Mr. President, if there had happened what the Senator from Tennessee [Mr. McKELLAR] charges has happened under this legislation, it would be extremely unwise legislation; I may say it would be reckless legislation; I think I shall go so far as to say it would be reprehensible legislation. But what the Senator said has happened under that measure not only did not happen, but it could not have happened, as I shall undertake to demonstrate.

The Senator from Tennessee said that under the various acts mentioned the owner of an oil property was in the first instance allowed to deplete up to the full amount of cost or value of the property; then that he was allowed to deplete up to the full discovery value of the property; and that then, under the act of 1926, the percentage basis, he was allowed to deplete 50 percent each year on his capital.

To use his illustration, in 1926 and 1927, on the basis of 50 percent, he was allowed to deplete up to 100 percent of the value of the property; again in 1928 and 1929 another 100 percent; and again in 1930 and 1931 another 100 percent. So the Senator said that under the various measures the owner of an oil property would have been allowed to deplete his capital cost seven times. His own computation shows only six times, but I should think that one full depletion more or less would make no particular difference in a wonderland of this sort.

The Senator from Tennessee, beginning with the first act back in 1913 and taking the first 5 years under our depletion policy, stated a hypothetical case which he said he used as an illustration. Unfortunately, it is not an illustration, because it could not have happened. It simply could not have happened. He assumed a party who bought an oil property in 1913 costing $10,000. The Senator said the purchaser would be allowed to deplete $2,000 a year for 5 years until he had depleted the full 100 percent value or cost of the property.

Mr. President, that illustration proceeds upon four false assumptions—and when I use the word "false" I mean no reflection, of course, upon the Senator from Tennessee. His illustration proceeds upon four different assumptions which do not accord with the law or the facts.

In the first place he assumes that under our first depletion act the basis for depletion allowance is the full value or cost. That was not true at all. It had no reference either to value or cost. It was limited to 5 percent of the sale value of the oil and gas at the mouth of the well—not to exceed 5 percent of such value. The Senator proceeds on the theory that a 20-percent deduction could have been made each year for return of capital—20 percent a year, according to his illustration. According to the law it could not have been more than 5 percent; not 5 percent of the capital, but 5 percent of the gross income from the sale of oil. It could not have exceeded 5 percent in any year.

The Senator's illustration proceeds upon the assumption that the Secretary of the Treasury, in rules and regulations prescribed by him, had fixed the life of an oil well as 5 years. No such rule or regulation was ever adopted. Each particular oil well and oil property was treated as a distinct entity, and its expectancy was computed according to the circumstances and conditions of the particular case.

The Senator goes on the further assumption that the production of an oil and gas well would have been uniform for 5 years, yielding a basis upon which 20-percent depletion would have returned the full capital in 5 years. I presume the Senator fell into that error because, generally speaking, oil producers do estimate the productive period of

an oil well at approximately 5 years. It varies in different fields and with different wells; but the trade generally assumes that 60 percent of the full production of the well will be realized during the first year, 20 percent during the second year, 10 percent during the third, 6 percent the fourth, 4 percent the fifth year; but, as Senators all know, these wells generally settle down at about that period and may for years produce 1 or 2 or 3 barrels a day, as illustrated by the 275,000 wells now producing an average of 1 barrel a day.

That is the Senator's illustration, Mr. President; and much of his criticism is based upon the assumption that that illustration is true, or that it could have been true.

I have shown that it is not founded upon the facts or the law; that it is not true; and of course I mean no reflection, as the Senator understands.

Mr. President, that thing did not happen. It could not have happened under the law of 1913. It was a sheer impossibility. Let us see what did happen. Let us see what did happen out in the oil fields where the struggle for existence is a stern reality, and not a mere theatrical performance.

I have here the Two Hundred and Eighty-third United States Reports. I refer to the case of Thompson Oil Co. against the Commissioner of Internal Revenue. If this case had been improvised for the occasion, it could not have more perfectly fitted the facts and the law, or more perfectly refuted the conclusion which the Senator would have us draw from his illustration.

Now, let us see. The case came up from Oklahoma. The Thompson Oil Co. owned a producing oil lease on March 1, 1913, the basic date upon which calculations are made to determine fair market value with reference to our income-tax laws. As already stated, the first measure was passed in October of that year. The oil lease in this case on March 1, 1913, had a fair market value of $156,000; and this case, let me say, involves the law of 1913, the law of 1916, the law of 1917, and the law known as the act of 1918, but which was passed in February 1919. It involves each and every one of those measures.

As I say, the property had a fair market value on March 1, 1913, of $156,000. The oil company depleted for the first 3 years under the act of 1913. That act was in effect during 1913, 1914, and 1915. Under that measure this company was allowed to deplete $6,322. That was the return of capital to this company from that oil property—about $2,000 a year. That was the depletion allowed under the 5 percent act of 1913. But, sir, the actual depletion sustained by the oil company—and this is admitted in the record—was $91,686. Ninety-one thousand dollars was the actual depletion sustained by that company on that property during the 3 years mentioned. Thirty thousand dollars each year would have been allowed to the company, according to the Senator's illustration, but instead of that it was limited to $6,300 in the aggregate for the 3 years, so that as a matter of fact the oil company was compelled to pay taxes on $85,000 worth of its capital extracted from the well.

So you see how unsuited the Senator's illustration is to the law and to the facts at that time.

During the years 1916 and 1917 the company depleted under the new act of 1916. During those 2 years the allowed and the sustained depletion were the same—about $20,000. Then the act of 1918 was passed. When the Government came to apply the act of 1918—the question of discovery value was not involved—when it came to apply that act to this company and to ascertain its depletable reserves, of course, the oil company wanted to establish as broad a base of depletable capital as possible so as to minimize its taxes in the future. So it insisted that $6,000, and only $6,000, the amount which the Government had allowed for 1913, 1914, and 1915, should be charged against its depletable reserves for those 3 years in making the new appraisal.

The Government said, "No." It said, "While we have allowed you only $6,000 return of capital untaxed for those 3 years, when we come to lay the basis of your taxation in the future we are going to subtract the $91,000, notwithstanding $85,000 of it was disallowed, so as to narrow your capital value or reserve in the ground, and thus increase your taxes for the future." So the company was allowed only $6,000 depletion free from tax under the law of 1913; but under the act of 1918, when it came to lay the basis for future taxation, the Government subtracted $91,000 for the same period from the estimated reserves in the ground.

That is what happened, Mr. President. That is the company's experience under the law.

I might say in this connection that on the basis of value the oil in this lease had a depletable unit of 56 cents a barrel on March 1, 1913; but when the Government recomputed the unit of depletion under the act of 1918 it was reduced to 22 cents per barrel. Another element of value had entered into the question in the meantime which I shall not detail. It does not affect the principle.

Mr. President, that is what happened. What the Senator from Tennessee says about depleting once, depleting again, and depleting still again, could not happen under the law.

I ask Senators now to turn to page 23 of the pending bill, go to line 21, and read the sentence beginning on that line. They probably will not understand it. Senators from other than oil and gas States would prove themselves geniuses if they did understand it. I am afraid even some from mining States would not understand it. But what does it provide? It provides:

> In any case in which it is ascertained as a result of operations or of development work that the recoverable units are greater or less than the prior estimate thereof, then such prior estimate (but not the basis for depletion) shall be revised.

And so forth. That when it becomes evident from development and operation that the estimated depletion reserve was erroneous, there shall be a revised estimate. Notice that not the basis—not the value of the remaining reserve—shall not be changed, but only the estimate as to the number of recoverable units.

What does that mean? I will give an illustration in round numbers.

Suppose an oil property cost $100,000. That was the cost. Then its depletable value would, of course, be $100,000. Suppose the Treasury Department estimated that it would yield a million barrels. Then the depletion unit would be 10 cents a barrel. The owner would be entitled to subtract that amount on each barrel from his net income-tax return. You divide the value, of course, by the total recoverable units.

Suppose in that case 500,000 barrels were produced the first 2 years, and depletion was made on that basis, which would mean a return of capital of $50,000, which would still leave $50,000 undepleted in the ground, which would be the base referred to in the section to which I have just called your attention. That base of $50,000 cannot be changed. But suppose the Treasury Department decides that its first estimate was too low, and that the property would still yield a million barrels. Then the $50,000 of remaining value, still undepleted, would be divided by 1,000,000, thus getting a new depletion unit of 5 cents a barrel. Suppose the next year the well yields 100,000 barrels. The owner would get $5,000 as his depletion allowance for that year. The contingency which seemed to frighten the Senator from Tennessee has been hedged against by the Congress itself. So far as cost depletion is concerned, the thing could not happen.

Under the act of 1918, for reasons which I recited the other day, discovery valuation was adopted with reference to oil and gas and other natural deposits in cases where there was actual discovery and where the discovery value was out of proportion to the cost. I shall not rehearse the reasons which gave rise to that legislation.

It proves extremely difficult to administer. Under that law the Treasury, through its engineers, and the company, through its engineers, had to make elaborate computations and investigations to determine what the probable life of the well would be and what its annual production would be during its probable life. It was unsatisfactory from every standpoint; and I do not hestitate to say that, in my judgment, in some instances it led to unex-

pected consequences which were not desirable from the standpoint of the Public Treasury. As a result the law was amended by the act of 1921, so that the depletion in discovery cases could not exceed 100 percent of the net income from the property.

Mr. President, that was a restriction upon the depletion allowance and not an extension of it. It ought to commend itself to the Senator from Tennessee.

Again, in the act of 1924, the 100-percent allowance was reduced to 50 percent, the law providing that the depletion allowance should not exceed 50 percent of the net income from the discovery property. That would be a still further limitation, a still further restriction, upon the depletion allowance, not an extension of it. It ought to commend itself to the Senator from Tennessee.

In the act of 1926, because this discovery-value provision had proven so unsatisfactory and so difficult to administer, the Congress abandoned discovery value, insofar as oil properties were concerned, and provided that the depletion allowance should not exceed 27½ percent of the gross income from the particular property, but in no case to exceed 50 percent of the net income from the particular property.

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

Mr. GORE. I yield.

Mr. COUZENS. Has not the Senator's experience indicated that 27½ was perhaps too much?

Mr. GORE. I will say to the Senator that, as a matter of history, the question is academic. I know of only one case where 50 percent of the net income amounted to as much as 27½ percent of the gross income. That was in the case of the Vinton Oil Co., which I believe came to the Supreme Court. So, so far as the operating company is concerned, so far as those who own the working interests are concerned, that question is largely academic. It does have application to the royalty owner, as I shall show in a moment. I was not a Member of the Senate at the time that law was passed, and I do not know what motives or reasons led to the enactment of that measure.

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

Mr. GORE. Certainly.

Mr. COUZENS. I think I perhaps could refer the Senator to a report made by the select committee of the Senate which investigated the Bureau of Internal Revenue.

Mr. GORE. I have examined the report.

Mr. COUZENS. I think that shows the reason for the change to the 27½ percent instead of using the analytical method of arriving at values.

Mr. GORE. Could the Senator quote the sentence?

Mr. COUZENS. The report which the committee made was the result of a great diversity of opinion among engineers, and a great possibility of fraud and favoritism in using the analytical method of arriving at valuation and, from the valuation, deducting a depletion and depreciation credit.

As an outcome of its study, the committee arrived at 27½ percent of the gross earnings as the proper basis, and experience has demonstrated that the Senator is correct in his position with respect to using this method rather than the analytical method. The only question that arose in my mind was whether or not, in arriving at the 27½ percent, Congress has not been too liberal in its allowance.

Mr. GORE. Mr. President, as I was observing, the law provides that the depletion allowance shall be 27½ percent of the gross income, but that in no case shall it exceed 50 percent of the net income. As a matter of fact, the 27½-percent allowance is seldom allowed, seldom invoked, seldom applicable, because there is a limitation to 50 percent of the net income, and that point is arrived at before the 27½ percent is reached.

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

Mr. GORE. I yield.

Mr. McKELLAR. Both figures should be reduced at the same time, it seems clearly apparent. For instance, if we are to stand by this system, then the reduction certainly ought to be not to exceed 15 percent of gross income, and, say, 30 percent net. These subsidies should not be paid this one class of corporations in the United States.

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

Mr. GORE. I yield.

Mr. REED. When the figure of 27½ percent was arrived at, as the Senator from Michigan will recall, it was on the basis of specific statements from a great group of oil companies which were charging their depletion on the analytical basis. We found extreme irregularity among them. With some of them the depletion was as low as 20 percent of their gross, with others as high as 50 percent. It seemed to us to indicate great favoritism in the administration of that part of the law, and we took the average, which was shown by the analytical method, of all those companies, and it figured out 27 and a fraction percent. Then, when we got the bill on the floor, an effort was made here by some of the Senators from the oil States to increase it to 30 percent. We beat that by a margin of only one vote. That is how the 27½-percent provision was arrived at, and that is how it was kept in the bill.

Mr. GORE. Mr. President, as the Senator suggests, the discovery valuation provision was extremely difficult to administer, assuming absence of favoritism, and assuming its presence, it did open wide the door for abuses, I might almost say scandals, although I have no particular cases in mind.

I do not know exactly what the Senator from Tennessee indicates when he says that no greater depletion allowance should be extended to oil and mining companies than is extended to other corporations.

Mr. McKELLAR. Mr. President, does the Senator want to know what I mean?

Mr. GORE. Yes; I do not know exactly what thought the Senator has in mind.

Mr. McKELLAR. The bill uses depreciation and depletion as one thing. What is called depletion in section 113 seems to be what is referred to as depreciation in the case of other corporations. They all ought to be put on the same basis. Oil companies have depreciation. In addition, they have depletion of 50 percent of their net, which is nothing in the world but a subsidy paid by the Government to oil companies. That is all it is.

Mr. GORE. Mr. President, of course all other concerns have depreciation, and I might say that the table read by the Senator the other day showed that depreciation in the aggregate is 10 times as large as depletion.

Mr. McKELLAR. Yes; if the Senator will permit further, but the depletion is in addition to depreciation. Other companies have depreciation, and these particular companies have depletion in addition.

Mr. GORE. Not at all. Oil companies have both depletion and depreciation. They have depreciation like other companies. Insofar as their machinery, tools, pumps, and other equipment are concerned, they have depreciation like other companies. In addition to that they have depletion, to meet an entirely different situation and characteristic of this business. Depletion is limited to the return of capital as invested in natural deposits.

The Senator's analogy fails. As illustrated the other day, a flour merchant who expended $300,000 for flour and sold it for $400,000 would be allowed to deduct the $300,000 which he paid for the flour before arriving at his gross income. We should not call that depletion, but the thing happens, the deduction is made as a matter of course. With respect to mining concerns, we call it depletion, because it is a return of capital represented by the deposit removed from the ground, and it is done as a matter of public policy in order to enable these concerns to continue in business.

I had supposed that the 27½-percent provision was enacted with special reference to the royalty owners, because, as I understand, they have, technically speaking, no net income. Their net income and gross income are one and the same. Yet their capital is depleted or exhausted,

and they deplete, of course, on the basis of 27½ percent of gross income. They do not deplete on a basis of 50 percent net. They have no net income in a technical sense. Percentage depletion is therefore a matter of vital concern to all owners of royalty, to those who own the land, but who have no share and own no stock in any oil trust or monopoly. It is the only protection provided for that large and important group in the oil States and mining States. Of course, Senators know that this percentage depletion applies only to producing companies where there is a net income from a particular oil property. In this respect there is a distinction between the producing company and the royalty owner.

Books are kept with each separate oil property, a lease generally constituting what is known as "a property."

Mr. President, I come to another part of the Senator's illustration which ought to remove some of the objections which he stated just a moment ago. The Senator spoke of what occurred after depleting in full on the basis of cost, after depleting in full on the basis of discovery value. In that connection let me say this: When a concern claimed discovery depletion after the act of 1918, if it had been operating as far back as 1913, as had the Thompson Oil Co., when the Department came to ascertain its basis for depletion under the act of 1918, all the sustained depletion under each of the preceding acts was deducted from the discovery value in order to ascertain the remaining discovery value subject to depletion under the discovery provision of the act of 1918.

It was not a duplication of depletion, as the Senator from Tennessee seems to fancy. The depletion allowed under the Discovery Act of 1918 was limited to the capital reserve still remaining in the ground. All previous depletion, whether allowed or not—all actual depletion was subtracted in arriving at the new value under the discovery enactment as a basis for future depletion.

But now the Senator from Tennessee says that under the percentage basis provided for in the act of 1926 an oil company which had depleted 100 percent of cost or value, had depleted 100 percent of discovery value, could still deplete again, over and over again. I hope the Senators will note the language.

Mr. McKELLAR. Mr. President——

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

Mr. GORE. I yield.

Mr. McKELLAR. Can the Senator give us any information as to whether the oil companies pay any taxes at all to the Federal Government?

Mr. GORE. Yes, sir; Mr. President.

Mr. McKELLAR. I should like to see such a statement, if the Senator knows of any. Of course we cannot get it from the Treasury, because the Treasury does not permit tax returns to be made public.

Mr. GORE. Mr. President, I will insert in the RECORD a schedule showing the taxes paid by oil companies during the 12 years from 1921 to 1933. That schedule will show that for the year 1932, including the gasoline tax, which is a burden upon the oil producer, the oil industry of this country paid $747,000,000 in taxes; not to the Federal Government alone, but to the Federal Government, the State governments, and our various local governments.

Mr. McKELLAR. How much did it pay to the Federal Government?

Mr. GORE. That year it paid to the Federal Government only $12,000,000.

Mr. McKELLAR. Twelve million dollars to the Federal Government, and the oil industry one of the biggest in the country!

Mr. GORE. The oil industry is one of the biggest in the country, yes.

Mr. McKELLAR. That industry paid to the Federal Government the pitiful sum, comparatively speaking, of $12,000,000. I do not see how the Senator can uphold his contention.

Mr. GORE. That would be characteristic of every other concern which has not been making profits during the depression. One year I remember the Federal taxes ran as high as $81,000,000. The payment of $12,000,000 to the Federal Government was made at the depth of the depression, and while that is true, and while the Federal tax was about the lowest that year of any year, their aggregate taxes, including gasoline taxes, were the highest in the history of the oil industry, the highest in the history of the United States.

Mr. President, the oil and gasoline taxes finally concentrate and react upon the oil producers. They bear the burden either directly or indirectly. Let the Senator mark this: Of all the taxes laid by our National, State, and local Governments combined, aggregating $14,000,000,000 a year, one twentieth of that vast aggregate is paid by the oil industry at one time or another, or in one form or another.

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

Mr. GORE. I yield.

Mr. McKELLAR. The Senator's figures are very interesting. The oil industry, as I understood the Senator, paid seven hundred and some million dollars.

Mr. GORE. Seven hundred and forty-seven million dollars; that is, including the gasoline tax.

Mr. McKELLAR. Yes. The industry paid $747,000,000 to the various State and other governments?

Mr. GORE. Yes.

Mr. McKELLAR. It paid to the Federal Government during that year $12,000,000?

Mr. GORE. Yes.

Mr. McKELLAR. How much of that $12,000,000 was due to the gasoline tax?

Mr. GORE. I do not think any of it was due to the gasoline tax. There is no way to estimate that. Does the Senator mean the profits from gasoline?

Mr. McKELLAR. Then it paid only $12,000,000 in income taxes?

Mr. GORE. To the Federal Government; that is true.

Mr. McKELLAR. To the Federal Government?

Mr. GORE. In that year.

Mr. McKELLAR. Does the Senator think the Federal Government should yield its taxes, and allow the oil business to be a taxable entity solely for the State and county governments?

Mr. GORE. Oh, no; not at all. The oil industry paid in income taxes to the Federal Government $81,000,000, I believe, in the year 1926. Hard as times are, bad as business is, the oil industry paid into the Federal Treasury last year $185,000,000 on gasoline—$185,000,000 paid at the refinery. In addition, the oil business pays the States and counties directly or indirectly, ad valorem taxes, gross-production taxes, excise taxes, as well as income taxes amounting to more than $700,000,000 a year. And excepting the last tax mentioned, the oil industry pays these ad valorem taxes, these gross production taxes and these excise taxes whether it has any net income or not. Is that welching?

I will put in the RECORD at the close of my remarks the schedule showing the record of tax payments for 12 years.

Mr. President, coming back to the Senator's illustration about these repeated deductions of 100 percent of capital, Senators will mark where the Senator from Tennessee said that in 1926 and 1927 they depleted 100 percent; in 1928 and 1929, 100 percent; in 1930 and 1931, 100 percent; 1932 and 1933, 100 percent. It counted up four different depletions of 100 percent.

Mr. President, the fundamental error in the Senator's computation is that he mistook invested capital for net income. Now, let me illustrate.

Mr. McKELLAR. Mr. President——

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

Mr. GORE. I yield for a question; yes.

Mr. McKELLAR. Technically speaking, or speaking from the standpoint of the use of words, the Senator may be correct; but when we come to the actual fact we will find that

each year at present every oil company is entitled to go scot-free of taxes on one half of its net income. The Senator says that an oil well's period of life is, on the average, 5 years. It is easy enough to find what the facts are. The oil companies are escaping taxation.

The Senator makes a bugaboo about dry wells and wildcat wells. They are not the wells that are paying the taxes. They will not pay the taxes under any law; but the real corporations are the Standard Oil Co., the Gulf Refining Co., Doherty's company, and Sinclair's company. Those are the concerns that are virtually escaping taxation under the present law, and it ought to be stopped.

Mr. GORE. Those big concerns realize the bulk of their income not from production, but from pipe lines, refineries, and the marketing end of the business, which incomes are unaffected by depletion of any sort.

Mr. President, in 1920 there were 16,000 oil producers in the United States. But 32 concerns out of that large number produced 58 percent of the total output. Sixteen thousand other individuals and companies produced 42 percent. This number is now much reduced. The mortality rate has been high. The small ones have perished. Perhaps a thousand or so survive. At a more recent date five of the former Standard Oil group produced one fourth of all the oil. Six large independent concerns also produced one fourth of the output, and the remaining independent concerns produced one half of the output.

Mr. President, the big concerns of which the Senator speaks are known in the trade as integrated concerns. They have producing wells or properties; they have refineries; they have pipe lines; they have tank cars and tank ships; they have retail wagons; they have filling stations. These big concerns, however, are not primarily producers, because they make a profit from the pipe lines, they make a profit from the refineries, they make a profit from the marketing of the refined products. It is to their interest for oil at the well to be cheap, and they do not object to a cheap price on their oil at their own wells, because it enables them to purchase oil from the independent producers at a cheapened price. They drive the price down, even though it reacts on their own oil at the well, and even though they take a loss on it as compared with the lifting cost. But when they refine and market the products of the oil, that is when they make their profits, when they do realize a profit, particularly on the pipe lines, which are more or less monopolized by the big companies.

But the independent producer, the little fellow, has no other market than the big companies which own refineries. Crude oil has a limited market. No one has any use for it except those who have refineries. The independent producer is perfectly helpless. He must sell to the big concerns which own refineries, and he has to take the price they pay. It is in his behalf that I stand here pleading today as against the big concerns which can throttle and destroy him, reducing the price of his output so low that he has to sell out to them, and he often does and goes his way and seeks again as a pioneer, or a wildcatter, for another well.

Mr. McKELLAR. Mr. President, the Senator's figures awhile ago struck me with some force. He said that the oil companies of the United States paid $747,000,000——

Mr. GORE. No; I did not say the oil companies.

Mr. McKELLAR. The oil industry.

Mr. GORE. Yes; I said that the entire gasoline tax, wherever imposed, pressed back upon the oil producers. Of course, he does not pay it out of pocket.

Mr. McKELLAR. I am accepting those figures. There are 48 States in the Union, and, according to the Senator's own figures, if the oil taxes were divided ratably by States, each State would get about $17,500,000 out of the oil industry, while the United States, under the law as it exists now and as the Senator is in favor of retaining it, would get only $12,000,000.

Mr. GORE. Mr. President, it is not the fault of the oil companies if they did not pay more than $12,000,000 on their net income in 1932. The Senator knows that in 1932 oil was selling at the well in east Texas for 8 and 10 cents a barrel, whereas I believe the Tariff Board estimated that it cost $1.18 in Oklahoma to produce a barrel of oil. With oil selling for 8 cents a barrel, there was no net income. I presume the oil companies would have been glad to pay on a net income. That was the darkest hour in the oil industry; that was the "Valley Forge"; that was at the bottom of the depression; and some of the big concerns, even the larger companies, found themselves in serious danger. I do not mean the big standard companies or the big independents, but in former years they paid as high as $77,000,000 when the rate was low; they paid what was assessed against them.

Mr. President, the Senator from Tennessee says that these concerns have been allowed to deplete five times over, to realize their capital five times over, in addition to former depletion on cost and former depletion on discovery value, making some seven times full depletion. Here is what actually happened: Take an oil company having properties worth $100,000, we will say. We will take an extraordinary case and assume that such company earns—the record of the business shows that the oil industry, taken as a whole, never has netted as much as 5 percent—but let us assume that this was an exceptionally rich property and an exceptionally fortunate owner, and that the property, which cost $100,000, had a net income of $20,000, which is a high maximum, taking the history of the business into account; but let us say its net income was $20,000. What would its depletion allowance be? It would be 50 percent of $20,000, or $10,000. It would not be $50,000 a year for 2 years, as the Senator from Tennessee estimates, but in 2 years it would be $20,000. The next year, with an income of $20,000, the depletion allowance would be $10,000, and the next year $10,000; so that it would complete its depletion in about 10 years—not 500 percent in 10 years, as the Senator says, but 100 percent in 10 years.

Mr. McKELLAR. Mr. President, let me ask the Senator a question.

The PRESIDING OFFICER (Mr. LEWIS in the chair). Does the Senator from Oklahoma yield to the Senator from Tennessee?

Mr. GORE. I yield for a question; yes, sir.

Mr. McKELLAR. Here is an oil company with an income of $100,000.

Mr. GORE. Oh, no; the Senator is departing from the illustration.

Mr. McKELLAR. Wait a moment; I just want to complete the illustration.

Mr. GORE. But in the illustration the Senator used he assumed the value of the property as $100,000, not the net income.

Mr. McKELLAR. I will now take a company with an income of $100,000.

Mr. GORE. Very well.

Mr. McKELLAR. Suppose the discovery value of the well is $100,000 and it has an income of $100,000.

Mr. GORE. The discovery feature is all past history.

Mr. McKELLAR. Yes; it is past history; but here is what I want to ask the Senator: There is taken off $50,000 of its income for depletion, and that is 50 percent of its capital cost. That is taken off this year.

Mr. GORE. Yes.

Mr. McKELLAR. And next year there is taken off 50 percent on the income, which is $100,000 for capital depletion, solely and alone for capital depletion; and when the two are added together that takes off the discovery value of the well, as I understand.

Mr. GORE. That is the very point I was making. The Senator confuses invested capital with net income. In the case he used on Friday the value of the property was $100,000, and the Senator depleted its value 100 percent each 2 years by taking 50 percent a year. In the case which the Senator has just stated the income was $100,000 a year, and not the capital. That is to say, he assumed a case on Friday where there was $100,000 capital invested, and this morning he assumes a case where the net income is $100,000.

Mr. McKELLAR. Oh, no; on Friday I assumed that the discovery value was fixed at $100,000.

Mr. GORE. Very well.

Mr. McKELLAR. That the income was $100,000 and that there was a depletion allowance permitted of $50,000 because there was a net income of $100,000. and 50 percent was charged up to depletion. Under the law in 2 years the net income would do away with the discovery value.

Mr. GORE. The Senator has now assumed and stated the only conceivable case in which his illustration could apply—a case which is indeed conceivable, but which would never happen—and that is a case where the net income year after year was 100 percent of the invested capital. Of course that would not happen in one case in a thousand, and probably never would happen.

Mr. McKELLAR. The Senator evidently has never read the propaganda that used to be sent out for the sale of stocks of oil companies.

Mr. GORE. I wish I could say I had not. [Laughter.] I put some money in an oil well once and it is still there.

Mr. President, as I have said, the case cited by the Senator on Friday last assumed an oil property worth $100,000, which cost a hundred thousand dollars. Then only if it be assumed that its net profit would be $100,000 a year would his illustration apply and his conclusion follow. The whole history of the oil business shows a net income ranging from the "red" up to about 5 percent or a little less than 5 percent. Of course, there are a few instances——

Mr. McKELLAR. In that case there would not be any tax charged to anybody, because the allowance would be so much greater than 5 percent that there would not be any tax at all paid.

Mr. GORE. That is where the Senator gets confused again.

Mr. McKELLAR. Yes, perhaps.

Mr. GORE. The tax applies to the income, and if they have any net income, and if the depletion applies to the income, whenever they have a net income, of course, the depletion allowance applies. As I have previously stated, where there is no net income, of course, the percentage depletion allowance does not apply, and it is only in a case where the net income was equal to the entire capital invested that the Senator's illustration would be apt. I think, generally speaking, it is assumed that the net profits are something like 6 to 10 percent of the gross—I may be far afield on that—and the history of the industry shows that around 2½ to 3 percent is the net income on the investment.

So, by no conceivable case that would ever happen would the oil company deplete its full valuation in 2 years and again in 2 years and again 2 years, because that assumes that the production would keep up, but, as a rule, it rapidly declines. So the Senator's illustration does not fit the facts as they are.

Mr. President, the Senator suggested the other day that I was speaking for home consumption. I do not profess to be indifferent to the wishes or to the welfare of the people of my State. It happens that Oklahoma has from time to time been the leading oil-producing State in the Union. It is now one of the three largest. It is one of the largest producers of zinc and lead in the United States or in the world and a larger producer of coal. I think I am justified not only in feeling but in expressing interest in the welfare of the thousands of small concerns in my State which are struggling for existence and for the thousands of royalty owners as well.

Of course, it happens that the State of Tennessee is not so largely interested in mining as is the State of Oklahoma, although I may say, in passing, that the mining output of the State of Tennessee is not inconsiderable. During many years the output of the mines of Tennessee exceeded in value the entire output of the cotton crop marketed in the State, and frequently, year after year, the aggregate value of the mineral output of the State of Tennessee exceeded and, indeed, on some occasions has been twice as much not merely as the corn marketed within that State but twice as much as the corn produced in that State. Of course, I do not know why the Senator concentrates on oil and gas unless it be because no oil is produced in Tennessee.

Mr. McKELLAR. Oh, yes; oil is produced in Tennessee.

Mr. GORE. I beg the Senator's pardon. There is a small oil field in Tennessee.

Mr. McKELLAR. There are some oil wells in Tennessee; but I am not asking for a subsidy for the people of my State or of the United States anywhere.

Mr. GORE. I appreciate the fight the Senator has made in the past against subsidies. I sometimes think he sees them where they do not exist.

Mr. McKELLAR. It could not be so in this case because we have the testimony of the Secretary of the Treasury, who is certainly a fair and impartial man. In his testimony before the Ways and Means Committee of the House of Representatives, referring to the allowances for which the Senator from Oklahoma is fighting, he calls those depletion allowances in direct words a plain subsidy.

Mr. GORE. I know he used that language, and it may be very apt as a figure of speech. I believe figures of speech are designed to appeal to the imagination, and they certainly appeal to the imagination of the Senator from Tennessee.

Mr. McKELLAR. The Senator has given the figures showing that the oil industry has paid $747,000,000 of taxes to the various States and counties thereof and only the pitifully small sum of $12,000,000 to the United States Government; there is no indulgence in fancy about the matter. It is a matter of dollars and cents. The oil industry ought to pay its just share of the burden of taxation to the Federal Government as well as to the State and county governments.

Mr. GORE. It pays on its income; and, as I have shown, it pays directly or indirectly more than $700,000,000 a year.

Mr. President, there are one or two other statements I wish to insert in the RECORD in connection with my remarks.

The PRESIDING OFFICER. Without objection, permission is granted.

(See exhibits A and B.)

Mr. GORE. Mr. President, the Senator from Tennessee has greatly overestimated the importance of depletion legislation and depletion allowances in our system of income taxation. He submitted a table the other day showing that for the 10 years, from 1921 to 1930, the aggregate of all deductions claimed by all corporations for all purposes, salaries among other things, amounted to $419,218,847,229. The table also showed that all depletion allowances claimed and received by all corporations entitled to such deductions for the entire 10 years amounted to only $5,031,847,450. That was but a trifle more than 1 percent of the total.

The table showed that for the year 1930 the aggregate for all deductions for all corporations for all purposes amounted to $50,751,112,292. The table showed that the total depletion allowances for that year amounted to only $463,015.786. That was less than 1 percent of the aggregate for the year.

Strange to say, the table showed that the total depletion allowances were less at the end of the 10 years than they were at the beginning of the 10 years. And, Mr. President, this includes and represents all the depletion allowances claimed and received by all the oil companies in the United States, with an aggregate invested capital of more than $12,000,000,000; and all the depletion allowances claimed and received by all the mining companies in the United States, including coal, copper, iron, sulphur, zinc, lead, gold, silver, and every other description of mining property or business.

The total depletion allowances for the year 1930 was less than one half of 1 percent upon the capital invested in the oil and mining business—the third largest business in the United States. It was hardly more than the dust in the balances. Of course, it would not do to say "much ado about nothing."

Mr. President, I think what I have said demonstrates conclusively that the oil concerns cannot deplete once, twice, thrice, and seven times over, as the Senator from Tennessee alleged. The depletion legislation was not designed and has not operated as a subsidy. It was enacted as a sort of insurance against the unavoidable risk and inevitable losses which are inseparable from the oil industry. If the flour merchants, taken as a class, should find from experience that 1 out of every 3 carloads of flour which they order was wrecked or lost in transit and was uninsured, they would have to take that fact into account in the conduct of their business, and the Government would have to take it into account and make allowance for it in the taxation of their business and the fixing of their prices; call it depletion or not.

Let me take the case of a small concern that spends $25,000 in 1 year exploring and drilling a well and gets a dry hole, with no income against which to charge the expense.

Again, the second year another $25,000 is spent, with similar results. Similar expenditure is made in the third year, and again in the fourth year, and thus the small concern has a total loss of $100,000. Such cases are not unknown. In the fifth year the concern invests another $25,000 and gets oil production.

It has been the object of this legislation to reimburse that concern to some extent for the losses which have been sustained and the losses taken in an effort to explore for and discover oil. That has been the design of the legislation. It has not been abused, according to the history and according to the statistics of the industry.

Mr. President, I hope the amendment of the Senator from Tennessee will not prevail.

EXHIBIT A

EXTRACT FROM REMARKS OF JOHN CULLEN, REPRESENTATIVE OF MID-CONTINENT OIL & GAS ASSOCIATION, TULSA, OKLA.

For purposes of comparison it is assumed that the taxpayer invested the same $200,000 in a manufacturing industry and realizes the same net profit of $17,000 cash over the same 5-year period and assumes that he realizes it all in the fifth year. He will pay income taxes in the following amount:

Net profit	$17,000
Less personal exemption	2,500
Net income subject to tax	14,500
Tax 4 percent on first $4,000 of income	$160
Tax on 8 percent on balance over $4,000	840
Surtax	270
Total tax	1,270
Net cash profit remaining	15,730

In this case, the manufacturer pays a total tax of only $1,270 on a true net profit of $17,000 and has left an actual cash balance of $215,730 while the oil producer pays a total income tax of $39,630 without allowance for percentage depletion and a tax of $27,219 after allowance for percentage depletion as provided for in the present law.

Assume that the oil producer is not entitled to consider the $150,000 lost in dry holes in previous years as deductible from the income from the profitable venture, then he realized a net taxable profit after percentage depletion from the profitable venture of $139,100 over the 5-year period.

Had the investment been made in a manufacturing industry where the income was more stabilized and the profit was returned equally each year over the 5-year period, the income tax paid would be as follows:

Total net profit over the period	$139,100.00
Or a net profit per year of	27,820.00
Net taxable income per year	27,820.00
Less personal exemption	2,500.00
Income subject to tax	25,320.00
Tax at 4 percent on first $4,000 of income	160.00
Tax at 8 percent on balance of income	1,605.60
Surtax	1,180.20
Total tax per year	2,945.80
Total tax for 5 years	14,729.00

In this case the manufacturer pays an income tax of $14,729 over the 5-year period on a total profit of $139,100, while the oil operator pays an income tax on the same amount of net profit over the same period of years of $27,219 after allowance for the present percentage depletion, or will pay a tax of $39,630 if percentage depletion is denied.

In both cases the taxpayers invested $200,000 of original capital and the taxpayer in the manufacturing industry has left after all taxes a cash balance of $324,371, while the oil producer has left a cash balance of only $189,781 if percentage depletion is allowed and $177,370 if percentage depletion is denied.

The above examples and comparisons show conclusively the inequities of an income tax law on the oil producer as compared to other industries. They also show the vital importance of percentage depletion or some other reasonable allowance to partially eliminate these inequities. If this deduction is denied capital will not be available to the oil-producing industry and subsidies will then be necessary in order to assure the country of a supply of crude oil.

EXHIBIT B

American petroleum industry investment, earnings and taxes, from 1921 to 1932, inclusive

Year	Estimated investment	Petroleum industry net earnings	Percent earned on investment	Income and profits tax	Other taxes	Gasoline sales tax	Total taxes
1921	$6,550,000,000	−$1,841,457	−0.03	$41,255,601	$62,135,919	$5,382,111	$108,773,631
1922	7,877,375,000	221,615,211	2.81	39,881,349	77,673,174	12,703,088	130,257,611
1923	8,000,000,000	76,355,904	.95	27,525,849	66,460,994	38,566,338	132,553,181
1924	9,150,871,000	227,938,411	2.49	41,791,402	76,079,793	80,442,995	198,314,190
1925	9,500,000,000	471,106,534	4.96	73,366,894	[1]87,668,285	148,358,087	309,393,266
1926	10,000,000,000	475,393,629	4.75	81,503,304	99,256,037	187,603,231	368,368,572
1927	10,500,000,000	104,324,161	.99	32,319,256	107,764,735	258,838,813	398,922,804
1928	11,000,000,000	386,516,430	3.51	64,909,723	[1]117,764,735	304,871,766	487,546,224
1929	11,500,000,000	456,495,196	4.54	66,604,616	[1]127,764,735	431,311,519	625,680,870
1930	12,000,000,000	92,439,088	1.38	38,976,816	[1]137,764,735	493,865,117	670,606,668
1931	12,100,000,000	−333,903,133	−[1]2.76	5,615,514	[1]142,764,735	536,397,438	684,777,687
1932	12,200,000,000	−[1]182,400,000	−[1]1.50	[1]13,800,000	[1]157,410,059	575,887,066	747,097,125
Average of total for 12 years	10,031,521,000	1,994,039,974	1.66	527,556,324	1,260,507,936	3,074,227,569	4,862,291,829

[1] Estimated.

Estimated investment of the oil industry based on best available information. In 1930 American Petroleum Institute estimated the investment of $12,000,000,000.

Petroleum industry net earnings for the years 1921-31, inclusive, from publications of the U.S. Treasury Department. Earnings for the year 1932, estimated, based on published report of 30 major oil companies.

Income and profits tax arrived at in same manner.

Other taxes partially estimated.

Gasoline sales taxes from actual published figures.

It will be noted that the highest earnings on the industry's investment was 4.96 percent in 1925; 4.75 percent in 1926; 4.54 percent in 1929; and that the earnings in other years ranged downward to a loss of 2.76 percent in 1931, giving a weighted average earning on the investment for the 12-year period of 1.66 percent.

It will be noted that out of total net earnings by the industry for the 12-year period of $1,994,039,974, the industry paid in income and profits tax $527,556,324 and in other taxes $1,260,507,936, making a total of $1,788,064,260, which together with the gasoline sales taxes of $3,074,227,569 brought the total tax bill of the industry to the sum of $4,862,291,829.

RECIPROCAL TARIFF AGREEMENTS

Mr. HEBERT. Mr. President, I realize that the subject which I am about to discuss may be said to be not entirely germane to the measure now under consideration, but it is of such tremendous import to many of my fellow citizens in the State of Rhode Island that I feel justified in asking the indulgence of my fellow Senators while I sound a note of warning to them that they may know what impends in the way of legislation in the Congress.

At the hearings before the Committee on Ways and Means of the House of Representatives on a bill to amend the Tariff Act of 1930, held on Thursday, March 8, 1934, the Secretary of Agriculture, Mr. Wallace, speaking of what he termed "inefficient industries", was asked to designate

which ones in his judgment should be displaced. In answer to a question by Mr. TREADWAY, of Massachusetts, he is reported as saying:

It would seem to me—and this is speaking, I may say, quite personally—that it would be necessary for the Executive and his advisers, in administering these powers, to use them with the same consideration for the industries and the wage earners employed in those industries, the inefficient industries, to use the powers with the same consideration for those industries as is being shown with respect to the humanity involved in these export industries which have been crippled by high tariffs. In other words, the procedure should be slow, should be careful, taking into account the fact, we will say, for instance, that here are certain workers who have spent their whole lifetime working in a factory of this type, and if there is a rapid loss in markets for the goods produced through that factory, an injustice might be done, and that fair warning should be given. It would seem to me that special efforts should be made to discover the kinds of goods that could be imported that would be noncompetitive. There are vast amounts of goods in Europe and the Orient produced by handwork methods of the nature of luxuries that could be imported here to the great delight of our women folks. They are the finer types of textiles, of which we produce very little, and in this direction should be our first efforts.

And the following colloquy occurred, as reported in the printed hearings at page 51:

Mr. TREADWAY. Let me get a little more of your views on that textile work. [Laughter.] When you speak of the Orient and India and around in there, I perhaps have in mind hand-woven rugs and that sort of thing, which I admit we do not make; but you used the word "textiles." Will you please give us a little insight into that, because there you are getting pretty near to Massachusetts? [Laughter.] In other words, instead of joking, let us talk seriously.

Mr. WALLACE. I qualified textiles by the adjective "finer."

Mr. TREADWAY. All right. I am glad you used that adjective "finer" textiles. Now will you please distinguish as between finer textiles that can be imported into this country under such trade agreements as you are asking Congress to set up for the administration, and that cannot be manufactured sufficiently and satisfactorily to the purchasing public of this country? Now, if you can answer questions of that kind, we may be able to do some business. [Laughter.]

Mr. WALLACE. Well, sir, it would seem to me to be altogether out of place to go into any great details——

Mr. TREADWAY. No; it is not. We want details; at least, I do. I tried to get them from the Secretary of State this morning without success; but I did do what I could to make the effort, at least.

Mr. WALLACE. I think there are certain grades of lace that Massachusetts does not make.

Mr. TREADWAY. I realize there is a little lace; that is true; but that is not a textile, is it? Would you define fine imported laces as corresponding to cloth?

Mr. WALLACE. Laces carry all the way from 100 to 120 percent; I suppose they must have intended——

Mr. TREADWAY. Yes; but New Jersey produces laces; they can be produced in New Jersey. We went all through that in the Tariff Act.

Mr. WALLACE. If you cannot produce them, why did you put on the tariff?

Mr. TREADWAY. Suppose you put every lace and curtain factory of the States of New Jersey and Pennsylvania out of business by this reciprocal method, how big an impression on the exportation of our goods will that make, by bringing those few lace curtains into this country? Now, if that is the reciprocal trade you men want to get, let us understand it.

The PRESIDING OFFICER (Mr. LEWIS in the chair). Will the Senator from Rhode Island allow the present occupant of the Chair to ask, for information, before what committee that testimony was given? It interests the Chair very much.

Mr. HEBERT. The testimony was given before the Committee on Ways and Means of the House of Representatives on the 8th of March 1934, the committee at that time having under consideration what is commonly known as the "reciprocal agreements bill", which would authorize the President to enter into agreements to change the tariffs to a certain extent upon importance coming into this country.

The PRESIDING OFFICER. The Chair thanks the Senator, and apologizes for interrupting him.

Mr. HEBERT. From these statements by the Secretary of Agriculture, I feel justified in drawing the conclusion that in the administration of the provisions of the so-called "reciprocal trade agreements bill", one of the industries marked for early death is the manufacture of laces, and before I discuss the lace industry, as I propose to do, I want first to correct the misstatements appearing in the testimony given by the Secretary of Agriculture.

It is clear to me that the Secretary of Agriculture is not informed—at any rate, not to any considerable extent—of the domicile of the lace industry, that he does not know the volume of production in this country, that he is not familiar with the number of operatives engaged in our lace mills, and clearly he is not correctly informed as to the duties which laces carry under the existing law.

The Secretary of Agriculture states in his testimony, which I have quoted, that laces are subject to a duty all the way from 100 to 120 percent. Under the Tariff Act of 1930, paragraph 1529–a, wherein are listed all of the laces that are subject to a tariff charge when imported into this country, a duty of 90 percent ad valorem is imposed. Then follows a provision affecting some specific lace articles which carry a duty of 75 percent. In paragraph (b), articles made in whole or in part of lace carry a duty of 70 cents per dozen, 3 cents each, and 40 percent ad valorem, with some modifications for different grades. And it is to be observed that nowhere in this provision of the tariff law is there a duty of 100 or 120 percent provided.

Under date of April 4, 1934, I received a letter from the treasurer of the Richmond Lace Works, Inc., whose mills are located at Alton, R.I. He says with reference to these proposed reciprocal tariff agreements:

As Secretary Wallace has publicly cited the lace industry as one of the inefficient industries, and seems willing to sacrifice the entire industry in order to endeavor to develop export trade, I beg to call attention to a few facts with regard to this industry.

With an experience of 25 years in an important position in the cotton textile industry, plus 17 years in the lace industry, I feel perfectly competent to state that in my opinion the lace industry in America has become a very efficient industry. It is the most intricate, complicated branch of the entire textile industry.

In 1909–10, for a period of some months, the United States Government invited investment in this industry by placing the complicated and expensive lace-making machinery on the free list, and many investors in this country responded, with the result that more than $20,000,000 of invested capital was put into the industry, followed by further amounts in recent years, and probably more than 8,000 people are employed, many of them highly skilled workers, who look upon their occupation as a life trade.

I believe that today the industry is more efficient in the United States than in Europe, but due to the very high wages paid here in comparison with those paid in France and other European countries, probably three to four times as great, the lace industry certainly needs a high rate of tariff protection in order to survive. The present rate was never intended to shut off foreign competition, as it is most desirable to have European goods coming into this country freely as they always have, but we do need an adequate rate in order to exist, and the present rate has been found over a period of years to be not too high.

It seems to us that the lace industry is a very desirable one for the United States, providing lucrative and agreeable employment to many people.

The industry was one of the first to respond under the National Industrial Recovery Act, and is operating under the sixth code signed by the President. Naturally our operating costs have been increased materially, but the industry is operating in a very efficient manner, and we greatly resent Secretary Wallace's characterization of the industry as inefficient.

Especially in view of the manner in which investment in this industry was encouraged by the Government, we feel that it would be a great injustice to wipe out the invested capital and throw out of employment thousands of people in order that some foreign trade in other commodities might perhaps be obtained.

It is our hope that you will make every possible effort to oppose the passage of this bill, at least in its present form.

The writer of this letter, I believe, is absolutely correct in the conclusions which he sets forth in his letter.

Now let me give you a little bit of the history of the lace industry as it has been developed in the United States. It was first established here in 1909, shortly after the passage of the tariff act of that year. That tariff act exempted lace machinery from any import duties, the idea being that it would encourage the establishment of that type of manufacture in this country, to supplement the cotton-textile industry, and to take up the excess labor which had previously been employed in cotton-cloth manufacturing. As a result of this legislation a number of plants were established at that time, and it is estimated that approximately 95 percent of the machinery for the manufacture of laces now operating in the United States was imported during that period. I may add that all lace machinery now in use here is imported from abroad.

The lace industry of the United States had its inception in the State of Rhode Island, where at the present time nearly half of the total productive capacity is to be found. Some mills are located in the States of New Jersey, Pennsylvania, New York, Connecticut, Ohio, and Illinois. The number of lace machines, as the looms upon which laces are manufactured are known, and the States where they are located, are as follows:

Rhode Island	258
New Jersey	70
Pennsylvania	78
New York	80
Connecticut	70
Ohio	31
Illinois	29
Total	616

CAPITAL INVESTED

At the time the tariff bill was under consideration here in 1929, it was estimated that approximately $25,000,000 had been invested in the lace mills in the United States. There were at that time some 8,000 operatives actually employed in the industry, though it was estimated that at full capacity they could provide employment for not less than 15,000 people. While actual production for the year 1927, which was the last then available, had a value of approximately $12,000,000, yet the potential annual output was estimated to be in the neighborhood of $35,000,000.

As compared with this total output of the industry in the United States, the then average annual importations had a value of something in excess of $26,000,000.

In other words, while the output of our mills at that time had a value of approximately $12,000,000 the importations from abroad competing with those products of our mills had a value of approximately $26,000,000.

COMPARISON OF AMERICAN AND FOREIGN METHODS OF MANUFACTURE

The lace machines operated in America are identical with those in use in France and England, our principal competitors, though our machines are, in the main, more modern. The fact is that all of our machines are imported from abroad, none of them being produced in the United States. It is safe to say, too, that American plants are operated more efficiently than those in Europe. For the most part, the individual units are much larger. The average American plant consists of from 18 to 20 lace machines, whereas European plants, particularly those in France, operate from 2 to 6 machines per unit. It is to be noted that every process of manufacture, both here and abroad, is identical, so that the only essential difference in costs is found in the items of labor and yarns.

COMPARATIVE WAGES IN UNITED STATES AND EUROPE

Ninety percent of the lace-machine operatives in this country have been trained abroad. The training of these operatives is a slow process and so far as the operation of machines in the industry is concerned, it follows that there is no difference in point of efficiency between the United States and France and England.

There is a difference, however, in the salaries and wages paid to the operatives. For example, in 1929, lace weavers in this country were paid a weekly wage of approximately $55, whereas the same workmen, trained in the same way, though working longer hours generally, but having the same efficiency and operating machines identical with those in the United States, received $14 per week in France. The workers other than weavers in the mills in the United States received a weekly wage of $42, while like operatives in France were paid $9. The average wage in the lace mills of this country at the time to which I refer was $39.88 per week per worker; and the average wage in the lace mills in France at that time was $9.38 per week.

Practically all of our lace machine operatives were trained in France and England, and if we assume they are inefficient, then we must assume that similar operatives in France and England are likewise inefficient.

It cannot be said that there is inefficiency in the lace industry in the United States, so far as the machinery is concerned, since that, too, is manufactured abroad and imported here and is just like that in use abroad.

It is true, and I have admitted the fact many times, because we had this subject under discussion for a considerable period of time when the tariff bill was before the Senate in 1929, that unless the lace manufacturers in the United States can secure a sufficient degree of protection so as to equalize the labor cost, they cannot compete with importations from abroad. That is likewise true of many of our American industries which have to meet foreign competition and which could not be classed as inefficient by any stretch of the imagination. Given the same conditions of manufacture, the same costs of material, the same rate of wage as obtain in the countries of Europe, my contention is that American manufacturers could compete with the world. I believe that is true of the lace industry, but it is not hard to understand how difficult is the problem of the American manufacturer whose wage rate is 400 percent greater than that of his competitors abroad. It might be that in some industries, because of mass production and of conditions which obtain there and are nonexistent elsewhere, our manufacturers can, in a large measure, overcome this difference in the wage scale, but it is not true of the lace industry since the processes are the same here and abroad, the machinery is the same, the quantity of production is about the same, and therefore the cost to the manufacturer is about equal with the exception of the item of labor.

It happens that the lace industry in the United States was first established in the State which I have the honor to represent in part in this body. It gives employment in normal times to several thousand people. It employs skilled labor, and it has paid high wages, on the average. Notwithstanding lace is protected to the extent of a 90-percent duty, it has come to my attention only recently that our mills are unable to compete with foreign importations. In fact, within a month, the representatives of lace factory operatives in my State wrote me and asked me to endeavor to obtain a sufficient degree of protection so that they might secure employment.

Mr. DAVIS. Mr. President, I might say to the Senator that the same condition exists in Pennsylvania.

Mr. HEBERT. I am quite sure that that must be so, because the conditions in the lace mills in Pennsylvania are very much the same as those in the lace mills in the State of Rhode Island, and in every other State where that industry is domiciled.

It will be observed that the Secretary of Agriculture proposes that those who are to be charged with the enforcement of the reciprocal provisions of the tariff bill shall have due regard to the humanity involved. Those officials of the new deal who propose to set themselves up as the final arbiters of what, in our country, is to survive, and what shall pass away, intend to be merciful so far as the exigencies will permit. In other words, it is not proposed that the lace industry, among others which the Secretary has marked for extinction, shall be summarily put out of existence, but rather that it shall be permitted to die a slow, lingering death. For, he says in the course of his testimony, to which I have already referred:

> It would seem to me, and this is speaking, I may say, quite personally, that it would be necessary for the Executive and his advisers in administering these powers, to use them with the same consideration for the industries and the wage earners employed in those industries—the inefficient industries—to use the powers with the same consideration for those industries, as is being shown with respect to the humanity involved in those export industries which have been crippled by high tariffs. In other words, the procedure should be slow, should be careful, taking into account the fact, we will say, for instance, that here are certain workers who have spent their whole lifetime working in a factory of this type; and if there is a rapid loss in markets for the goods produced through that factory, an injustice might be done, and that fair warning should be given.

Thus we see that, according to the views of the Secretary of Agriculture, an industry the death of which shall have been decreed is to be notified of the fact beforehand. It is to be told when it should prepare itself for the final stroke. Those engaged in that industry—the workers, the men hav-

ing families to support, men who in many instances have been able to save something out of their earnings to purchase their little homes—will be notified in advance so that they may prepare themselves to engage in other lines of work. I assume what the Secretary of Agriculture has in mind is that a lace worker, for example, may in the space of a few months prepare himself to become a cultivator of the soil; or perhaps he might soon learn the manufacture of automobiles and fine tools; all of this during his spare time, so that when his industry passes out of existence he can step right into some other line of work. It does not appear that any consideration has been given to the capital needs of the business that is to die. It is assumed that the decrees are to be issued in advance of their execution, but no thought is to be had for those whose capital is invested, and, of course, all hope of recovering it must be abandoned. This will mean the loss of the savings of many of the working people—in Rhode Island at any rate, since much of the capital of the lace industry there comes from that source.

So far as the manufacture of lace is concerned, then, not long after the passage of the reciprocal tariff law the workers are to be told, with due consideration and with regard to the humanity involved—slowly, carefully—since they have spent their whole lifetime in a factory of this type—lest an injustice might be done and that fair warning may be given:

"Your industry is inefficient; at any rate, it is not as efficient here in the United States as it is in England and France. Therefore we have decreed that your jobs must be given to workmen in those countries. It is true that they work for about one fourth what is paid you. Their machines are no better than yours, but you cannot compete successfully with them. We are going to take away your protection and remove the duties on laces from other countries. We shall enter into trade negotiations with them to the end that someone here will be benefited, but you must make the sacrifice. Efforts will be made to find employment for you elsewhere, and it is hoped they will succeed."

Mr. President, the case I have cited is but an example of what may eventuate if the reciprocal tariff bill passes and its provisions are to be enforced by theorists who, for the most part, have no business of their own or have never been able to succeed in business if they have ever had one or have no experience in any industry. The manufacture of lace, started here at the instance of and with the encouragement of our Government, may be the first to pay the penalty of failing to live up to the standards of efficiency of a group of bureaucrats. What are the others that are to be marked for extinction? I have heard beet sugar mentioned. There must be many others. If, as in the case of lace, they need protection because of the high wages they pay, then may the wage earners be admonished as to what is impending.

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

Mr. HEBERT. I yield.

Mr. VANDENBERG. I have the greatest sympathy with the Senator's sturdy pro-American thesis. It may be some consolation to him, in respect to the lace industry in his State, to know that we in the Middle West have had experience of this same unhappy sort with these prospective tariff-bargaining bureaucrats, and we know what an amazing percentage of error they can reach in their conclusions. So much error may ultimately give pause even to our Democratic leaders ere they persist in this menacing program.

We of the West have been told, for example, that our domestic sugar-beet industry, like the Senator's lace industry, is inefficient, this being the word of the Secretary of Agriculture, and that it is expensive, this being the word ominously used by the President in his sugar message. We are told that, because it is inefficient and expensive, in the view of these philosophers, sooner or later it should progressively disappear from our economy. Yet the fact is that, thanks to this inefficient and expensive industry, sugar sells in the United States at retail cheaper than anywhere else in the world, with two possible exceptions. Not only is it prominent and useful in our agriculture and industry but it is a boon to our ultimate consumers. If that shows inefficiency and if that shows expensive production, heaven give us more of them in this country rather than less.

But the point is, as was well submitted by the able Senator from Rhode Island, who commendably steps promptly to the defense of his own menaced people; the point is that it is nothing less than contemptuous impudence for any academic bureaucrat in Washington to undertake to classify and regiment and hobble and ultimately to decree the destruction of any industry in the United States. This is not freedom. It is feudalism.

Mr. HEBERT. Mr. President, I thank the Senator for his observation. I should have no fault with the judgment of men qualified to pass upon those things. If men in the industry itself, who have spent a life of endeavor in acquiring knowledge of it, were to pass upon the efficiency or inefficiency of a particular plant, that would be something with which we might have some sympathy; but to leave it to bureaucrats, to theorists, to men who probably never have been inside a lace factory, to decide that any factory is inefficient, is, to my mind, reducing the problem to the point of absurdity.

Mr. VANDENBERG. Mr. President, may I interrupt the Senator once more on the same point, again carrying my analogy into his thoroughly pertinent observation?

Mr. HEBERT. I yield.

Mr. VANDENBERG. The particular commissar of the Department of Agriculture who is in charge of our sugar industry is a rice expert. He never was remotely related to sugar until within the last few months.

Mr. HEBERT. Mr. President, I assume that because both rice and sugar come from the soil, therefore he is qualified to pass upon both, and the efficiency of the production of each.

Mr. FESS. Mr. President, I think I can give a better illustration. In order to be assured that you are not prejudiced in what you do, you ought to have somebody who does not know anything about it pass on it. Then there can be no charge of prejudice.

It seems to me that the Senator from Rhode Island has been making a very remarkable statement about an industry which is new in the United States. I have been impressed by what he has said. The industry is very young, yet there is invested in it in the neighborhood of $29,000,000, more than is invested in either of the old countries where the industry had its beginnings; and as I understood the Senator, all the machinery used by the American manufacturers is purchased abroad.

Mr. HEBERT. That is true.

Mr. FESS. There is no reason why, under American stimulation, we may not also produce the machinery that is needed. The difficulty with respect to this theory is that we must take into consideration the European producer, in the hope that he will buy from us something that he is not buying at the present time. If that hope—which is a faint one, it seems to me—shall not be realized, it will give him employment that would otherwise come to America.

It seems to me the Senator from Rhode Island has castigated fairly the unfair situation which results from holding that, on the mere basis of inefficiency, we are not going to permit the lace industry at home to continue; and if that is to be the judgment with respect to industry generally, then, as the Senator from Michigan said, God help American industry.

Mr. HEBERT. Mr. President, following along the lines of the observations made by the Senator from Ohio, these lace machines have never been produced in the United States, because they are most intricate and are very expensive; and our manufacturers here have never felt justified in entering upon their production, because they have never felt they could secure the protection they need against importations from abroad.

I have already said in my statement here this morning that the labor cost in the lace mills in the United States is just 400 percent more than that in France. Incidentally, during the tariff debate in 1929, I endeavored to secure further protection for American-made laces, and the item

was contained in the bill as it passed the Senate but was eliminated in conference, and the inadequate provision for protection theretofore afforded was restored.

Let me state as a matter of interest, that when it was learned in Calais, France, which is the center of the lace industry of France, that the duties had been increased in the tariff bill, the French lacemakers paraded the streets, and it is said that as many as 5,000 people walked the streets of Calais protesting against what the Senate of the United States was attempting to do in order to find employment for its own people at remunerative wages. Whether or not the demonstration in Calais had any effect upon the Congress at that time I am not prepared to say, but I repeat that the item which I succeeded in having embodied into the tariff bill at that time was taken out in conference.

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

Mr. HEBERT. I yield.

Mr. FESS. I think what we should primarily ask of the administration which is requesting this legislation, is a bill of particulars. What industry in the United States is to be exchanged for some alternative one over in Europe? There must be something sacrificed by us if we are to get something we are asking for, and it seems to me the administration ought to be frank with us and give us that information. The Ways and Means Committee of the House tried to get the information from the administration officials as to what particular industries we are going to sacrifice in order to get some special advantage from Europe which will enable us to increase our exports to Europe.

Mr. HEBERT. Mr. President, the members of the committee who heard the Secretary of Agriculture, tried repeatedly to have the Secretary enumerate the industries that were going to pass out and be exchanged for industries abroad, in order that we might in this country make some advantageous agreements, but so far as I have been able to learn from a reading of the proceedings of that hearing they were not successful in having the Secretary of Agriculture name one, unless it be the lace industry, which I am discussing at this time.

Mr. FESS. That seems to me to be the serious danger of this blanket authority, because we are asked to give to the Executive authority without any specification as to what particular items will be acted upon, and it seems to me that not a Senator here would be willing to grant that sort of blanket authority.

Mr. HEBERT. Mr. President, so far as the State which I in part represent is concerned, it is a very serious question. In that State we are essentially industrial, and unless our industries can have the necessary protection they are going to be wiped out. Many of our industrialists are most apprehensive, if I can read aright their views as expressed to me in the letters they are writing me constantly as to what is going to happen to them if the bill shall be enacted into law.

To such an extent is that true that in many instances the necessary capital is not forthcoming because of the uncertainty of the future. That, I again submit, may have much to do with preventing the recovery which we all hope to see.

Mr. VANDENBERG. Mr. President——

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

Mr. HEBERT. I yield.

Mr. VANDENBERG. The Senator was referring a moment ago to the reaction in France 2 or 3 years ago when we temporarily increased the tariff on laces. I should like to call his attention to the more immediate reaction in Italy when the House passed the reciprocal tariff bill which the Senator is attacking. I read an Associated Press dispatch of March 29, 1934, from Rome:

> Approval by the United States House of Representatives of a bill conferring tariff bargaining powers upon President Roosevelt was welcomed prominently here tonight in the Italian press.

This is the Italian press applauding the action of the American House of Representatives. Continuing reading:

> Although the news arrived too late for official comment, the Fascist attitude toward the action was easily predictable, since Fascism always has considered tariff commercial conventions a particular prerogative of the Chief Executive.

In other words, Mr. President, with the Senator's permission I observe that the pending legislation, which the Senator so correctly and justly castigates, is a direct and specific step in the direction of American fascism.

Mr. HEBERT. Mr. President, I have mentioned what may happen to the lace industry if the bill should become a law. I am led to ask, What other industries are to be marked for extinction? The Senator from Michigan has referred to the item of beet sugar. I assume that there are many other items. If, as in the case of lace, they need protection because of the high wages that are paid, then may the wage earners be admonished as to what is impending.

Mr. President, this proposal of the Secretary of Agriculture, may or may not be a beautiful theory, but whether it be good or bad, it is pure theory nevertheless. It is in no sense new. Something of the kind has been tried through the years, indeed, through the centuries, and has always been set aside because it would not work out in practice.

If the passage of the pending reciprocal tariff bill contemplates any such action on the part of any administration, whether Democratic or Republican, then I am opposed to it, and I shall continue to oppose it while I am a Member of this body. After all, this is a government of laws and not of men.

Mr. FESS. Until recently.

Mr. HEBERT. And the Senator from Ohio remarks, "Until recently", and to some extent I am inclined to agree with the observation. It seems to me the tendency has been to change its form, notwithstanding it has been successful now for 150 years.

We are told that reciprocal tariff agreements will encourage foreign nations to purchase our goods. What are their means for doing so? They are unable, at any rate, that is their contention, to pay us the money which they now owe us. Would it be wise under those circumstances to make further advances to them upon their credit? They have not bought our goods for the simple reason that they have not thought it was advantageous for them to do so.

It must be borne in mind that other nations do not purchase our goods out of sentiment. They make purchases of us when they find it to their advantage to do so, just as we buy from them when we are convinced that it will be to our advantage.

I should prefer to protect our American markets, give employment to our people, maintain our standard of living—and, after all, they consume 92 percent of everything we produce—than to take the chance of destroying those markets for the sake of some business from abroad.

Mr. President, I realize that a more opportune time to discuss this particular question might present itself when the reciprocal tariff bill reaches the Senate for consideration, but I have been unwilling to defer until then this discussion of the recent statement of the Secretary of Agriculture in relation to an industry which means so much to the people of my State, and which in its implications, means the survival of the industrial system of our country.

This question rises above partisan politics, Mr. President, because it involves our whole people and their destiny. But if it must become involved in politics, I am encouraged that the party to which I have the honor to belong is a unit against this new threat and will resist it to the end. We are for protection. We are for America.

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. 1135) to amend section 1 of the act entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes", approved June 25, 1910, as amended.

The message announced that the House had passed without amendment the following bills of the Senate:

S. 193. An act to amend section 586 (c) of the act entitled "An act to amend subchapter 1 of chapter 18 of the Code of Laws for the District of Columbia relating to degree-conferring institutions", approved March 2, 1929;

S. 194. An act to change the name of B Street SW., in the District of Columbia;

S. 1820. An act to amend the Code of Law for the District of Columbia;

S. 2057. An act authorizing the sale of certain property no longer required for public purposes in the District of Columbia; and

S. 2509. An act to readjust the boundaries of Whitehaven Parkway at Huidekoper Place, in the District of Columbia, provide for an exchange of land, and for other purposes.

The message also announced that the House had disagreed to the amendments of the Senate to 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, requested a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. COLLINS of Mississippi, Mr. PARKS, Mr. BLANTON, Mr. BOLTON, and Mr. POWERS were appointed managers on the part of the House at the conference.

ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (S. 2729) to repeal an Act of Congress entitled "An Act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes", approved February 14, 1917, and for other purposes, and it was signed by the Vice President.

WAR DEPARTMENT APPROPRIATIONS

The PRESIDING OFFICER (Mr. WHITE in the chair) laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to 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, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. COPELAND. I move that the Senate insist upon its amendments, agree to the conference asked by the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. COPELAND, Mr. HAYDEN, Mr. SHEPPARD, Mr. STEPHENS, Mr. TOWNSEND, and Mr. CAREY conferees on the part of the Senate.

CHARGES OF DR. WIRT—CANCELATION OF AIR-MAIL CONTRACTS

Mr. ROBINSON of Indiana. Mr. President——

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

Mr. HEBERT. I yield the floor.

Mr. ROBINSON of Indiana. Mr. President, I send to the desk a copy of a resolution adopted by the Dunes Federated Club, of Gary, Ind., and ask that it be read.

The PRESIDING OFFICER. At the request of the Senator from Indiana, the resolution will be read.

The Chief Clerk read as follows:

DUNES FEDERATED CLUB,
Gary, Ind., April 5, 1934.

Senator ARTHUR R. ROBINSON,
Senate Office Building, Washington, D.C.

DEAR SENATOR ROBINSON: At a regular meeting of the Dunes Federated Club the following resolution was endorsed unanimously:

"Whereas the extensive publication of recent statements of William A. Wirt, superintendent of Gary schools, charging unnamed Government officials with engaging in certain subversive and revolutionary movements designed to overthrow our present constitutional Government has created Nation-wide interest in the subject; and

"Whereas Dr. Wirt is known to members of the Dunes Federated Club, of Gary, as a man of serious thought and unimpeachable integrity: Therefore be it

"*Resolved*, That the Dunes Federated Club, of Gary, considers the above-mentioned charges of such grave importance as to require a full, searching, and complete investigation by a competent congressional committee into the truth or falsity of the charges, and that if the charges be sustained appropriate action should be taken by the Government; and be it further

"*Resolved*, That copies of the foregoing resolution be sent to United States Senators FRED VAN NUYS and ARTHUR ROBINSON and Congressman WILLIAM T. SCHULTE."

We are asking your aid of Dr. Wirt in his preparation for and his appearance during any hearings before the House committee. We will greatly appreciate your influence in bringing about a complete investigation for the purpose of safeguarding the inherent rights of the American people.

Very respectfully yours,

L. LU ELLA COX,
Corresponding Secretary.

Mr. ROBINSON of Indiana. Mr. President, a few days ago Dr. William A. Wirt, a very prominent educator, superintendent of the Gary schools since 1907, made his statement with reference to the trend of this Government toward Russian communism or toward communistic methods under the direction of the so-called "brain trust." Tremendous publicity was given to the utterance of Dr. Wirt. I suppose the country was stirred by that statement as probably by nothing else in recent weeks, unless, indeed, by the ruthless cancelation of the mail contracts, which was itself originally a tragic blunder, to be followed by blunder after blunder, until we have now reached the point where the aviation industry in America is practically destroyed, and a method for reestablishing the mail routes has been proposed by the Postmaster General that seems to have in it neither method nor reason.

However, I wanted to say a word about Dr. Wirt and his charges. No sooner had his statement been given publicity than prominent members of the Democratic Party, all over the United States, sprang to their feet attempting to indict Dr. Wirt. Prominent members of Congress of both Houses have pounced upon him as if he were a criminal, and, since there was no real answer to the charges he had made, they have sought to poison public opinion against Dr. Wirt himself by attempting to laugh off the charges, as if he were a common clown. Mr. President, that just simply cannot be done. The reason there has been the tremendous interest in the charges made by Dr. Wirt is because the American people—I think a majority of them—have been thinking along the same lines and Dr. Wirt has expressed in concrete terms the fears of the country. Because of that fact, his charges have had wide attention, and will continue to have wide attention, regardless of whether or not tomorrow the House committee may give him an opportunity to develop those charges. Many people here and throughout the country believe that the attempt tomorrow will be to convict Dr. Wirt, when, as a matter of fact, it is the "brain trust" and their wild idiosyncrasies of government that are under fire. It is not Dr. Wirt who is under fire; it is the "brain trust." Let no one ever forget that for a moment.

Dr. Wirt is a public-spirited, patriotic American citizen, who has a tremendous audience every time he speaks, who is known to every educator in the country, and who has done valuable constructive work in the educational world. But the "brain trust"—that is different.

There was this morning brought to my attention an article by David Lawrence in the United States News of the issue of April 9 of this year. I shall not read it all, but I certainly want it to go into the RECORD, because this whole question is well covered by Mr. Lawrence. It is under the caption—

THANK YOU, DR. WIRT

Midwestern educator has performed a public service in asking for an inquiry into the operations of the "brain trust." It is a species of invisible government that should be brought into the open. All influences that motivate legislation should be revealed.

Then the article reads at the outset as follows:

Out of the Middle West—from Hoosier land—comes a cry for truth.

The man who seeks it is not of Wall Street.

Dr. Wirt was not a broker or a New York banker or a high-powered salesman.

Dr. Wirt was not one of those oft-condemned classes who are supposed to be responsible for the crash of 1929 and the misery of our fellow citizens.

Dr. Wirt is just a superintendent of schools—one of those charged with the duty of telling the youth of America that this is the land of the free and the home of the brave; that the Con-

stitution is a living document of human as well as property rights; that the system of government established by George Washington and Thomas Jefferson was a broad charter of principles, as fair today as it was 150 or more years ago, and that the people can add to or subtract from it at will by proper methods.

So Dr. Wirt has a right to speak and to ask questions. His position entitles him obviously to the right to petition Congress and ask what governmental policies mean. Nobody can deny him that privilege.

We can dismiss as lightly as we please the comment that somebody told Dr. Wirt that Mr. Roosevelt was just the Kerensky of the revolutionary movement and that a Stalin would succeed him. This is not really the important question—what someone remarked to someone else. The query raised by Dr. Wirt is a broader one and Congress would do well not to brush it aside carelessly.

There should be no whitewashing of the "brain trust" tomorrow when the House committee meets. It should give Dr. Wirt an opportunity to make his statement first of all, and then interrogate him, as other witnesses are interrogated when they come here.

Dr. Wirt is an American citizen entitled to the respect of the Congress. If the "brain trust" respects nobody, it does not mean necessarily that the "brain trust" controls the Congress, and that therefore Congress will respect nobody.

The country expects the House to go into this matter, and if it is not done right over there, then a committee should be appointed by the Senate for a real investigation. There should be no whitewashing of the "brain trust."

Dr. Wirt is not on trial. Let that be understood. It is the "brain trust" that is on trial.

I quote a little further from the David Lawrence article:

Who is back of new-deal legislation? For many years we have been condemning invisible government. We assume that hidden influences are corrupt. But often they are by no means corrupt because they hide from public view. In the present instance the "brain trust" works invisibly because that is tactful technique as long as we have the National Legislature.

Of course, if the National Legislature is abolished and we have a dictatorship, either a Kerensky or a Stalin in charge of the Nation, then the "brain trust" can be as bold as it desires. But it is necessary, so long as we seem to have a form of constitutional government, a form of parliamentary deliberation, a legislative system, to use tactful technique.

The article proceeds:

But it would be interesting to know the authorship of the new-deal legislation, just who sponsored some of the provisions in existing law and what were the reasons back of such sections of law as are today causing confusion and litigation.

There will be no difficulty about securing an admission that certain phrases were inserted in the preamble of existing law as a subterfuge—

This is Mr. Lawrence himself making the charge. This is not Dr. Wirt speaking:

Certain phrases were inserted in the preambles of existing law as a subterfuge, namely, to give lower courts—

This is a serious charge, Mr. President—

to give lower courts a chance to uphold the alleged constitutionality of measures which were sought as a means of regimenting the American people under a system that is entirely alien to American tradition.

There will be no difficulty, too, about discovering that the now famous consent-in-advance theory was written into law and is inserted in the codes and is to be found in pending bills. It is as unfair a method of forcing the citizen to forfeit his constitutional rights as has ever been devised.

Then, skipping some more of the article, I read further:

What conferences are held by members of the "brain trust" with the Members of Congress? By whose authority are they sent to Capitol Hill to lobby for legislation?

Mr. Lawrence is speaking of the "brain trusters":

By whose authority are they sent to Capitol Hill to lobby for legislation? And what interests do they consult when they draft legislation?

Yes; whom do they consult? Is this just a closed corporation? Is this indeed the invisible government?

We cannot for either the good of the left wing or the right wing point of view afford to have secrecy in government.

Members of Congress, driven by the party whip, have been inclined to accept administration proposals as being the work of the President or at least of having his sanction and approval. But he cannot possibly know the hidden meanings that lurk in the clever and adroit phrases written into legislation by a group of "brain trusters" who have in the back of their minds a complete alteration of our system of government.

For years lawyers of big business have very cleverly used loopholes in the law and vague phrases to save their clients from going to jail. There can be little question about that. But does that justify the legal brain trusters in resorting to the same tactics of intellectual dishonesty? Do two wrongs make a right? And is this the fair way to deal with the rights of millions of people? Would it not be desirable to debate these questions so that if the people wish to surrender their rights they may do so with their eyes open and with full knowledge of the facts?

Did the American people in the 1932 election vote for Mr. Roosevelt or for a tricky group of lawyer "brain trusters"? Did the American people have the slightest inkling that the Cabinet would be relegated to a secondary position and that behind the scenes a group of new-fangled thinkers with economic doctrines and experiments suited to other lands and other environs would reign supreme in the making of a legislative program?

Who made this program? Who are the "brain trusters"? Who runs this Government?

Then I pass over a few more paragraphs, and read further:

We shall have to consider whether the classification of Mr. Roosevelt as Kerensky is not metaphorical after all. Do the men who have dominated new-deal legislation think they can mold Mr. Roosevelt to their views and gradually lead him on to a more and more extreme change in our system of Government and in our whole economic set-up? Doubtless they do. That is the true purpose of the "brain trust."

There is a direct charge, not by Dr. Wirt but by Mr. Lawrence in the United States News:

That is the true purpose of the "brain trust."

Further on in the article Mr. Lawrence says:

The House committee may ask Dr. Wirt a few questions, give him his day in court—

Mr. President, Dr. Wirt is not in court. Dr. Wirt makes the charges. I think the vast majority of the American people believe there is a great deal to these charges. They cannot be laughed off.

The House committee may ask Dr. Wirt a few questions, give him his day in court, and try to forget the episode. But it will not be squelched. It will rise again to plague everybody who tries now to minimize its importance or significance.

The way to meet charges of this kind is by public debate and exposure.

Nothing is so wholesome as the exposure of such controversies and doubts to the fresh air of public opinion.

Dr. Wirt indeed may naively inquire of Congress: "What shall I say to the youth of my city?

"Shall I tell them that the government of the people and for the people and by the people is just a myth?

"Shall I teach them that the Constitution is nineteenth century liberalism and is out of date?

"Or, shall I teach them that the invisible influences which seek to alter our form of government by adroitly worded statutes and demagoguery are merely passing phantoms in a world of too many ghosts?"

At the conclusion of my remarks on this subject, I ask that the entire article by David Lawrence be printed in the RECORD.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Indiana? The Chair hears none, and it is so ordered.

Mr. ROBINSON of Indiana. Before I resume my seat, Mr. President, I should like to invite the attention of the Senate and the country to an editorial appearing in the Lynchburg News, which I understand is a paper published by the very distinguished and very able Senator from Virginia [Mr. GLASS]. It has to do with the injustice of the cancelation of the air-mail contracts. I send this copy of the editorial to the desk and ask that it be read.

The PRESIDING OFFICER. Without objection, the article will be read.

The legislative clerk read as follows:

[From the Lynchburg News]

AIR-MAIL CONTRACTS—SENATOR GLASS' NEWSPAPER ON THE INJUSTICE OF THE CANCELATIONS

Little by little, step by step, the Federal Government is getting back to where it started from.

Incensed by evidence that there had been fraud and collusion in the award of air-mail contracts, the administration abruptly canceled all contracts. It could not wait for completion of the evidence to discover the identity of the guilty and the degree of

guilt, and even today nothing has been done, so far as announcements show, to punish further the individuals who were guilty.

Then the administration turned the work of carrying the mails over to the Army, with the result that 11 Army flyers lost their lives and the mails were not carried on schedule or with anything approaching efficiency. The death of 11 men aroused the country more than an act of wholesale injustice and the Army was ordered to discontinue its work.

Then the administration, after making preparations that should have been made in the beginning and which would have saved lives, put the Army flyers back to work on a limited schedule, announcement being made that the arrangement was temporary.

Now it is proposed to return the air mail to private companies on contract, with provisions to prevent fraud and collusion, or with that purpose in view, and with the further provision that companies formerly holding contracts will be ineligible unless and until they have reorganized and gotten rid of officials in control when the former contracts were awarded.

One more step is in order and then the great harm done by hasty and ill-considered action in the beginning will be partly undone. That step is to permit all air companies to bid on contracts and award contracts to the lowest bidder. That would permit bidding by companies suspected of having practiced fraud and collusion, but to bar all, except under impracticable conditions, would be to deny contracts to the innocent unless they discharge valued and innocent officials. It would be another case of punishing the innocent along with the guilty and not punishing the guilty enough. Then the administration through investigations, through Department of Justice activities, could undertake to ferret out the suspected individuals and bring them to the bar of justice there to answer the charges against them.

That, of course, is what should have been done in the first place. Instead of ruthlessly canceling all contracts—and there are two parties to every contract, and one party can't honestly cancel it—the facts should have been established, the guilty companies deprived of their contracts and the guilty individuals sent to prison. But that wasn't done and it is too late now. What can be done is to do justice as best possible—and justice still requires that the innocent have their rights restored. They cannot have their rights restored unless the clause requiring them to fire experienced officers whose guilt has not been established, some of whom at least are innocent and all of whom have the right of presumed innocence until guilt is established.

The entire article by David Lawrence, appearing in the United States News for April 9, 1934, is as follows:

[From the United States News, Apr. 9, 1934]

THANK YOU, DR. WIRT—MIDWESTERN EDUCATOR HAS PERFORMED A PUBLIC SERVICE IN ASKING FOR AN INQUIRY INTO THE OPERATIONS OF THE "BRAIN TRUST"—IT IS A SPECIES OF INVISIBLE GOVERNMENT THAT SHOULD BE BROUGHT INTO THE OPEN—ALL INFLUENCES THAT MOTIVATE LEGISLATION SHOULD BE REVEALED

By David Lawrence

Out of the Middle West—from Hoosier land—comes a cry for truth.

The man who seeks it is not of Wall Street.

Dr. Wirt was not a broker or a New York banker or a high-powered salesman.

Dr. Wirt was not one of those oft-condemned classes who are supposed to be responsible for the crash of 1929 and the misery of our fellow citizens.

Dr. Wirt is just a superintendent of schools—one of those charged with the duty of telling the youth of America that this is the land of the free and the home of the brave, that the Constitution is a living document of human as well as property rights, that the system of government established by George Washington and Thomas Jefferson was a broad charter of principles as fair today as it was 150 or more years ago, and that the people can add to or subtract from it at will by proper methods.

So Dr. Wirt has a right to speak and to ask questions. His position entitles him obviously to the right to petition Congress and ask what governmental policies mean. Nobody can deny him that privilege.

We can dismiss as lightly as we please the comment that somebody told Dr. Wirt that Mr. Roosevelt was just the Kerensky of the revolutionary movement and that a Stalin would succeed him. This is not really the important question—what someone remarked to someone else. The query raised by Dr. Wirt is a broader one and Congress would do well not to brush it aside carelessly.

REVOLUTION A WORD BROAD IN MEANING

Dr. Wirt, in common with millions of other citizens, has been watching the passing scene. He has had more nerve than the rest. He has risked ridicule and abuse by stating openly that he wanted to know whether a revolution was being planned in America.

But the word "revolution" is broad in its meaning and application. Donald Richberg, general counsel of the National Recovery Administration, uses it in one sense and President Roosevelt in another. Political leaders call the election of 1932 a revolution. The President in the foreword to his new book takes a middle position. If it's a revolution, he says somewhat doubtfully, then it's a "peaceful revolution."

Let us examine what Mr. Richberg, as sincere a gentleman as ever accepted Government office, said in a speech over a national network of radio stations:

"Sometimes on hearing well-fed, jovial men and well-dressed, cheerful women chatting in their comfortable homes I wonder how many of the fortunate people of this country understand that the long-discussed revolution is actually under way in the United States.

"There is no need to prophesy. It is here. It is in process. In many other countries there have been revolutions since the World War—each one with surprisingly little bloodshed, but with a tremendous exercise of force and oppressive power.

"In this favored land of ours we are attempting possibly the greatest experiment of history.

"Revolution by the sword and bayonet is nothing new. Revolution by the pen and voice is different. The violent overthrow of Parliaments and rulers is nothing new, but the peaceful transition of all departments of government from one fundamental concept of a political economic system to another is different."

FUNDAMENTAL CONCEPTS CHANGING

"It is a revolution, not in purpose but in method; yet so profound a change in method that our purposes may seem changed. That is not so. The ideals that are written into the Declaration of Independence and the Constitution of the United States still guide this Government.

"It is the freedom of the individual, his right to pursue happiness, the security of his home, of his life, and of his thought, that our Government has been established to maintain—and will maintain."

Now, that is probably as fair a statement of what the left wing or so-called "intellectual group" would say they meant by revolution. Certainly it is a definition that argues for profound change and seeks to justify itself as coming within the spirit, if not the letter, of the Constitution.

But, as has too often been proved, there is a sharp distinction between the statement of a principle and the detailed application of it. Mr. Richberg's whole speech might be reduced to a single sentence declaring that he favored the principle of constitutional government. The every-day experience of the people, however, with their Government will show whether the rights granted under the Constitution are actually being transgressed.

Mr. Richberg is not the only administration official who has discussed revolution frankly. In these pages it will be recalled that considerable space was devoted a few weeks ago to a summary of the pamphlet by Secretary Wallace of the Department of Agriculture, in which he outlined the revolutionary changes that he foresaw.

"Force", said Dr. Tugwell, Assistant Secretary of Agriculture and one of the leaders of the "brain trust", "never settles anything", so he prefers "a process of gradual substitution."

But we need not deal with these abstract principles to find that Mr. Richberg is right when he says a revolution of some kind is in progress in America. Small wonder that Dr. Wirt is bewildered.

WHO IS BACK OF NEW-DEAL LEGISLATION

For many years we have been condemning invisible government. We assume that hidden influences are corrupt. But often they are by no means corrupt because they hide from public view. In the present instance the "brain trust" works invisibly because that is tactful technique as long as we have a National Legislature.

But it would be interesting to know the authorship of the new-deal legislation, just who sponsored some of the provisions in existing low, and what were the reasons back of such sections of law as are today causing confusion and litigation.

There will be no difficulty about securing an admission that certain phrases were inserted in the preambles of existing law as a subterfuge, namely, to give lower courts a chance to uphold the alleged constitutionality of measures which were sought as a means of regimenting the American people under a system that is entirely alien to American tradition.

There will be no difficulty, too, about discovering that the now famous consent-in-advance theory was written into law and is inserted in the codes and is to be found in pending bills. It is as unfair a method of forcing the citizen to forfeit his constitutional rights as has ever been devised.

There will be no difficulty in developing that in the Securities Act and in the Tugwell food and drug bill and in the Wagner labor bill there have been provisions which would make the findings of fact of a commission or Government agency final and not subject to review by the courts.

There will be no difficulty in establishing that in the proposed air-mail legislation, a penalty was inserted against any company which sought to exercise its constitutional right to seek redress in the Court of Claims.

NO AUTHORITY FOR SOME ACTS OF GOVERNMENT

There will be no difficulty in discovering that the Blue Eagle was originally set up as a Government boycott without warrant of law; indeed the words of the National Industrial Recovery Act specifically stated that there must be no discrimination of any kind. The fact that the Government encourages the discrimination does not make it lawful.

And by what authority of law were the President's reemployment agreements continued? The ordinary concept of fair play is that it takes two to make a contract and that when it is extended both parties must sign the extension. Yet the Government has declared all these reemployment agreements extended by proclaiming that anybody who displayed the Blue Eagle after January 1, 1934, agreed in fact to an extension of his contract.

Why these plain efforts to circumscribe the constitutional rights of the individual?

These are questions Dr. Wirt probably wants to know, but there are millions of citizens who have an even deeper yearning for information than that which has been given them.

What conferences are held by members of the "brain trust" with the Members of Congress? By whose authority are they sent to Capitol Hill to lobby for legislation? And what interests do they consult when they draft legislation? We cannot for either the good of the left wing or the right wing point of view afford to have secrecy in government.

MORE LIGHT NEEDED ON ACTIVITIES

Members of Congress, driven by the party whip, have been inclined to accept administration proposals as being the work of the President or at least as having his sanction and approval. But he cannot possibly know the hidden meanings that lurk in the clever and adroit phrases written into legislation by a group of brain trusters who have in the back of their minds a complete alteration of our system of government.

For years lawyers of big business have very cleverly used loopholes in the law and vague phrases to save their clients from going to jail. There can be little question about that. But does that justify the legal "brain trusters" in resorting to the same tactics of intellectual dishonesty? Do two wrongs make a right? And is this the fair way to deal with the rights of millions of people? Would it not be desirable to debate these questions so that if the people wish to surrender their rights they may do so with their eyes open and with full knowledge of the facts?

Did the American people in the 1932 election vote for Mr. Roosevelt or for a tricky group of lawyer "brain trusters"? Did the American people have the slightest inkling that the Cabinet would be relegated to a secondary position and that behind the scenes a group of new-fangled thinkers with economic doctrines and experiments suited to other lands and other environs would reign supreme in the making of a legislative program?

A NEW ORDER TRUE PURPOSE OF "BRAIN TRUST"

Unquestionably the people elected Mr. Roosevelt because they had faith in his aggressiveness, his liberalism, his honesty, his broad humanitarianism, his simplicity, and, above all, his promise of a new deal as compared with their luck under Mr. Hoover. They can still retain their faith in Mr. Roosevelt's leadership and in his ultimate capacity to discard the wrong and retain the right out of the multiplicity of proposals and schemes put before him in the last year or so. But they are beginning to wonder if he has been imposed upon by men who think he is putty in their hands.

We shall have to consider whether the classification of Mr. Roosevelt as Kerensky is not metaphorical after all. Do the men who have dominated new-deal legislation think they can mold Mr. Roosevelt to their views and gradually lead him on to a more and more extreme change in our system of government and in our whole economic setup? Doubtless they do. That is the true purpose of the "brain trust."

The first principle in the "brain trust" philosophy is that everything that happened prior to March 4, 1933, is wrong and can be discarded as the old deal. The second is that collectivism or socialization of our whole system of agricultural and industrial production is absolutely essential and that if the idea of capital and investment is retained at all it should be limited, regulated, and controlled by the central government.

No such power exists in the Constitution, but it does exist in the people. They retain sovereignty. They still have the right of rebellion at the polls or by force of arms. Nobody can deprive them of that privilege. We have had riots and strikes and farm holidays and violence here and there, but on the whole the Nation has been peaceable in the midst of a great emergency.

WILL PEOPLE READILY YIELD THEIR RIGHTS?

But what will be the temper of a people who discover rights torn from them? Will they submit to the edict of the Government at Washington which will tell them how much they shall plant and what they shall receive for their products? The Bankhead bill of compulsory control of cotton production is as serious for the farmer as is the proposed governmental control of all businesses which list their securities for public sale. Will American business accept the right of the Government to say whether a machine shall be replaced when obsolete, whether new typewriters can be bought for old, whether new capital can be introduced to develop mineral resources?

It requires no great amount of research to learn that in the bills proposed and those now actually on the statute books there is a revolutionary change in the rights of the individual and that we are preparing to put in the hands of a few men—a few political overlords—the full power to issue money and to restrict at will the opportunity of the individual in all walks of life.

The House committee may ask Dr. Wirt a few questions, give him his day in court, and try to forget the episode. But it will not be squelched. It will rise again to plague everybody who tries now to minimize its importance or significance.

The way to meet charges of this kind is by public debate and exposure.

Nothing is so wholesome as the exposure of such controversies and doubts to the fresh air of public opinion.

Dr. Wirt, indeed, may naively inquire of Congress: "What shall I say to the youth of my city?

"Shall I tell them that the government of the people and for the people and by the people is just a myth?

"Shall I teach them that the Constitution is nineteenth century liberalism and is out of date?

"Or shall I teach them that the invisible influences which seek to alter our form of government by adroitly worded statutes and demagoguery are merely passing phantoms in a world of too many ghosts?"

And if the asking of these questions results only in making Congress itself understand the full implications of its acquiescence in this new crop of "noble experiments" then Dr. Wirt's plea for light and truth will not have been in vain.

OHIO RIVER BRIDGE NEAR CAIRO, ILL.

The PRESIDING OFFICER (Mr. THOMAS of Utah in the chair) laid before the Senate the amendment of the House of Representatives to the bill (S. 2675) 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., which was, on page 9, after line 23, to insert:

(a) Notwithstanding any restriction or limitation imposed by the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes", approved July 11, 1916, or by the Federal Highway Act, or by any act amendatory of or supplemental to either thereof, the Secretary of Agriculture may extend Federal aid under such acts, for the construction of said bridge, out of any moneys allocated to the State of Illinois with the consent of the Department of Public Works and Buildings of said State, and out of any moneys allocated to the State of Kentucky with the consent of the State Highway Commission of said State.

Mr. LEWIS. Mr. President, the bill which is the subject of the amendment just laid before the Senate is merely for the building of a bridge over the Ohio River near Cairo, Ill., to take the place of an old one that is said to be in danger. I move that the Senate concur in the amendment of the House.

The amendment was agreed to.

THE TAX BILL AND THE FOREIGN DEBTS

Mr. LEWIS. Mr. President, I address myself to what I feel are proper considerations relative to the pending tax bill. It is in this connection I desire to enter into some observations as to the foreign debts due to the United States from the debtor countries. I allude to the latter in view of information which reaches this Government this morning, known to our State Department, and which in some respects is made public property today.

The bill pending before this honorable body is designated as the tax bill. It has for its purpose creating a fund or establishing quantity of revenue to meet the expenses of the Government. It is very difficult to find any new subject of taxation. It is exceedingly severe to place upon the already accepted subjects and objects of taxation the necessary increased burden which they will have to bear unless we can reduce that aggregated amount to be levied upon our own people, by turning with hope and enjoying with confidence the prospect of some payments from the foreign debtors, the countries indebted to the United States in the sum of several billions of dollars.

Mr. President, as I stated but a second ago, this Government is advised, and its State Department is now informed, that there is already set afoot something of a concurrent action on the part of the principal debtors looking to threatening the United States with complete ignoring of the debts unless we shall adopt some plan that will conform the debts to the contentment of the debtor, or to cancel them at the instance of the debtors who demand that disposition.

We pause for a moment to note that Britain last week presented to the world an interesting disclosure of how, with her home debts provided for, there was a residue in the treasury of what would amount to hundreds of millions of dollars in America. For this excess there is no immediate demand in the English budget. The amount of excess is said to be reserved for such future uses as England itself shall find proper for uses in Britain.

At this point I am bold enough to intimate that one of the expenditures most proper for our renowned friend, sublime England, is a contribution by way of payment upon the debt due the United States of America. I invite the honorable Senate, and those kind enough to pay heed to this particular proposition, to that which is now known to our Government in specious detail but voiced in a general man-

ner by public cable which I read. Referring to England, the statement is:

Nobody here would give a brass farthing for Britain's chances of making any further collections on its war-time loans to its former Allies. The suggestion therefore that Britain should be stigmatized as being in default unless this country resumes payments to the United States on the full Baldwin-Mellon scale seems to Englishmen particularly unfair.

Mr. President, we who know the splendid record of England in ever maintaining faith in financial obligations marvel at the further disclosure revealed in the cabled information. The recital continues in saying: For instance, it will be remembered that—

Within less than 2 years events have so transpired that virtually every argument used by the British Government in 1932 to justify token payments—

Meaning payments to her—

can now in strict logic be reapplied to prove that resumption of full payments would be justifiable. For instance, at that time British governmental finance was in a shaky state; today Britain alone among the world's great nations has a budgetary surplus. Then the treasury's problem was to keep the value of the pound up; today it is to keep it down.

Yet, says the information:

Anyone in touch with the realities of the situation must know that this Government—

Meaning England—

has not the slightest intention again of turning over $180,000,000 annually to the United States.

No statement that the amount is not due for money loaned nor that it has not been due by a long-time agreement of compromise.

The agreement, says this information, made and signed 12 years ago, has "ceased to command that respect which usually attaches to contracts here", meaning England.

It is pointed out, for instance, that one agreement after another with regard to German reparations has been torn up.

This to intimate that the agreement with the United States might now be but "a scrap of paper."

In England, sir, in Britain, sir, let it be said this is the further information as recited:

Moreover, it is still firmly believed by 99 percent of Britons—who have ever given thought to the matter—that Britain immediately passed on to her allies the loans received from the United States; alternatively that the United States made such enormous profits on the supply of munitions and war materials that the debt total could be held to be an extortionate one—a gracious accusation—and again alternatively that since the United States finally came into the war, all other arguments are inconsequential besides the one that our (England's) financial outlay, meaning indebtedness to the United States, should have been considered as a contribution to the common victory.

Mr. President, this assertion from Britain has never been made in these exact words before. Such utterances of misstatement were the stock of the torturing politicians who were of the parties of France, and no honor to that deserving people. It is not until now that we observe this text of a partial France has been completely partaken by Britain and announced as a new credo of England defining the debt it holds of the United States.

Mr. President, we continue to note something of the information brought to us, to our United States:

The recital is but some of these submissions are demonstrably inaccurate. None would commend itself to a diplomat having to justify the omission of a full payment, and the American suggestions that the British budgetary surplus should be devoted to a resumption of the debt service seems simply in bad taste.

Therefore, says Britain, through its principal organ of government, the Morning Post, as follows:

That the Government should offer—

To America, Mr. President—

a lump sum of reasonable dimensions to the United States in full and final settlement.

There is nothing said as to what is a reasonable dimension. The dimension is not uttered, nor what is reasonable suggested. But we have this from the organ of the present Government of Britain, which, let us know, would never have this expression had it not been previously endorsed by the officials of power of Great Britain. The expression is that the debtor shall submit to us—the United States; the creditor—an offer of "a lump sum of reasonable dimensions to the United States in full and final settlement."

Then the organ of the Liberal Party, the Evening Star, proceeds to declare:

Not a penny should be sent.

Mr. President, this has not been previously the attitude of Britain—Britain ever distinguished for impeccable honor. That was an expression of those who, defined as "cannaille", surrounded the Chambre des Députés of France in Paris, and in an all day of turbulence, howled expressions against "le paiement—pas un sou." Now comes forth the liberal organ representing one of the democratic parties of Britain opposed to the party represented by the Morning Post—the Conservative—and likewise echoes, as to any payment to the United States of debt due, "Not a cent."

The Evening Star says:

If cancelation is not obtainable, then Britain should do as France has done—default.

I submit to my colleagues of this honorable body that this is probably the first time they have heard that expression as coming from the statesmen of England. She may have in the past complained that it was not convenient to make an installment payment, and that plea has been considered and accommodated by our country from time to time. Britain found it agreeable to send her special envoys to our Capital here in Washington, where they presented such attitudes of thought or action as they felt to the advantage of their country. These envoys of Parliament were of exalted standards. They have seen their petition yielded to by the officers of our own Government assenting from time to time. But not now is the course one of petition. A new policy seems to have possessed Britain. No longer will they make an offer or plead for privilege nor ask for favor. They demand of us as a creditor to understand that as to any payment due they are now ready to assert the doctrine of "not a cent."

Mr. President, we then turn to note, as is said by the paper of the opposite party to the present Government, that England will adopt the plan of France and "default." Says the commentator on this particular cable:

The word "default" has a sinister sound to business men and bankers, who feel that the acceptance of this stigma might encourage their debtors to go and do likewise.

By a process of elimination, the Government seems to be driven back to take its stand upon the intangibles. In the next debt communication to the United States various specific arguments for nonpayment will be touched upon.

Therefore I invite the attention of my colleagues to the fact that heretofore the positions of our debtor have always been either for delay or for diminution of the amount due, but now it is that they will end all payments of their own election. This drastic and ungenerous attitude has not been suggested before from Britain.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER (Mr. McCARRAN in the chair). Does the Senator from Illinois yield to the Senator from Idaho?

Mr. LEWIS. I yield.

Mr. BORAH. The paragraphs read by the able Senator from Illinois are simply recording what has been apparent for some time. It seems to me that our Government has rather encouraged the debtor countries to reach the conclusion which they have now reached. I do not know of any action which our Government has taken to bring those people to realize that we expect them to pay the debts. They have drawn the inference that we are willing that the matter shall slide into oblivion and be forgotten.

Mr. LEWIS. Mr. President, I regret that conditions compel me to concede the position taken by the able Senator from Idaho. I deplore that the administrations of both Presidents in which I have lately served here have not found it convenient to be more absolute in the assertion of our rights. This should have been done in a manner seeking

no conflict, urging no unnecessary contests, and, under all circumstances, striving to avoid any disruption of friendship. Nevertheless, sir, we should ever and constantly have insisted upon the right of the United States to enjoy the collection of its just debts, coupled with assertion ever expressed to these eminent countries that we expect to have faith fulfilled.

I conclude some observations touching this question. After referring to the fact that the next communication is to be one of complete nonpayment of anything further, it is said:

The whole war debt and reparation structure has broken down. Any effort—

Meaning any effort on the part of the United States.

Any effort to reconstitute it would now endanger world recovery.

Mr. President, I invite my able friend the Senator from Idaho, very learned and very distinguished on this subject, to note that already it is to be proclaimed that any attempt on our part to press the collection of these debts is to interfere with world recovery. The eminent statesmen of Britain are now returning to an ancient shibboleth of which we have endured such a superfluous repetition in different parts of the country. It was ever the demand that America sacrifice her rights in order, first, to aid in world recovery; next, we are to refuse to assert our rights of recovery lest to do so would disturb the recovery of some other land. Therefore our position must be to suffer all form of wrong and loss that other countries may enjoy all form of right and gain. I do not subscribe to that creed, and so far as my impotent voice, and possibly less capacity, shall be invoked, I must oppose such a doctrine, whether it comes from the source of that which is called my party, or from the demand of foreign lands. For myself I insist that America shall remain American, and press her rights as American, and let us meet any opposition upon such basis as shall appear to be just, within the meaning of obligation—with the spirit of true friendship, but true, sirs, of a greater justice between the nations of equal standing before the bar of honor.

We turn, then, for a moment to call attention that these animadversions against the United States are the observations of the British statesmen. But it may interest the Senate to know that on the same day the expressions are voiced on the part of these eminent statesmen representing Great Britain there is a meeting called at Paris, and, Mr. Chairman, it is to be noted that at the same hour of the day when the observations are being echoed by Great Britain, to let us know that at last they have reached the point where there is to be an assertion by Britain of "not a cent", there is at the same time an assertion by France of "pas un sou"—not a cent. At the same time France makes a declaration which the American Chamber of Commerce of Paris is compelled to heed by proceeding to make a report at once, and we turn to the report from Paris, where the committee of the American Chamber of Commerce of Paris, referring to the action of France in announcing no recognition of the obligation to the United States in any form whatever, says:

The committee fears the present policy of the French Government may tend toward further limitations of imports, and that the time may not be distant when the importation of many American products by France will be impossible.

Therefore the Chamber of Commerce of France called attention to this action at Paris on the part of the Government officials, and notes that France has a purpose, in pursuit of what she feels her own interest, of course, in withholding any privileges or trade to the United States; and this as a penalty for the United States seeking to enforce the debts due us, the collection of those due to us from France. We shudder at the chill that once warm and affectionate France now ices upon us. We wish we could thaw it all out into a once again running rill of a happy stream.

Sirs, I summon you to recall that this administration has not in the last month taken any steps toward renewing the demands for payment. It is interesting for us to consider what information has been sent to either Britain or to France by which either Government should assume that just at this time we have entered secretly into some new design to press a collection upon these countries. Whoever communicates the information that has aroused retaliation and defiance we cannot prophesy. I am sure that they who have initiated the demand must have done so without any direction on the part of our Government. The officials of this Government would not have taken any step along such line without informing this, its correlative body, the United States Senate.

It therefore invites us to very serious reflection as to why these countries at the same time find themselves concurring to the same objection, to the same view, and expression of the same purpose, to wit, to say to the United States, "We are in default. Get your money if you can."

In the meantime, Mr. President, we turn to behold Italy. The government of Italy sends a message by the way of England to announce that it is unjust on the part of the United States to assume to collect money due from Italy while in the meantime we are by a form of government, as is asserted, doing an injustice to her people in the immigration laws, and likewise, sirs, a discrimination against her commerce by our existing export tariffs. We are the admirers of the noble stand for peace, for order, for advance Italy takes before all the world. Her people have done marvels in finance, industry, and government.

Mr. President, I still am greatly invited, not so much out of curiosity, but largely from the education that has been borne in on me from my experience as a lawyer, to ask why these three governments, through their very eminent and able statesmen, should have found it agreeable, though many miles apart, to have acted almost within the same hour, with the same declaration and the same purpose of a complete defiance of the United States as against the collection on her part of $1 of the debt wholly due her, much of which we have through charity and generosity—a list of which the eminent Senator from Ohio [Mr. FESS] gave some time ago, released them from paying. But instead of receiving any thanks, or the expression of appreciation, we find this combined undertaking now to defy us in any hope we may have to recover a dollar.

Someone might ask, "Why is this so suddenly done, and what is the spirit that brings it forth? Why this new ghost at our banquet of brotherhood?"

Mr. President, I would deduce that these governments, gathering the proposition from our legislation as reported in the public press, as being on the eve of seeking some reciprocity of mutual dealing as respecting trade and the reduction of tariff barriers, the melting of obstructions, are serving notice upon us—and, Senators, we might as well face the proposition and cease playing plush and velvet and know that it is a stand of steel and iron. The notice is an announcement, though saying, "Gentlemen of America, before you can hope to carry on any of your reciprocity treaties which secure from us a recognition of or favor to your trade, you first will please banish these debts; and keep in mind, America, that it is our purpose to inform you now that you can hope for nothing in your proposed plan of reciprocity of treaties for the exchange of trade lest you first remove from us the obligation of these debts which you are now seeking to enforce upon us."

Mr. KING. Mr. President——

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

Mr. LEWIS. I yield.

Mr. KING. I ask the Senator whether he believes that if it were advantageous for the agriculturists of the United States, and our manufacturers, and the people generally, to find markets in Great Britain, or France, or Italy, we ought to refuse to deal with them, notwithstanding the advantages received, because, forsooth, they are indebted to the United States?

Mr. LEWIS. No; I take it, I say to my able friend from Utah, that it is not we who should refuse. It is quite evident to me that they, our debtors, have conceived the thought that if they will let us know that we can only deal

by first removing these debts, that that will be a compulsion to us to do so, and, to substantiate that hope, they make the bold announcement that they will go in default rather than pay us anything. It is assumed that if we willingly cancel the debt as, says the spokesman for Britain, we can, having canceled them, look forward to some form of reciprocity in some of these dealings suggested by that which appears to be our legislation as passed. I say to my able friend from Utah that it is the reverse of his kind suggestion in their behalf. It is not that we would not trade with them, they being in debt to us as a reason, but it is that they, conscious of this debt, are informing us that "until you remove it, gentlemen, we will not deal with you."

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

Mr. LEWIS. I yield.

Mr. KING. I think the suggestion which I made, if the interrogatory may be construed as a suggestion, was rather in our own interest than in theirs. The proposition I mildly suggested was whether we should refuse to export our surplus commodities to defaulting nations, even though it would be advantageous to our producers and agriculturists, because those nations were still indebted to the United States.

Mr. LEWIS. I should have to say, in reply to that, that much would depend on the exporter. He would have to be governed by whether he felt he would get his money, and whether those to whom he was exporting seemed able to pay their obligation. Much would be determined by the feeling that the exporter would have to the buyer. I answer, as far as our Government is concerned, I trust it would not intrude itself to prevent these exploitations between the tradesmen of America and the receivers of the foreign countries merely because that foreign country is indebted to the United States.

Mr. KING. Mr. President, will the Senator from Illinois yield for another question?

Mr. LEWIS. I do.

Mr. KING. It is not pertinent to the interrogatory which I just propounded. I understood the Senator to state, as I was coming into the Chamber, that France and Great Britain and Italy and perhaps other nations indebted to the United States had defied us, or were assuming a defiant attitude. I was wondering if the Senator believed that Italy and France and Poland and other nations to whom money was loaned by Great Britain during the war, in an aggregate amount greater than that which Great Britain owes us, have defied or are now defying Great Britain because they have not paid Great Britain the several amounts which were loaned to them.

Mr. LEWIS. I am compelled to say that, busy as I have been in many quarters with the duties resting upon me, I have not noted the attitude of Poland and the lesser debtors to Britain, as to their position toward Britain. I am compelled to answer my able friend that I could not offer an opinion as to the attitude of these debtors to Great Britain, not having observed any expression from them. I sincerely trust, however, that they may be found in a spirit that may reconcile their indebtedness and continue the friendships between themselves and their creditor, as we would hope to continue that between ourselves and our debtors.

But, Mr. President, these nations that have now subtly joined together with a single object of letting us know that not a dollar will they pay, and that they will cry default, presume that by so asserting they will make more certain the result. I think the classic scholars around me recall that from one of the very ancient Latins we have an expression—

Possunt quia posse videntur—

Which, literally translated, means, "They can because they think they can."

This Virgilian maxim may be the inspiration that inflames the spirit of these eminent statesmen of our debtor lands. Here, sir, one thing must be asserted by America, namely, that she is willing to yield to generosity and to any inducement humanity may suggest, but America is not in the spirit to endure to be told by any nation that the United States has to yield either from the threat of that nation not to grant business favor to us or because of the fear on the part of our country that some debtor land would enforce a loss of any trade we expect to obtain in behalf of our people. This threatened condition again, sir, brings us back to where this Nation must assert itself and state very freely that it stands on its rights, that it expects to wrong no people, but it will not endure complacently a wrong from any people. That as to such attempt it will protest in the proper direction.

Mr. President, I then come to the question my able friend from Utah brings to me for consideration and which my eminent friend from Idaho suggests. What is the avail of our Government's proceeding to have these treaties which the eminent Senator from Rhode Island this morning in an address referred to and the Senator from Ohio [Mr. FESS] and the Senator from Michigan [Mr. VANDENBERG] have alluded to by their interrogatories appropriately addressed, if already these nations with whom we expect reciprocity have proceeded to inform us that their attitude is one now of such combined antagonism that they will not pay a dollar of their debts—nations which announce the opposition to payment before we urge the collection? What spirit existing is there from which we may expect an agreement in such harmony of reciprocity that we may enjoy the fruits thereof? Will a character of this antagonistic nature be the kind that we must confront? When we tender a proposition looking to an exchange between them, will we meet the confronted combined opposition looking to the destruction of any rights that we have at the beginning, and refusal, sir, of any form of accommodation at the end?

What position will these United States be in to tender a proposition of reciprocity touching the matter of the tariff against American goods and reductions of import duties from nations which heretofore have let us know that they recognize no rights on our part to collect the debts they owe us? Shall we still propose to present to such spirit a proposition which we know must at that time be promptly opposed, argument instantly refuted, our demands and equities promptly ignored—all done in the same spirit of defiance tinctured by that enmity which I have brought to the attention of the Senate? How, then, shall we stand if this condition of discouragement shall continue? The result would leave us as a nation standing in a ridiculous aspect before humanity. We will make of ourselves a laughingstock of the international intelligence. We will become, sir, the writhing, squirming theme of humor on the part of world statesmen.

Therefore, before there should be an attempt on the part of this Government to carry out the policy of these mutual reciprocities to be tendered, let us find where we stand between ourselves and these honorable countries as to the indebtedness, not for money's sake, brother Senators, but that we may ascertain the spirit of the people, that we may know to whom we go, to what form and manner of nature we appeal, and what are the prospects of success in this mutual exchange of fraternity, of welfare between nations. Sirs, if we are to be flouted, if we are to endure the abasement of being humiliated, pray God we stand silent upon our rights and rest there content to enjoy the confidence of our own American people.

Mr. President, wherefore I would suggest these countries need not fear that we expect to drain their treasuries. England announces that Britain has a treasury now overflowing, bulging with the surplus which could be well applied to the debt due to the United States, and in the statement of the Morning Post, the organ of one of her parties and in a cable statement in the Evening Star, the organ of the other party concurrently, that not a dollar will be paid. Senators, our ancient and present friend France holds billions of gold in her treasury equally amenable to our debt, if she should care to pay upon it, all without loss to herself. Britain has this effulgence of a surplus of money likewise, sirs, appropriate to the payment of our debt if she were but inclined, in spirit, to contribute it. But the announcement from Britain'e statesmen is that the $180,000,000 now due

will never be paid, and we might as well understand it. While France continues to chorus, "Pas un sou", and cut us out of equal treatment in French taxation.

Mr. President, I would suggest that the time has now come when we should make a proposition as the creditor. It seems to me to be appropriate to call these debtors together to suggest to them that, "Instead of taking your cash, that you may have uses for, you gentlemen of the debtors assemble and issue bonds to the amount of the full debt due the United States. Let interest on the bonds be suspended for the 2 years, the bonds to be in a small amount, that is, their denomination small of sum." These bonds in the hands of the United States may then, sirs, be transferred by the United States to its own people for consideration. These bonds would be held either for the enjoyment of heirs to the estates if these debtors are solvent, or, sirs, for the transmission as further security to the large business interests that may be interested in maintaining a financial future. This, sirs, you will observe drains nothing of their immediate cash and places the obligation on the other generation who are to enjoy the further beneficence and generosity of this, our very indulgent Nation.

If these nations cannot consider such a proposition as that, then, it were well, it seems to me, to ask them directly now, "What do you suggest?" For, Senators, we cannot continue this present drama, which is already taking on a farcical aspect. As the Senator from Idaho observed, it does not seem that we have made an effort lately to press upon these debtors the necessity of considering this situation as a business, one between honorable nations to be complied with as do honorable men in their obligation one with the other.

Now is the time when we should make the proposition to them, "If you will not take one that we tender you, that releases you from an immediate burden, what do you suggest? What will be that which you will tender us that will place you in the position of honor and righteousness with the righteousness and honor we extend to you?"

Mr. FESS. Mr. President——

Mr. LEWIS. I yield to the Senator from Ohio.

Mr. FESS. I am interested in the suggestion of the Senator that the debtor nations give their bonds representing their debt to us without interest; that the Government of the United States should accept such bonds and then place the bonds, I understood the Senator to say, among the people of our own country. My query is, Who would want the bond of a foreign government without interest, even though it should be guaranteed by our own Government? How would it be put in the hands of the individual citizen?

Mr. LEWIS. There is a great deal to be said in concession of the doubt that the able Senator from Ohio intimates. I answer that it would only be accepted by the relationship of these countries being disclosed, indicating their willingness to pay these bonds and their intention to do so, for, if they have not a future that could pay the bonds to our people, I would say to my able friend that they have no future that would pay the cash to our Government. If they cannot pay the cash to us at all at any time, they may not pay the bonds at any time but, upon the theory of giving them extension, we could take their bonds, pass them only to those people who, understanding the situation, were willing to take the bonds and trust the future of the debtor nations. That is all I can answer my able friend, for it must be plain if we look forward to these governments paying us in money on the theory they will be able to do so, we likewise may concede that at the same time they would pay the bonds upon the theory of their willingness to do so. I must say to my friend that it is only upon the acceptance of our own people with the knowledge of the situation that we could transfer these bonds.

Mr. FESS. Mr. President——

Mr. LEWIS. I yield again to the Senator from Ohio.

Mr. FESS. I recognize there is merit in what the Senator has said, in that such bonds would represent a recognition on the part of the debtor nations that they do owe the debt. That I think would be a real contribution. On the other hand, the practicability of it, as to whether it would work, is, in my mind, somewhat doubtful. I do think it would have a value in reviving the recognition that it is a debt which they owe us. That is the thing I have always resented, namely, their effort to avoid the obligation to pay. If they say, "we cannot pay", that would be one thing, but when they say, "we do not owe it", that is an offensive statement to any Member of the Congress who was in Congress when these debts were originally contracted.

Mr. McKELLAR. Mr. President——

Mr. LEWIS. I yield to the Senator from Tennessee and thank the Senator from Ohio for his observation.

Mr. McKELLAR. Our Government has that kind of a bond now.

Mr. LEWIS. The bonds, may I say to my able friend from Tennessee, that we have now are held as security but not in ownership; and that makes a difference, for we cannot transfer those bonds.

Mr. McKELLAR. We cannot transfer them, but we own them; and if they are just to be mementos, why would it not be better to keep those mementos in the Treasury rather than distribute them among private individuals?

Mr. LEWIS. I reply that considerations of international friendship prevent me from making the observation as to these very valiant and responsible countries conceding their bonds as only mementos. I must conceive the debtor bonds as responsible.

Mr. McKELLAR. Very responsible.

Mr. LEWIS. I may say, however, I would hold that the bonds we have now as they are held as security, we have no right, of course, to foreclose on them; we have no method of doing so; and we cannot appropriate them, for we have no right to do so. The other bonds, such as I suggest, could be turned over to us as property, and the able Senator is quite correct that they would remain as mementos unless the countries issuing them were behind them and had a spirit of honor intending to pay them and a capacity of credit capable of doing so.

Mr. President, I rose because I am strangely affected this morning, seriously affected, by the observations on this concurring action on the part of these governments, each of them reaching the very same text, in exactly the same words; of their readiness to defy us as against any attempt on our part to collect, and bringing it out just on the eve when it is asserted that we expect to approach them touching some matter of reciprocity in trade arrangements between our President and the heads of their governments who have the right and the authority lately conferred upon them to make such arrangements in place of legislation by their parliaments.

Mr. TYDINGS. The amount of those bonds in toto is around $11,500,000,000.

Mr. LEWIS. I mentioned the amount as $12,000,000,000, having in contemplation a portion of interest yet to be due.

Mr. TYDINGS. I understand those bonds are payable in gold.

Mr. LEWIS. On that point I must yield to the Senator's memory.

Mr. TYDINGS. There is only about $11,500,000,000 of gold in all the world, and we have about $5,000,000,000 of that. Has the Senator any suggestion to make as to how those countries might pay their debts in gold?

Mr. LEWIS. I do not go so far as to say they must load their ships with coin of gold or money of gold and transfer to us at the end of the voyage, but I concur with the Senator in his suggestion that it is an impossibility. But I feel that their securities, if they shall so fail in the payment of the debts, would pass in this country on the theory that those countries are stable and that they can secure the payment by their assets.

But I must say also that my able friend must not overlook that some of those countries have changed their standard in gold since the time they made the bonds, and I am not aware that since some of them returned to gold they have revived their contracts with gold as the medium.

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

Mr. LEWIS. I am glad to yield to my able friend from Maryland.

Mr. TYDINGS. The Senator, of course, will concede, I am sure, that there are only two ways in which the countries which owe us money can pay their debts, one being in gold and the other in goods. We start on the premise that they have not sufficient gold to pay the debts at least in full. Therefore the only other means left open is payment in goods. Of course, we will not accept the goods. Therefore if we will not accept payment in the only two mediums with which they have ability to pay, how in the world are we ever going to collect the debts?

Mr. LEWIS. My answer is that I myself could not consent to accepting goods for the payment of these debts, for they in quantity would be so many and so much that would close the factories of America for serving the uses of our country. Our manufactories would have no inducement to continue in action, and we would practically bankrupt all of our industrial undertakings.

I will say that since the debtors cannot pay that money at once—and that is conceded—the payments could proceed in the same form that our business men, our banking houses, will pay our Government money they have lately borrowed through the R.F.C., by slight degrees and continuously until the complete payments are made, not urging upon them the necessity of paying the whole sum in one complete payment.

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

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

Mr. LEWIS. I am delighted to yield to my able friend from Maryland.

Mr. TYDINGS. I think the question can be solved in the last analysis only by applying to it the practical rules of business. It so happens we are selling to each one of those countries more goods than they are selling to us. Of course the balance of trade is in our favor. Against that, certain invisible exchanges may keep the trade more or less in balance. I do not want to cancel the entire debt; but I have reached the conclusion, in view of the physical factors which are present, that the only way we can make the best of the bargain is to take a lump-sum settlement, end the question of the debts once and for all, and get out of Europe and stay out of Europe.

Mr. LEWIS. I may say to my able friend from Maryland that I have read the proposition directly made to the officers of Britain that they tender now what they call some reasonable sum to wipe out the whole transaction, and if we do not accept it, to say that they default. I greatly deprecate it should be received in such spirit.

Mr. BORAH. Mr. President——

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

Mr. LEWIS. I am glad to yield to the able Senator.

Mr. BORAH. I simply wish to say that we all know the debts have been settled once. They were adjusted at about 50 cents on the dollar, and adjusted upon a basis satisfactory to the debtors. So far as any adjustment is concerned, that is a matter of history. It has been made. There is no question about the validity of the debts, the equity of the debts, the justice of the debts. That has all been settled by an adjustment made long after the war was over.

We are not asking those people to pay $11,500,000,000 at once. We are asking them to pay according to the terms of the settlement, which is a very small amount year by year. They have sufficient and ample money in gold with which to make payments according to the terms of the settlement.

Mr. TYDINGS. Mr. President, will the Senator from Illinois yield to enable me to reply to the Senator from Idaho?

Mr. LEWIS. I yield to the Senator from Maryland for the purpose of taking up the conference on the subject matter with my able friend from Idaho, but I trust that I shall not be taken from the floor.

Mr. TYDINGS. It is quite true, as the Senator from Idaho said, that they do not have to make all the payments now. It is equally true that the balance of trade is in our favor, which draws from those countries large sums of gold each year in settlement. It is equally true that their own financial conditions are such that some of them are threatened with civil war. There is no reason, therefore, to believe, although the debt is just—I do not concede that it is equitable—that it will ever be paid, though we accept it in driblets. Certainly accepting it in that way would not change the basic factor that there is not gold in all the rest of the world with which to pay the debt, even in driblets. If they keep on sending these driblets from year to year, we will eventually draw out of those countries all the gold they have. They being our customers and buying more from us than they sell to us, we will loce more than we will gain.

Mr. BORAH. Mr. President——

Mr. LEWIS. I yield to the able Senator from Idaho.

Mr. BORAH. Those nations which owe us do a vast amount of business with other countries than the United States and have their interchange and exchange with other countries. Therefore it is not necessary that the balance be limited to that between the United States and those countries.

Mr. TYDINGS. Of course not. That is true; but it so happens that the United States has a favorable trade balance with all the world, with the exception of three small countries, so that the net fact is that gold is coming to this country and not going from this country, and they cannot increase the stock of gold outside of the United States.

If the Senator from Illinois will yield further——

Mr. LEWIS. I am glad to yield to my able friend from Maryland.

Mr. TYDINGS. What I wanted to say—and I want to say it in a little detail, though it will take not over 2 or 3 minutes—is that basically this debt is not an equitable debt. After we went into the war on April 6, 1917, for the first year we had practically no troops on the battle front. It was our war from the time we went into it. The English and French and Italians and other Allies poured out hundreds of thousands of lives on the battlefield while we were getting ready. If the war had been lost, it would have been bad for us as well as for them. Therefore, all we did at this time was to furnish supplies through the medium of credit.

I do not think the debt is equitable, because if the circumstances were reversed, and we were fighting a war in this country, with our men dying along the banks of the Mississippi by the hundreds of thousands, yea, by the millions, and if during that time France and England and Italy were our allies, but did not send us anything other than supplies, we would think they were very Shylockian indeed if, after that trouble, in the face of the unequal burden, they came in and demanded 100 cents on the dollar.

Mr. BORAH. Mr. President——

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

Mr. BORAH. I take it that the able Senator from Maryland is of the opinion that this was our war from the beginning.

Mr. TYDINGS. From April 6, 1917, when we declared war. That is the period to which I refer.

Mr. BORAH. Mr. President, we loaned money prior to that time.

Mr. TYDINGS. No.

Mr. BORAH. We contracted to loan it prior to that time.

Mr. TYDINGS. I am talking about the loans that were made subsequently to our declaration of war.

Mr. BORAH. Does the Senator from Maryland know that the amount which France owes us now is less than the amount which we loaned France after the war was over?

Mr. TYDINGS. Yes; but I still go back to the original contention that the debts I am talking about are all debts which were contracted after April 6, 1917, and none of them were contracted before that.

Mr. BORAH. Exactly; but we have settled with France now for 49 cents on the dollar, and that leaves France owing us a lesser amount than the amount of money which we loaned France after the war was closed. That amount was loaned to France for the purpose of building up her internal affairs, and building up her manufactures, and taking care of her domestic concerns.

Mr. TYDINGS. Yes; that is true, but I say that France owes us more money than she has in her entire country in the way of monetary stocks. A nation cannot pay a debt larger than she has monetary stocks with which to pay, and it is silly to say that she can.

Mr. BORAH. Then, as has been suggested, we ought to repudiate the Liberty Bonds, for they aggregate a larger amount than our monetary stock.

Mr. TYDINGS. Our present policy is not bringing us in a dollar. My contention is that we ought to make a lump-sum settlement now, once and for all, get what we can, square the debt, and give the world a chance to recover from the effects of the war, and not drag this question back and forth through all these years of chaos and depression.

Mr. BORAH. If they do not owe us anything, if this is an inequitable debt, if it was really our debt by reason of the fact that we ought to have been in the war with soldiers instead of loaning the money, no lump sum is possible of determination that will settle it upon an equitable basis.

Mr. TYDINGS. If I had the say of the thing, I would cancel the debt. I would consider it a debt of honor, and cancel the entire debt, and gladly do so; but I know that Congress does not agree with me on that viewpoint. I am one of a very small minority. Even conceding that the other viewpoint is right, however, we are not getting anything now. We are not getting any payments. We have not gotten any for several years, and we are never going to get any, whereas under another policy we could get something.

Mr. BORAH. I agree with the Senator that it seems we are not going to get anything. [Laughter.]

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

Mr. LEWIS. Yes; I yield to the Senator from Missouri.

Mr. CLARK. I desire to say to my friend from Maryland that the first statement I have ever heard him make on the subject of the debt settlements with which I was in wholehearted accord is the one he made just a while ago, in which he admitted that he was one of a very small minority in this country that holds to his views. [Laughter.]

Mr. TYDINGS. That is right. I always feel that the minority is right, and I am one of a very small minority.

Mr. LEWIS. Mr. President, I feel that the eminent Senator from Idaho and the equally eminent Senator from Maryland have contributed much illumination to my position and have done a great deal to contribute to my address that will reflect upon it something of distinction. I concede that the contributions made by both Senators have been in the form of valued information, but I am sure it will not be pleasant to my friend from Maryland to realize that the speech he has just made on the theory that this war was the war of the United States and the debts the debts of the United States is the very logic and argument made day before yesterday in the British Parliament as the reason for not paying our debt.

Mr. TYDINGS. Will the Senator allow me to punctuate with a short observation his remark?

Mr. LEWIS. I am glad to yield to my friend for so pungent a punctuation as it will surely be.

Mr. TYDINGS. During the last four or five sessions of Congress almost all the speeches made on the floor have been in favor of collecting the war debts. In spite of almost complete unanimity of opinion that we should collect the debts we have not been collecting them, so I do not think that any words of mine will change the already unpleasant picture.

Mr. LEWIS. I read to my able friend part of the cable to which I referred, where the eminent British statesman says that—

> Since the United States finally came into the war, all other arguments are inconsequential beside the one that our financial outlay—

To wit, that of the United States—

> should have been considered as a contribution to the common victory.

And then proceeding in the words of the Morning Post, supporting the gentlemen of the cabinet, it suggests that the Government—to wit, Britain—

> Should offer "a lump sum of reasonable dimensions" to the United States "in full and final settlement."

To which the Evening Star, the organ of the opposite party, roundly declares—

> Not a penny should be sent. If cancelation is not obtainable, then Britain should do as France has done—default.

I invite the attention of my able friend from Maryland, however, to a thought. I take it he assumes that if we should cancel this debt—wipe it out as it were, leave no obligation at all—it would bring these nations to a friendly attitude, one something of gratitude and appreciation, from which we should profit. I remind him, however, as the able Senator from Idaho has remarked, that we have cut down most of the debt as to one country. We have divided it in half as to another. We have relinquished all interest as to the third; and do we get any gratitude? Do we get any appreciation? We obtain only the curses of their eminent statesment in one form or the other, and their attitude toward us is one of antagonism, little less than enmity.

I am unable to see the profit, I answer again. If we were to cancel the debts, there would never be another obligation the United States could make with any country on earth, from that time on, whatever it might be, any other land becoming our debtor would claim the right to demand equal cancelation, or charge us with favoritism to the few, that is, to the large countries, while we denied it to them. To begin the policy of cancelation is the beginning of the loans that would lead in the demand for cancelation to a bankruptcy of our own Treasury.

Mr. FESS. Mr. President——

Mr. LEWIS. I yield to the Senator from Ohio.

Mr. FESS. I am somewhat shocked to hear the statement of the Senator from Maryland [Mr. TYDINGS]. If he had been in Congress, either in this body or in the other, at the time we authorized the loans to these countries, and had heard the interrogatory, "What assurance have we, if these loans are authorized, that they will ever be paid?" and had heard the rebuke that came from the administration leaders that anyone should suggest that any sovereign government would take a loan and then repudiate it, he certainly would not have made the statement he has made here at the present hour.

Mr. TYDINGS. Mr. President, will the Senator from Illinois yield?

Mr. LEWIS. I yield to the Senator from Maryland.

Mr. TYDINGS. With all due respect to my good friend from Ohio, I have read those debates; and the one thing I cannot understand is that those who said that the loans would be paid, and those who believed those who said they would be paid, could have been so guillible as to believe that that would be an accomplished fact in the future.

Mr. FESS. Mr. President, if the Senator from Illinois will yield further——

Mr. LEWIS. I yield to the Senator from Ohio.

Mr. FESS. I think anyone who believed that the loans never would be paid never would have voted to authorize them; and they were authorized by almost an overwhelming vote. I think only 52 votes in the House of Representatives were against them.

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

Mr. LEWIS. Yes; I yield.

Mr. TYDINGS. I think perhaps the Senator's observation is accurate, that the Congress would not have voted the money unless they had had an understanding that it would be repaid; but may I say to the Senator that I still believe Congress would have voted the money eventually whether that premise is true or not, because I have not forgotten that after we declared war, when the Germans were driving

toward Paris, and the Battle of the Marne was on, and we were actually in the war, there was practically no price which the American people would not have paid to stop the common enemy.

Mr. FESS. That is true.

Mr. TYDINGS. The situation then and the situation now are two very different situations.

Mr. REED. Mr. President, will the Senator permit an interruption?

Mr. LEWIS. Yes; I yield.

Mr. REED. The First Battle of the Marne was fought two years and a half before we got into the war.

Mr. TYDINGS. I did not say "the first Battle of the Marne." I spoke of the drive on Paris after we were in the war, when the Battle of Chateau Thierry took place, when the combined French and American troops stopped the German drive. At that time it looked as if the Germans might actually take Paris, and it was at that time that the American soldier demonstrated that he was the superior—or I should say, at least the equal, not wishing to detract from the sacrifices made by our comrades—of any soldier in Europe; and in my judgment at that time he changed certain defeat into victory. I do make the observation, however, that at that time the American people were in a humor where money was secondary to winning the war and bringing it to an end.

Mr. HARRISON. Mr. President——

Mr. LEWIS. I yield to the Senator from Mississippi.

Mr. HARRISON. I merely desire to make one observation. The Senator from Illinois is so courteous and so generous in allowing so many interruptions that of course nothing I might say could be interpreted as any criticism of him; but I desire to state to the Senate—not to the Senator from Illinois, because he has not occupied any time in the debate—that we have this important bill here. We have another important bill to follow it. The Committee on Finance has not yet had time to consider and report out what it is hopeful of reporting out, the sugar bill; and if the sugar farmers are to get any benefit from it, that bill must be passed at an early date.

I hope this foreign-debt matter may be settled in debate, at least, within a short time, and that we may proceed with the revenue bill.

Mr. LEWIS. Mr. President, I may say that I was presenting a thought that I felt, if carried out to realization, would give us complete revenue; and I may go further and say that nothing can I conceive that could give us more sugar. [Laughter.]

I, however, respond and will conclude by saying that the attitude of these debtors in the communications to which I have alluded clearly evidences that the United States must take a stand demanding her rights, but doing so with courtesy and with firmness, and recall to the attention of these governments that in the hour of peril described by the Senator from Maryland, and here may I say many of us, were as soldiers present on the same ground at the same time. We recall all that he describes as of sacrifice and glory, to be accurate—it was this country, in such an hour, which came to the rescue of these countries called "Allies"; and without our aid just such unhappy circumstances and harrowing finality might have attended them all in such result as the able Senator from Maryland prophesies as could have been the desperate end.

Mr. President, I deplore that they, our debtor nations, cannot now remember all that, and will not remember our kindnesses, the generosity of our people, who not merely opened their treasury, sustained them by avoiding the consumption of our own foodstuffs and turning them over to these nations at their demand, we sent our children to die upon distant hills, buried them in forlorn places, while in their American homes were the mothers, as Niobe, all tears, and our Nation in deep sorrow for the loss of the sons. Yet still sacrificing our all for the fulfillment of the other's call.

We gave the illustration of the text of the holy law proclaiming, "That greater love hath no man, than that he giveth his life for his friend."

Sirs, America has earned the right to stand erect upon our Nation's rights. We only ask these of our debtor nations to remember the spirit in which we advanced to them, and ask them to return some spirit of justice to us, and not erect for display on that other eminence of defiance that defies us our rights, refuses to recognize our privileges, and would hold us up to the world as being a nation lacking in intelligence to know our privileges—or being too weak to enforce justice.

Sir, we recall the expression of Cicero on a famous occasion, alluding to a similar situation in a far-off land, when he quoted his lines:

> What so kingly, so liberal, so munificent as to give assistance to the suppliant, to raise the afflicted, to bestow security, and to deliver from danger?

Such is what we contributed to these nations, our debtors. I pray Heaven that a new spirit may invest them, one that shall be of friendship, some appreciation if not gratitude, that they may return to the conceding and yielding American rights, that we may again revive the friendships of the past, and secure for the future a mutual justice between the nations of the world.

I thank the Senate.

FRAUDULENT HOME FINANCING

Mr. LONG. Mr. President, I want to ask the Senate to give me a few minutes of time so that I may put into the RECORD certain data to assist the Home Owners' Loan Corporation of the United States in the work they should be doing, and prevent a series of practices which I fear may be spread out of my home State into other States.

The practice which I am about to reveal is such an easy one to conduct, and is fraught with such fraud, and results in such gain, and is being carried on with such tremendous success in my home city that I fear that unless there is almost a universal warning given it will spread to some of the other States.

In order to assist the Home Loan authorities, I wish to put into the RECORD a statement of the details of what is being practiced down in my State, which has been testified to and is verified, and is not second hand. I do this at the present time in order to assist home owners, and the Home Owners' Loan Corporation, and in order that they may have data which will enable them to avert fraud in the other States.

We are very valiantly undertaking to break up the practice in Louisiana against tremendous odds, but because it has received such a tremendous impetus, and so much has already occurred to give it a start, we are at a disadvantage, but if other States may have notice of the practice in its incipiency in their respective Commonwealths, I am sure they can avoid the calamity with which we have been afflicted.

I hold in my hand the data relating to this matter, which can be explained in a very few words, so that the situation may be understood by Senators. I invite the Nation to take cognizance of this thing, and to take steps to prevent its spread in the various communities of the United States.

There are certain building-and-loan companies throughout this country. We have them in Louisiana. These building-and-loan companies originally sold their stocks to the public in the several communities. It was of course originally sold at par, a hundred cents on the dollar. Depressions came and that building-and-loan stock went down in some instances to as low as 60 cents on the dollar, and in some cases even to as low as 20 cents on the dollar we may say.

The building-and-loan companies in my State had loaned money to various enterprises. They had not restricted their loans entirely to home owners, but I will concern myself only with a discussion of those cases at this time, as much as I may. They loaned their money, and I will give a typical, concrete example, so that it may be understood by the world at large, and by the honorable Senate.

There would be, we will say, a concern known as the "No. 1 building-and-loan corporation." The building-and-loan company would sell its stock at par, and today it would be worth 50 cents on the dollar.

This building-and-loan company would lend to a home owner by the name of "A" $10,000 for a home; in other words, this company, in order to assist a prospective home owner, in its regular course of business would lend $10,000 in order to finance a home owner in securing a home.

Along would come the time when this company's stock had gone down to 50 cents on the dollar. Then we passed the home owners' loan bill. They set up in New Orleans a Home Owners' Loan Corporation, and similar institutions were set up throughout the country. There are put into these concerns, so far as concerns Louisiana, persons who have a pecuniary interest in exploiting the funds of the Government, in ransacking the Federal Treasury, not for the sole benefit of home owners, but for the benefit of nefarious interests which wish to draw part of the money that has been appropriated to alleviate human misery.

Mr. President, we created this corporation for the purpose of relieving human misery, and we find this coming to pass. There is a man with a $10,000 mortgage on his home. Some bright man comes to him and says that he will be able to assist him in negotiating a loan with the Home Owners' Loan Corporation. Very well. This interposing party says, "I will take your $10,000 mortgage that is in the building-and-loan association, and I will get the Home Owners' Loan Corporation to take up that mortgage, and I will get the consent of the 'Homestead' that it may be so handled." I will explain presently what the Homestead is.

Now, I will state what has been done down in my State, the spread of which through the other States I am taking steps to prevent, as well as to help stamp it out in my State.

The interposing party goes out and buys stock of this particular building-and-loan company. He buys $10,000 worth of stock, the exact amount, in dollars and cents, that has been loaned to a home owner. He pays for the $10,000 of stock $5,000, the market value at 50 cents on the dollar. Thereupon, with the $10,000 worth of stock of the building-and-loan company, for which he pays $5,000, having made his previous arrangements with the Homestead, and having already secured an appraisement by certain interests affiliated in the Home Owners' Loan Corporation, he gets an appraisement of $10,000 on the home, he takes the $10,000 worth of stock of the building-and-loan company, which cost him $5,000, and he has the home owner to deed back to the Homestead the $10,000 home for the $10,000 debt. Then he gives the $10,000 worth of stock which he acquired for $5,000 to the building-and-loan company in payment for the home which the building-and-loan company had just accepted back.

He then turns that in to the Home Owners' Loan Corporation, for and on behalf of the original home owner, for $10,000, and the home owner signs a bond for the $10,000. Whereupon the $10,000 becomes the property of the interposing third party, who has acquired $10,000 worth of building-and-loan stock for $5,000. Thereupon the racketeer pockets $5,000 of money and the $5,000 besides that is used to pay for what it cost him to get the $10,000 of building-and-loan stock.

In order to have that practice succeed, in order that the racket may be completely carried out, it is necessary that everybody be in on the transaction, and help in perpetrating the fraud. That is, it is necessary, first, that the building-and-loan company protect the racket. It is necessary, second, that the interposing party protect the racket. It is necessary, third, that those in charge of the Home Owners' Loan Corporation assist in the transaction.

In order that I may warn various and sundry communities, I am explaining just how the thing has been done in my State. There is, for example, a Hibernia Homestead Association in the city of New Orleans. The Hibernia Homestead's main officers are Mr. John P. Sullivan and Mr. Frank B. Sullivan. Mr. John P. Sullivan and Mr. Frank B. Sullivan constitute in the main the Hibernia Homestead Corporation. The same two parties, Mr. John P. Sullivan and Mr. Frank B. Sullivan, are the chief officers in what is known as the "Navillus Realty Corporation".

According to the data which have been compiled for me, and which have been verified under oath, the first thing they have done, for a number of years, has been to buy property with the funds of the Hibernia Homestead, which they organized by selling their stock to the public. They have gone out and marketed their stock to the public at a hundred cents on the dollar. Then they have used the funds which the public contributed to the Hibernia Building and Loan Co. in making loans to what they called their Navillus Corporation, and with the funds loaned by the Hibernia to the Navillus Corporation they have acquired certain properties. So they wind up with having assumed an indebtedness for the Navillus Corporation to the Hibernia Homestead Corporation of some $55,000.

They desired to reduce that indebtedness, which they did on July 15, 1931, by refinancing the proposition, and in the refinancing the Navillus Realty Co. turned in to the Hibernia Homestead Association $14,500 worth of the stock of the Hibernia Homestead Association which at that time was selling at 60 cents on the dollar, for the full sum of $14,500.

Therefore, Mr. President, they did what amounted to wiping off an indebtedness of $5,800, representing the difference between the value of the stock on the market and the value at which they turned it in to the Hibernia Homestead Corporation.

They thereupon, Mr. President, in turning in $14,500 worth of their stock for 100 cents on the dollar the same as took $6,000 off of that loan and put it in their pockets.

But, did that end the fraud? Not on your life! There was, Mr. President, in that transaction, in this surrender back to the Hibernia Homestead Association, a piece of property that had been purchased for $10,000, that had been mortgaged for $10,000, but instead of having that piece of property that had been bought with $10,000 of Hibernia Homestead funds turned into the general mortgage it was covering, or instead of having that piece that had been bought for $10,000 secured by the same mortgage of $10,000, that piece of property, Mr. President, was turned in in such shape that it lay there mortgaged only for the sum of $2,600, or thereby leaving the property mortgaged for $2,600 instead of being mortgaged for the $10,000, or $7,400 diminishing item in that transaction.

Mr. President, they wound up by taking out $6,000 in the one item and $7,400 in another item, meaning that they took out $13,400. And then in order to add to the matter, I do not say unjustly, in addition to that immense sum of $7,400 and $6,000 or $13,400, they charged a further sum of $1,798 against that item as attorneys' fees and for other services of the attorney, Mr. John P. Sullivan, who ran both corporations, running that item up from $13,400 to $15,100 taken out of that.

So, Mr. President, after having run that item up to $15,100, through the exchanges of stock of these corporations that the public had contributed, and attorneys' fees, was that all? Oh, no! It was found that the remaining property was not sufficient to discharge the mortgage, so thereupon the Navillus Corporation, composed of John P. Sullivan and Frank B. Sullivan, turned back the property that was left to the Hibernia Homestead Corporation, and discharged themselves from all indebtedness altogether, retaining $15,100 that they had taken out of the property in the meantime.

But that was not all. The end was only the beginning. So, then, along about this time, Mr. President, having their organization set up for this kind of business—and I will offer the document that has been given to me by the banking department of the State of Louisiana explaining these items in detail to be printed in the RECORD in just a moment—and this is a similar means and method as the handling of many other associations affiliated in the matters that I am now trying to detail to the Senate—so that, Mr. President, coincident with this along came the Home Owners' Loan Corporation to relieve the people from their misery. I can-

not give a range of all of these concerns; I must confine myself to the ones that seemed most experienced in the lines. There came along the Home Owners' Loan Corporation.

We read in the newspapers that there has been named a gentleman as the general manager for the Home Owners' Loan Corporation in Louisiana who, the newspapers said, had been designated by Col. John P. Sullivan. We are told on the witness stand that this splendid citizen that they recommend him to be was recommended by Col. John P. Sullivan and two other persons, one of whom has his nephew as the main attorney in charge of making a lot of these loans, as the lawyer in the Home Owners' Loan Corporation in New Orleans.

Then we come along with this governmental concern. What did they do? They took out of this Hibernia Homestead and out of the Navillus Co., owned by the same two parties, and out of the law office of Mr. John P. Sullivan, himself, certain persons. They put a gentleman by the name of Ford, who was a lawyer practicing law in the office of Mr. Sullivan, and they made him the chief abstracter in the Home Owners' Loan Corporation. They took a gentleman by the name of Leon Verges, who was one of the directors of the Hibernia Homestead, wherein they fomented this kind of transactions, and they made him the chief appraiser of the Home Owners' Loan Corporation. And then they took a gentleman by the name of Hayman, I believe his name is, from the race track that Mr. Sullivan has been running, and they put him in the Internal Revenue Department, and after some months of sacrifice and service that Mr. Hayman had given in that job, he was transferred over to the Home Owners' Loan Corporation, where he could do better work, and then they started the whole thing on a broad and expansive scale.

What did they do, Mr. President? Why, they became what probably others will become, unless we warn the public throughout the United States and clip this kind of fraud in the budding; they began, Mr. President, a series of things. As I told you, Mr. Paul B. Habans, according to the testimony of Mr. John M. Parker and of Mr. E. R. Rightor—Mr. Paul B. Habans, the Home Owners' Loan Corporation manager, was appointed on the recommendation of John P. Sullivan, Mr. Edward Rightor, and Ex-Governor John M. Parker. Ex-Governor Parker's secretary, as he testified on the stand, or someone testified for him, was Mr. Stanley W. Ray.

As was testified on the stand this morning, the chief counsel placed in the Home Owners' Loan Corporation was a nephew of Mr. Rightor, by the name of Ed. Showalter, and the chief appraiser and the chief abstracter placed in the Home Owners' Loan Corporation was first a lawyer named Ford, who came out of the Sullivan office, and a man named Leon Verges for chief appraiser, who came out of the Hibernia Homestead office.

So, with that set-up, Mr. President, they set up this practice in the State of Louisiana, and I have here only a very small amount of the cases.

I have, Mr. President, only 65 cases here for proof. I hope that I will not be criticized by the Senate for the lack of proof that I am furnishing on this occasion. I had stated that there were hundreds of cases, but it was difficult, Mr. President, to trace down, with the limited amount of time we had and the limited finances and the help at our disposal, having to go from the mortgage office in the one case and to the Home Loan in the other case and to the building and loan company in another case and the private place again, perhaps in another case, and in many of those instances I was told by the members of the banking department that they found the offices shut down; they would tell them the record had disappeared; they would say it was over here, and they would have no index for it, and they tell me that it was the most difficult task they had ever tried to do to trace these things from one place to the other.

But it will be shown, as I have shown, Mr. President, here that it was all one transaction. When the man turns over the stock for the $10,000, that he has bought for $5,000, and gets $10,000 of Home Owners' Loan Corporation stock, it is all done at the same time. They sign the instrument by which the home owner deeds back the home to the building and loan company for the deed, and they sign the other instrument by which the building-and-loan company turns the home over to the man who bought the $10,000 worth of stock for $5,000, and they sign the instrument by which it is turned into the building and loan company, so that the home owner gets the place and assumes $10,000 worth of debt, and the man that bought the $10,000 of stock for $5,000 gets the $10,000 of Home Owners' Loan Corporation stock at the same hour. So that all that it amounts to, Mr. President, is that a man takes $5,000 and buys $10,000 worth of building and loan stock, and turns right around and gets $10,000 of Home Owners' Loan Corporation stock, and puts it on the market and gets 97 cents on the dollar for it, or 98 cents, and so that on the $10,000 transaction $4,700 to $5,000 of the Government's money goes into the pocket of the racket. And it might be all right if the racket were not one, Mr. President, which is so closely identified with the Government.

I am not going to take the time to explain who these people are at this time, because we have a very important bill under consideration, and I am anxious that no delay shall occur, but I will take up the case of Governor Parker's secretary, Mr. Stanley W. Ray, and give you his first, because this is a patriotic undertaking of my friend Governor Parker.

The governor and I have not been the kind of friends that I would like us to have been. But that is not his fault, Mr. President. He is not only a good man, but a public-spirited man. He gave up his time, Mr. President, to the assistance of the public, and I want to state that there was not any question on his part so far as his own testimony can be judged, that is, if you take what he says to be true—and I would not ask anything else—that he is trying to do a service to the public in this work. I have had some of these gentlemen paraded as the high-minded aristocracy of my State, while I have been described as coming from the lower ranks, and I want to see that they are placed in their proper, high place in the sun.

Here is the transaction of Stanley W. Ray. Mrs. M. D. Salazer, in which he bought the stock of the home loan for 39½ and took the Home Owners Loan Corporation bonds that sold at 81¾.

And take the case of Claude St. Amant, in which he turned in the homestead stock at 42¾ a share, with handling of the appraisement through the appraisers and the attorney's opinion and their machinations, and got the Home Owners stock for 83½ that he received. That is he sold the home owners own stock. You will note that where 39½ cents went to the home owners, that more than that amount went into the pockets of this interposing party.

In the third case, the case of J. P. Albeanease, he got a total amount of $3,300. The market quotation of the building and loan stock that was turned in for it was 39 cents, for which an equal amount of Home Owners stock that was sold that day for 84 cents was received.

The next case is that of Walter J. Wolfe. I could go on down the list, but I will skip and get to the bottom of it. Finally we come to the case of Mr. M. B. Lamarie. The stock that was turned in for his home had been bought for 41 cents for which an equal amount of Home Owners' Loan Corporation stock was sold that day, for 98⅛.

The next case is that of Mr. Joseph E. Mercier, the transaction occurring on the 22d day of March last. They gave building and loan stock which was quoted on the market at 41¾ cents, for which they received an equal amount of Home Owners' stock that sold on the same day for 98⅛ cents.

I give another case, that of Mr. H. F. W. Rasmussen, whose property was purchased with stock of a market value of 41 cents, which was on the same day given in exchange for Home Owners' Corporation stock at 98⅛.

In deference to the friendship which I hope I feel for my friend Governor Parker, who represents this corporation

and in the kindness of my heart, I send to the desk, in order that it may be copied into the RECORD, the entire transactions that are shown there under the account of Mr. Stanley W. Ray, and ask that they may be marked exhibit 1.

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

(See exhibit 1.)

Mr. LONG. In order that I may be fair about the matter—it is not fair to give Mr. Parker and Mr. Ray publicity in this matter without showing that they have others who are with them—I send to the desk in order that it may be incorporated in the RECORD another one. Before sending it, however, I will make a slight explanation. Here are the names of other purchasers. They interposed a man by the name of Briant; they interposed a man by the name of Prieto; they interposed Mrs. Virginia P. Leaman; and they interposed the Dumaine Realty Co. It will be found that these concerns are affiliated in many instances with the appraisers and lawyers who have been placed there in charge of making loans for the Home Owners' Loan Corporation or as appraisers. Mr. President, as to the Dumaine Realty Co., I cite the case on the 23d day of March 1934, when they negotiated a transaction that shows on its face as much fraud as you can find in any other place. The Dumaine Realty Co. is the concern of Mr. Meyer Eiseman, I understand, who has been made one of the appraisers of the United States Government's Home Owners' Loan Corporation. I send this document to the desk and ask that it may be printed as exhibit 2, in order that similar frauds of this kind may be prevented throughout the balance of the United States.

Mr. WALSH. Mr. President——

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

Mr. LONG. I yield to the Senator.

Mr. WALSH. I have followed with a good deal of interest and approval the operations of the Home Owners' Loan Corporation in my State. I should like to inquire from the Senator whether or not he is pointing out any violations of the law which limit loans to be made upon homesteads to not more than $20,000?

Mr. LONG. I hope the Senator will not ask me to comment on it. I only want to state facts; I do not want to make personal comment.

Mr. WALSH. The limitations on the Home Owners' Loan Corporation in making loans are, first, that there is a distressed financial condition on the part of the home owner, and, secondly, that the amount shall not exceed $20,000. Is the Senator alleging that they have loaned money in Louisiana where there is not a distressed condition upon the part of the home owner and where the amount of the loan is in excess of $20,000?

Mr. LONG. Let me inquire, Was the Senator here when I began my address?

Mr. WALSH. I was not, but I heard the Senator in the committee this morning, in part.

Mr. LONG. I want to state again, so that the Senator will understand what I am speaking of. They have started out down in Louisiana to do this: They will have a man go and buy stock of a building-and-loan company that is selling at, say 50 cents or less on the dollar. That man will buy, we will say, $10,000 worth of the building and loan stock on the market for $4,100; then he will take that $4,100 for his homestead—perhaps he is interested in this particular building-and-loan company—and he will go out to a home owner by the name of A who has a mortgage for $10,000 which the building and loan company sold and have him turn the place over to the building and loan company for the $10,000 as a payment of the debt. Then he will take the $10,000 worth of stock that he has bought for $4,100 and exchange that with the building-and-loan company, that he is either owning or controlling or has an understanding with, for the home that was originally mortgaged for $10,000. So he paid $4,100 for the $10,000. Then he turns the home over to the Home Owners' Loan Corporation for the original owner and gets $10,000 worth of H.O.L.C. bonds, which have cost him $4,100. Therefore, he gets $5,900 of the $10,000 that the Government put out and $4,100 goes to the Home Owners' Loan Corporation.

Mr. WALSH. I think I understand the Senator.

Mr. LONG. That is all done as one transaction; it is all signed up at one sitting. There is some lawyer there, we will say——

Mr. WALSH. The Home Owners' Loan Corporation must know two things: That there is a home owner in distress and that he has a mortgage that may be transferred to that Corporation.

Mr. LONG. That is all they ought to know.

Mr. WALSH. That is all the Home Owners' Loan Corporation knows.

Mr. LONG. That is all they ought to know; but in this case, as I have illustrated to the Senator, the party who was practically in charge of the Home Owners' Loan Corporation in New Orleans, one of them, has put his chief appraiser and his lawyer in there, one as chief appraiser for the Home Owners' Loan Corporation and the other as chief abstracter for them, and the other one has put an employee in there as attorney, and the other one's secretary becomes the man on the outside operating the connection to bring in the stock that is to be transferred for 41 cents and get a dollar. As a result of that, fraud has developed the like of which I know if it were existing in the State of Massachusetts the Senator from Massachusetts would not have been as negligent as I have been, but he would have informed the country of it long before this information reached me.

Mr. WALSH. I may say to the Senator in conclusion that the Chairman of the Home Owners' Loan Corporation Board is Mr. John H. Fahey, who is a highly esteemed citizen of my State, and a very honest, conscientious, and efficient public servant. If the Senator has any evidence that the Home Owners' Loan Corporation has been imposed upon by home owners and that they have violated the law, I want to say that I am sure he will find that Mr. Fahey will take prompt steps to rectify such conditions.

Mr. LONG. I am glad to concur with the Senator in that statement, and for that reason I am sending to the desk the evidence that has been prepared for me. I have already offered two voluminous sheets, and now I am going to send to the desk, Mr. President, and ask to have put in the RECORD as part of my remarks sheet no. 3, showing the estimated profits and the various and sundry items of transfer, and showing that they bought stock for 48 that they cashed for 84 with the Government and stock for 51 that they cashed at the hands of the Government for 98, realizing a profit of $213 in one case and $478 in another; but it was getting a little bit low, apparently; this man was not one of the best.

The PRESIDING OFFICER. Without objection, the exhibit will be printed in the RECORD.

(See exhibit 3.)

Mr. WALSH. If what the Senator says is true, of course, he is making a serious charge against the employees of the Home Owners' Loan Corporation in Louisiana.

Mr. LONG. Not against the employees. I would not limit it to the poor employees. I am one of the men who understands the capacity of a poor employee who is taken out of the Sullivan office and placed in the Home Owners' Loan Corporation or out of some other lawyer's office. I know in my heart and from my experience that those men are doing what they are told to do. I would not punish the employees.

Mr. WALSH. It takes the connivance of the managers, of the chief conveyancer, of the appraiser——

Mr. LONG. And of the building-and-loan company.

Mr. WALSH. And of the heads of the departments of the Home Owners' Loan Corporation office.

Mr. LONG. Yes, sir; it takes the connivance of them all. I do not want to pick out some little men who are drawing $175 a month; I am not making my charges against them, because they are the least culpable. I send to the desk——

Mr. McKELLAR. Mr. President——

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

Mr. LONG. I yield to my friend from Tennessee.

Mr. McKELLAR. I am wondering if the Senator is limiting his charges against the Home Owners' Loan Corporation to Louisiana?

Mr. LONG. Yes, sir; I am.

Mr. McKELLAR. My own experience with that Commission is that it is composed of men of perfectly splendid character and attainments; they are trying their best to perform a great work, and, in my humble judgment, they are performing a most beneficent work in a most businesslike way—a work that means more to the people of this country perhaps than that undertaken by any other Commission connected with the Government. I want to say further that, in my judgment, if the Commission is a failure in Louisiana it is the only State where it is a failure. From all parts of the country we find being paid the most glowing tribute to the Home Owners' Loan Corporation and the magnificent work which that corporation is doing.

Mr. LONG. I want to say to my friend from Tennessee that I am encouraged and inspired to have his advice. I do not believe that there is any such thing as this happening in any other State except Louisiana, and in New Orleans, so far as I know, in that State. I do not believe from what my friend from Massachusetts told me that it is in any respect knowingly consented to in his State, and I would be the last to charge it was consented to by any one here.

I ask that I be sent back that sheet, so that I may show my friend from Tennessee an example and so that he may see just how this thing is being done.

Mr. President, they take building and loan stock that is bought in at 58 cents on the curb, and get an equal amount of stock of the Home Owners' Loan Corporation at 98¼.

In other words, as the Senator from Tennessee knows—and he is my good friend—if he had known of a thing like this occurring in Tennessee he would never have been so lacking in his diligence to have it corrected as I have been. I apologize to the Senate that I have not brought this information here before. I say to my friends that I have brought it here in time, I hope, so that the good and worthy means that were intended to surround the workings of this corporation may be perpetuated in other States which this practice has not yet reached.

I have previously sent to the desk several of these sheets, and I now send the fourth one, asking that they may be inserted in the RECORD at the end of my remarks.

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

(See exhibit 4.)

Mr. LONG. Mr. President, I wish we could have a committee appointed, with someone like my friend from Tennessee [Mr. McKELLAR] on it, to go down to Louisiana and investigate this matter, to see that it shall be forbidden in the future. I voted for the measure creating the Home Owners' Loan Corporation. I was one of the first men in the Senate to support this kind of legislation. Even when the former President, under whom I first served in the Senate, had some kind of a bill looking to this end, I supported it, though with some misgivings.

Here is what they have done—and I want my friend from Tennessee to pay attention to this, because he is a southerner like I am, and an honest man, and he would not stand for this kind of business if he could possibly prevent it. It has got so bad down in my section of the country that they even mimeograph the letter.

In other words, it is going so fast that they cannot take time to write a letter to each person. In order to make the difference between 40 cents and 98 cents and take it out of the Government, they do not even go to the trouble to write letters. If I was making a fee like that I would not call in a stenographer and dictate a letter, nor would I even go to the trouble and expense of having the letter mimeographed. I would be willing to write a letter by hand if I could make that kind of a fee.

Here is the letter:

GREATER N. O. HOMESTEAD ASSOCIATION,
740 Poydras Street, New Orleans, La.

MR. SAMUEL A. COCHRAN,
Special Representative, Home Owners' Loan Corporation, New Orleans, La.

In re: File No._____
Application of_____
Address_____

They leave all of that blank so all they have to do is to stick in the number and name and address and go out and get the money and spend it.

DEAR SIR: This is to advise you that this association has entered into an agreement with Mr. Irwin S. Gautier to sell him the above premises and will convey title to him thereunder in due course.

This property was, will be—

They fix it that way so they can strike out "was" or "will be" according to the circumstances of the case.

This property was, will be, acquired by this association by foreclosure, assignment, under date of _____.

They have it so they can strike out "foreclosure" or "assignment", as the case may be, and then fill in the date.

We understand that the owner of this property is desirous of having the Home Owners' Loan Corporation redeem this property under section 4 (g) of the Home Owners' Loan Act, and we are writing this to you to certify to you that Mr. Irwin S. Gautier has a contingent interest in the above premises—

They have to put that in there because they have had him deed the property back for the amount of his debt, and they have to put in the statement that they have a contingent interest because under the law of Louisiana we do not recognize a claim to property unless it is evidenced in writing—

has a contingent interest in the above premises and that it will be in order for you to accept mortgagee's consent form from him.

Yours very truly,

_____,
Secretary.

Mr. President, I send to the desk the original document from which I was quoting, entitled "Hibernia Homestead Association, New Orleans, La. History of loans granted by Hibernia Homestead Association to Navillus Company, Inc.", and ask that it may be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection it is so ordered.

(See exhibit 5.)

Mr. LONG. Mr. President, in order to take up as little time of the Senate as is necessary, I shall not add a single word to what has been said nor shall I make a charge against anyone other than as has been shown in the sworn affidavits and exhibits handed to me under authority of the bank examining officials of the State who are here ready to testify.

Mr. President, it is a horrible thing to inflict our State with the menace which we are told does not exist in other States. I am sure that those understanding the situation will exculpate the two Members sitting in this body from Louisiana from any participation in the selection of the persons who are in any respect connected with these transactions. I am sure that those who have sat with the Senate Finance Committee will do me the honor and the credit to exonerate me and to exonerate my colleague in this body [Mr. OVERTON] from having had a chance to be a party to the selection of those conducting this kind of an enterprise or carrying out the transactions in any of their detail.

Mr. President, none the less I apologize for having to bring this matter before the Senate. I do not bring it for Louisiana alone, because I am sure that having explained these matters here the effect will be such as to get a proper recognition of them—perhaps not so quickly as other mat-

ters are recognized, but probably in some course. But at least I hope the publication of these matters in the RECORD will be such as to place all on notice that this practice cannot spread to the other States.

Mr. President, I am not going to protect fraud in my own party, and I am not going to protect fraud outside of my party. If, under the administration of our own party, these sacred funds, intended to put the bone and marrow and sinew of the helpless man, who needs a home, in a position that will give him shelter, if these sacred funds are being diverted from the uses for which they are contributed by this Government and those uses are being perverted, it should be known. If this money is going into the pockets of those who have such little feeling for destitute and needy humanity that they would take for themselves these sacred funds which are intended to relieve the misery and suffering of the weak and fallen and helpless, then what could we expect to happen in the future and what respect could we expect to be given to this sacred body and other institutions of the Government even by those who, of necessity, have to depend upon the Government at this time? God save our fair State of Louisiana! God save America!

EXHIBIT 1.—*Liberty Homestead Association, transactions with Home Owners' Loan Corporation handled through Stanley W. Ray*

Date of sale	Name of borrower	Total amount due	Cash received	Stock received	Home Owners' Loan Corporation bonds and cash received	Market quotation stocks	Market quotation Home Owners' Loan Corporation bonds	Profit to Ray
Nov. 18, 1933	Salazar, Mrs. M. D	$8,266.95		$7,600	$4,265.00	39½	82¾	$527.29
Dec. 7, 1933	St. Amant, Claude	2,000.00		2,400	1,347.90	42¾	83½	98.75
Dec. 18, 1933	Albeanese, J. D	3,300.00		3,300	1,912.75	39	84	319.08
Dec. 23, 1933	Wolfe, Walter J	1,701.88		2,600	1,492.47	50	83¾	[1] 51.45
Dec. 14, 1933	Davis, Ida G	7,195.43	$1,500.00	8,000	6,341.09	38⅞	84⅜	769.85
Dec. 9, 1933	Meunier, Jules	6,368.27		7,900	4,419.03	42¾	84	354.71
Dec. 23, 1933	ExKano, Paul	1,010.24		1,800	1,000.00	50	83¾	[1] 62.50
Jan. 9, 1934	Cook, Mrs. Walter	9,080.49	2,284.54	10,000	7,889.09	39	92½	1,112.79
Jan. 12, 1934	Acosta, J. P	1,112.19	344.00	1,500	1,158.19	38	92	151.36
Jan. 15, 1934	Landry, E. J	2,066.10	919.88	2,000	2,141.04	37½	92	49.84
Jan. 20, 1934	Cooper, Thos. B	3,992.83	1,521.00	3,000	3,308.24	39½	92¾	345.63
Feb. 1, 1934	Valenti, Mrs. C	5,697.76	1,182.00	5,000	3,813.00	39	96	528.48
Jan. 27, 1934	Thomas, Mrs. M. S	4,868.75	1,100.00	4,000	3,234.26	40	95	372.30
Jan. 30, 1934	Walther, F. L	7,099.46	475.00	6,500	3,787.08	39½	95	555.15
Feb. 6, 1934	Bianca, Mrs. Louis	3,927.40	250.00	4,000	2,233.86	40⅛	97⅜	330.54
Feb. 23, 1934	Weinmann, Mrs. J. M	3,457.72	1,250.04	2,200	2,388.93	40¼	95¼	139.03
Mar. 1, 1934	Waguespack, Mrs. F	4,991.64	1,685.76	3,500	3,623.07	40¼	94⅜	324.69
Mar. 2, 1934	Sheldon, Ernest	1,642.44		1,900	931.12	40¼	97¼	140.64
Mar. 9, 1934	Buffet, A. J	4,291.18	2,346.00	2,000	3,551.09	40¼	97⅛	297.90
Mar. 15, 1934	Brown, et al., Mrs. Paul	3,000.00		3,250	1,625.39	40¼	97¼	273.19
Mar. 23, 1934	Christophe, F. J	3,172.31	968.00	2,200	2,138.38	41	98⅜	227.51
Do	Horang, Rosine	5,210.39	3,300.00	2,000	4,549.20	41	98⅜	343.70
Do	Lamarie, M. B	6,019.57	2,620.00	3,500	4,549.20	41	98⅜	408.70
Mar. 22, 1934	Mercier, Jos. E	1,428.36		2,000	997.77	41¾	98⅛	143.30
Do	Rasmussen, H. F. W	5,751.66	1,048.00	5,000	3,617.33	41	98⅛	451.18
Feb. 21, 1934	Catamia, S	3,500.00	1,618.33	2,000	2,840.59	40¾	96½	307.27
	Total	110,153.02	24,412.55	99,150	79,155.07			8,458.93

[1] Loss.

EXHIBIT 2.—*Transactions in the Acme Homestead Association, New Orleans, La., sales for stock manipulated through the Home Owners' Loan Corporation*

Date of sale	Name of purchaser	Book value	Cash received	Stock received	Commissions paid	Bond quotations	Attorney's fees	Estimated profit	Estimated bond proceeds	Other expenses	Bonds issued	Name of original owner
Dec. 18, 1933	Briant, H. A. (P.J.L.)	$6,443.31		$7,100	$284.00	84	$334	$1,058.49	$4,040.49	$500	$4,810.11	H. A. Briant.
Jan. 27, 1934	Prieto, Virginia M. (P.J.L.)	3,402.53	$500.00	3,500	160.00	95		450.09	2,420.09		2,558.52	George Huet.
Do	do	2,963.66	192.00	4,500	187.68	95		841.81	2,923.81		3,077.70	Mr. and Mrs. A. Berthelot.
Feb. 23, 1934	do	1,615.67	102.40	2,000	84.10	95¼		621.66	1,564.06		1,642.06	Luke Francis.
Mar. 5, 1934	Thrift Realty Co., Inc. (Sigeler)	9,105.23	560.00	11,440		96¾		1,285.83	6,089.63		6,873.66	Mrs. H. K. Elmer.
Do	do	3,812.86	250.00	3,950	168.00	96¾		413.00	2,322.00		2,400.00	E. J. Colgas.
Do	Leaman, Mrs. Virginia P. (P.J.L.)	5,209.81	360.00	6,100	258.40	96¾		1,287.60	4,209.63		4,351.04	Mrs. Eva Beelman.
Mar. 7, 1934	do	6,365.25	900.00	6,200	355.00	96¾		1,247.93	4,809.93		4,971.51	Frank Di George.
Do	do	1,303.87	250.00	1,500	70.00	96¾		543.51	1,443.51		1,492.27	Jonas Wormser.
Mar. 23, 1934	Dumaine Realty Co. (Moyor)	6,229.79		6,600	264.00	98⅛		593.70	3,365.70		3,429.61	A. A. Antoine.
Do	Dumaine Realty Co. (Eiseman)	6,171.78	300.00	6,700	280.00	98⅛		406.16	3,580.16		3,648.58	Clarence L. Smith.
	Total							8,899.78				

Amount of bonds issued obtained from Home Owners' Loan Corporation.
Stock quotations actual.
All transactions calculated on basis of stock valued at 42.

EXHIBIT 3.—*Transactions handled by Meyer Eiseman for Union Homestead Association, New Orleans, La.*

Date	Name of borrower	Total due	Cash received	Stock received	Bonds approved	Stock quotations	Bond quotations	Brokers' estimated profit	
Dec. 27, 1933	Builtman, O. C	$2,271.78	$700.00	$1,600	$1,940.00	48	84	$161.68	
Jan. 16, 1934	Gomez, Mrs. A. P	1,942.49		2,000	1,500.28	48	92	420.00	
Dec. 12, 1933	Jones, J. O	20,484.59		20,500	10,947.83	48	84	870.00	$12,750
Jan. 12, 1934	Fenassci, E. J	1,675.41		1,750	1,102.80	48	92	321.00	1,262
Feb. 1, 1934	Dieck, H. T	3,993.37	300.00	3,650	1,900.00	48	96	371.04	2,524
Feb. 17, 1934	Eiserloh, N. W	3,093.24	800.00	2,500	2,427.74	48	95¼	499.00	2,624
Mar. 21, 1934	Brown, Y. E	7,309.07	553.41	7,000	4,690.91	51	98⅛	478.63	
Mar. 27, 1934	Braquet, T. V	1,931.35	447.90	1,700	1,560.24	51	98	213.90	

EXHIBIT 4.—*Eureka Homestead Society, New Orleans, La., loans negotiated through Home Owners' Loan Corporation by Stanley W. Ray*

Name	Apparent profit figured from bid prices	Date sold by association	Book value	Payment in cash	Payment in stock of association	Home Owners' Loan Corporation net amount of par value bonds issued after deductions	Bonds		Stock		Home Owners' Loan Corporation folio no.
							Bid	Offered	Bid	Offered	
Peter Yuratich	$133.96	Mar. 21, 1934	$5,299.90		$5,299.90	$3,265.04	98¼	98⅝	58		A-502
Frank Sullivan	1,449.38	Feb. 28, 1934	10,012.27	$4,500.00	5,512.27	9,504.49	94¾	95¼	57¼		A-321
H. C. Bocage	954.14	Mar. 2, 1934	2,699.15		2,699.15	2,570.08	97¼	98	57¼		A-330
Mrs. Katherine K. Oertling	357.20	Feb. 23, 1934	7,690.60	6,000.00	1,690.60	7,690.60	95¼	95¾	57¼		A-279
Mrs. Laura Mersch	1,639.89	Dec. 26, 1933	5,333.29		5,333.29	5,333.29	83¾	84½	53		A-80
Mrs. C. Eustes	2,053.66	Jan. 16, 1934	17,663.85		17,663.85	13,019.44	91¾	92½	56	60	A-144
J. R. Nagle	687.98	Dec. 20, 1933	2,619.93		2,619.93	2,604.28	84	84½	57¼		A-61
Mrs. T. Puneky	1,077.18	Jan. 15, 1934	4,823.96		4,823.96	4,106.58	92	92¾	56	60	A-138
L. T. Schrer	1,005.61	Mar. 7, 1934	4,798.05	800.00	3,998.05	4,232.36	96¾	97¼	57¼		A-375
Mrs. L. McDonald	826.52	Jan. 15, 1934	2,530.84		2,530.84	2,471.88	92	92¾	56	60	A-114
Uncas Tureaud	452.25	Dec. 28, 1933	1,675.39		1,675.39	1,675.39	84	84½	57	58½	A-84
Mrs. Myrtle Schwartz	1,654.58	Nov. 15, 1933	16,500.00		16,500.00	13,126.52	83	84	56		A-8
B. S. Boree	263.93	Dec. 29, 1933	5,000.00		5,000.00	3,702.64	84¼	84¾	57		A-48
Charles Goulon	320.11	Jan. 6, 1934	4,052.09		4,052.09	2,872.23	90½	92½	56	59	A-112
Mrs. Athene Harvey	1,191.97	do	4,908.41		4,908.41	4,709.72	90½	92½	56		A-115
Frank Albert	382.76	do	1,259.11		1,259.11	1,208.35	90½	92½	56		A-116
Felix Simms	574.52	Jan. 4, 1934	2,768.45		2,768.45	2,403.23	86¾	87½	56		A-107
Joseph Brown	861.08	Feb. 27, 1934	2,281.43		2,281.43	2,281.43	95	95½	57¼	60	A-291
Jean and A. Perret	721.19	Jan. 6, 1934	2,156.33		2,156.33	2,131.59	90½	92½	56	59	A-118
George C. Muhs	1,160.65	Mar. 15, 1934	3,979.81	700.00	3,279.81	3,852.94	97¼	97⅜	57½		A-434
Total	17,768.56		108,052.86	12,000.00	96,052.86	92,762.08					

EXHIBIT 5

HIBERNIA HOMESTEAD ASSOCIATION,
New Orleans, La.

HISTORY OF LOANS GRANTED BY HIBERNIA HOMESTEAD ASSOCIATION TO NAVILLUS CO., INC.

On July 5, 1918, loans granted to Navillus Realty Co., Inc., in the amount of $20,400, secured by property purchased from Mercier Realty & Investment Co., described as follows:

Lot and building with all improvements in the first district, city of New Orleans, in square no. 218, bounded by Julia, Girod, St. Charles, and Carondelet Streets, property known as 743 and 745 Julia Street.

Also lot and buildings with all improvements, first district, city of New Orleans, in square no. 235, bounded by Julia, Carondelet, Baronne, and St. Joseph Streets, which property begins at a distance of 54 feet 2 inches from Julia Street and measures 28 feet on front of Carondelet Street by 120 feet in depth, same being property purchased from Mrs. Mary Hosmer, wife of Charles F. Buck, Jr.

The loan on the above properties of $20,400 paid out in full on May 31, 1921.

On June 24, 1921, loan was granted to the Navillus Realty Co., Inc., on the two above properties and a lot and building with all improvements in the first district, city of New Orleans, bounded by Julia, St. Charles, Girod, and Carondelet Streets, designated at lot no. 8, in the amount of $25,000.

On June 30, 1922, a loan was granted to the Navillus Realty Co., Inc., for $25,000 on two lots and buildings with all improvements in the first district, city of New Orleans, in square bounded by Julia, Girod, Carondelet, and Baronne Streets, said lots adjoining each other, which lots are a portion of lots designated by no. 102 on a plan of Joseph Pilie, city surveyor, dated December 31, 1821; also lot and building, first district, in square bounded by St. Joseph, Baronne, Julia, and Carondelet Streets, also lot and building with all improvements in the first district, in square bounded by Carondelet, Julia, Girod, and Baronne Streets.

On September 26, 1923, a loan was granted to the Navillus Realty Co., Inc., in the amount of $10,000, being secured by the following property:

A lot and building with all improvements designated by the letter "B" square bounded by St. Charles, Julia, Carondelet, and Girod Streets, known as 739 Julia Street.

RECAPITULATION OF LOANS

Loan of $25,000, dated June 24, 1921, reduced to	$20,000
Loan of $25,000, dated January 30, 1922	25,000
Loan of $10,000, dated September 26, 1923	10,000
60,000	55,000

On July 15, 1931, the above loans refinanced, showing following credits:

July 15, 1931, foreclosure fees and costs due John P. Sullivan	$1,798.50
July 15, 1931, full-paid shares (name of Mrs. C. Sullivan)	14,500.00
July 15, 1931, installment stock credits (pledged)	530.61
July 15, 1931, new loan, Navillus Realty Co. no. 773, note dated July 15, 1931, book no. 2710 for 400 shares	40,000.00
July 15, 1931, loan no. 774, book no. 2711 for 26 shares	2,600.00
Cash-installment payment	83.65
	55,000.00

LOANS RESULTING AFTER REFINANCING

July 15, 1931, loan of $40,000 granted to Navillus Realty Co., Inc., on the following property:

Two lots of ground together with all buildings and improvements thereon, situated in the first district of the city of New Orleans in square bounded by Julia, Girod, Carondelet, and Baronne Streets. Said lots adjoin each other and measure each 30-foot front on Julia Street (French measure) by depth of 100 feet (American measure), which two lots are a portion of lot designated by no. 102 on a plan of Joseph Pilie, city surveyor.

Also a certain portion of ground together with all the buildings and improvements situated in the first district of the city of New Orleans in square bounded by Carondelet, Julia, Girod, and Baronne Streets.

Also lot and building with all improvements in the first district, city of New Orleans, in square bounded by St. Joseph, Baronne, Julia, and Carondelet Streets, lot designated by the letter "A" on sketch made by L. H. Pilie.

On July 15, 1931, a loan was granted to the Navillus Realty Co., Inc., in the amount of $2,600, secured by lot and buildings with all improvements in the first district, city of New Orleans, in square bounded by Julia, St. Charles, Girod, and Carondelet Streets, designated as lot 8 on plan of Joseph Pilie.

NOTE.—In the refinance of the two loans of $40,000 and $2,600, respectively, it is seen that the property secured under the old loan of $10,000 now secures the $2,600 note, which was paid in full and the security released, whereby the $40,000 note only, was deeded back to the association.

The loan of $40,000 granted to the Navillus Realty Co., Inc., on July 15, 1931, was deeded back to the association on a dation en paiement on December 23, 1932, property being described as 7161–65 Carondelet Street, 711–13–15 Julia Street and a vacant lot "A" on Julia Street (act passed by David Sessler).

Record shows no payment in interest or principal from the date of loan through the date of repossession.

The loan made in the amount of $2,600, as above described, was repaid in cash by installment payments, closing out October 21, 1932.

[NOTE.—Letter in files of association showing appraisement as of June 29, 1931, on these properties of $50,000, by Latter & Blum.]

Supplemental letter states property has sold for $1,000 per front foot on Carondelet Street and $500 per front foot on Julia Street.

Schedule showing fee payment due and credited J. P. Sullivan on loan as of July 15, 1931

(Journal entries)

Sundries	$1,798.50
To Navillus Realty Co., Inc., foreclosure on G. B. Black due J. P. Sullivan, legal cost and foreclosure fees	350.00
Same on L. L. Bailey	25.00
Foreclosure on Mr. and Mrs. McGuire to J. P. Sullivan, legal cost and foreclosure fees	515.50
Foreclosure on F. L. Manthey to J. P. Sullivan, legal cost and foreclosure fees	520.50
Foreclosure on Sam Crolino to J. P. Sullivan, legal cost and foreclosure fees	362.50
Foreclosure on J. P. Fitzgerald to J. P. Sullivan, legal cost and foreclosure fees	25.00
Total	1,798.50

INTERNAL-REVENUE TAXATION

The Senate resumed the consideration of the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes.

Mr. McKELLAR. Mr. President, I think we have almost forgotten the amendment I have offered, known as the "depletion amendment." It has not been before the Senate at least for 3 hours. We are now ready to continue its consideration, and I hope we may have a vote on it very shortly. I am going to take only a few moments to explain the amendment a little more fully.

Mr. President, we have in this country the remarkable spectacle of nearly 500,000 corporations, 221,000 of them making tax returns and paying some income taxes, while 241,000 corporations are earning dividends and paying dividends and making returns, but paying no income taxes to the General Government.

Our system of income taxation is such that we grant such large allowances to certain of our corporations that while they have ample money to declare dividends, yet they have no money with which to pay the Federal Government an income tax.

I find there are 241,000 of these corporations making returns. They paid out, in the year for which we have the record, $1,500,000,000 in dividends to their stockholders, but not one cent of income tax to their Government. One billion two hundred million dollars of these dividends were paid in cash, and three hundred millions in stock dividends. Among these companies are the oil companies; and that brings us to the immediate amendment.

The Senator from Oklahoma [Mr. GORE] earlier today stated that the oil industry paid to the Federal Government $12,000,000 in income taxes. I find that the Senator is wholly mistaken. In the year 1931 the last estimate we have shows that coal, copper, iron, silver, gold, lead, zinc, gas, and oil paid altogether $7,300,000—altogether! I find, from a break-down of that amount, that the oil and gas people together paid a little more than $2,000,000 to the Federal Government in income taxes. Why? Because they not only get all the deductions that other corporations get, but they get these depletion allowances, which are one half their annual income, whatever it may be.

Why should we virtually exempt oil and gas corporations from taxation? That is what we do.

I desire to call attention to the testimony of the Secretary of the Treasury before the Ways and Means Committee of the House of Representatives, and what he recommended, and how he characterized this situation. Listen to Mr. Morgenthau:

> The discovery depletion provisions enable a taxpayer who had paid $10,000 for a piece of property, and has later discovered a mine (other than a metal, coal, or sulphur mine) upon it worth $1,000,000, to deduct depletion on the mine as if he had paid $1,000,000 therefor. The taxpayer is thereby permitted to receive tax free $990,000 of income on which, by any equitable standards, he should pay the tax. To exempt the income of mine owners or of any other class, necessitates simply that the amount be made up by other taxpayers. The Treasury knows of no reason why a limited class of mine owners should be granted a subsidy as compared to other taxpayers. It is therefore recommended that the provisions for discovery depletion be eliminated.
>
> Our experience shows that the percentage depletion rates set up in the law do not represent reasonable depletion rates in the case of the designated properties, but are much higher than the true depletion to which the taxpayer is fairly entitled. Moreover, these provisions enable a taxpayer to obtain annual depletion deductions, notwithstanding the fact that he has already recovered the full cost of the property. The deduction is, therefore, a pure subsidy to a special class of taxpayers. For this reason the Treasury recommends that these provisions be eliminated in order to put all taxpayers upon the same footing.

Mr. GORE. Mr. President——

Mr. McKELLAR. I will yield to my friend in just a moment.

Senators, why should we give this subsidy from the Treasury? After that unqualified endorsement of a change in the depletion law by our own Secretary of the Treasury, when he calls this depletion a mere matter of subsidy, I desire to ask the chairman of the committee, how it is that the committee did not report in favor of at least reducing the subsidy to this class of corporations.

Mr. HARRISON. Mr. President, I will say to the Senator from Tennessee that the question of depletion has been before the committee in the drafting of every revenue bill in the form of percentage, and so forth.

Mr. McKELLAR. Of course.

Mr. HARRISON. It is a matter that the committee considered very carefully. The experts were at variance about it. Senators on the committee were at variance as to the exact amount; and of course, the Senator understands that the gentlemen who came from the mining sections of the country, and from States where oil is found, wanted what they thought was reasonable. They contended that this was reasonable, and that is why it is in the bill.

Mr. McKELLAR. Mr. President, the Treasury Department certainly knows what the tax returns are. Congress does not know. Senators are not permitted to know. Senators are not permitted to look at the tax returns; but the tax returns are in the possession of the Secretary of the Treasury and his experts, and naturally he knows whether or not these companies are paying taxes as other citizens are paying them. He comes before the committee and makes the statement that these particular corporations are not paying taxes like other corporations. He makes the statement in this evidence that what we are paying is a subsidy to this favored class of corporations. I think it is indefensible unless there is some proof that we are not paying them a subsidy.

The Secretary of the Treasury knows what the facts are. We find that these corporations are paying just a trifle over $2,000,000 in taxes. This is perhaps the fifth greatest industry in our country. The companies engaged in it claim that it is the fifth greatest industry in the country. They are paying about $2,000,000 of Federal taxes.

My good friend, the Senator from Oklahoma, today gave as a reason why we ought not to tax these corporations any more the fact that they paid $747,000,000 of taxes to State, county, and city governments. If they pay a tax of that amount to the State, county, and city governments, surely they might pay at least a ratable tax to the Federal Government. It ought not to be all given back to them.

Now, I yield to the Senator from Oklahoma.

Mr. GORE. Mr. President, the Senator understands, of course, that the comments of the Secretary in regard to discovery depletion do not apply to oil and gas, nor to coal, nor to sulphur, nor to metal mines. Discovery depletion has been abrogated with respect to those mines years since. It applies only to such mines as salt, asphaltum, building stone, gravel, and mining products of that sort. The Senators representing those States may have reason to know why the discovery depletion should not be abolished with reference to those mines as it has been with reference to oil and the other classes of mines I have mentioned.

Mr. McKELLAR. All I know is what the Secretary says. He says that the depletion allowance carried in this bill is a subsidy to these concerns. The fact is, they pay almost nothing. When we look at the facts regarding the $12,000,000 for 1931 that the Senator spoke about, we find that the actual figure is $7,306,390; but when we break it down—to use an expression that has come into vogue in late years—we find that oil and gas pay just about $2,000,000 instead of $12,000,000, as the Senator stated earlier in the day. About $2,000,000 is all the tax that the Federal Government gets.

It is unfair and unjust that this depletion allowance should be made. The Secretary of the Treasury, in my judgment, ought to be upheld by the Congress when he wants to have taxes fairly and justly imposed upon the people.

Mr. GORE. Mr. President, I desire to say in this connection that I was mistaken earlier today both as to the highest and as to the lowest figures. The lowest figure, I believe, has just been stated by the Senator from Tennessee. The highest figure I suggested today was $77,000,000. I

believe it was actually $81,000,000. I had only glanced over those figures several years ago, and they slipped my memory.

Mr. McKELLAR. It is quite immaterial. As a matter of fact, here is the fifth largest industry in this country, as it claims, paying only $2,000,000 in taxes to the American Government. Here is our Secretary of the Treasury; and while I have not the honor of knowing the present Secretary of the Treasury—I think I met him once, but he does not know me from Adam's off ox, and I am not absolutely sure that I would know him—he has the tax returns. His Department has them. He knows them; and when he comes and says that it is unfair and unjust to let these concerns out of taxes as we are doing, giving them a pure subsidy, as he says, it seems to me we might follow the Secretary of the Treasury in equalizing the burdens of taxation.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Tennessee [Mr. McKELLAR].

The amendment was rejected.

Mr. HARRISON. Mr. President, I really intended to have the Senate take up the coconut-oil proposition next, but some Senators have requested that I do not make that request. The Senator from Pennsylvania has a couple of amendments he desires to offer, and is anxious to get away.

Mr. REED. Mr. President, I send an amendment to the desk, and ask that it be read.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 212, after line 15, it is proposed to insert a new section, as follows:

SEC. 517. Liability of fiduciary: (a) Section 3467 of the Revised Statutes (U.S.C., title 31, ch. 6, sec. 192) is amended to read as follows:

"SEC. 3467. Every executor, administrator, or assignee, or other person, who pays, in whole or in part, any debt due by the person or estate for whom or for which he acts before he satisfies and pays the debts due to the United States from such person or estate, shall become answerable in his own person and estate to the extent of such payments for the debts so due to the United States, or for so much thereof as may remain due and unpaid."

(b) The amendment made by subsection (a) shall be applicable in the case of payments made after June 6, 1932.

Mr. HARRISON. Mr. President, this was agreed to by the committee.

Mr. REED. And agreed to by the Treasury Department.

Mr. McNARY. Did the committee unanimously recommend this proposal?

Mr. REED. The committee was unanimous, and the Treasury Department is satisfied.

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

The amendment was agreed to.

Mr. REED. I have another amendment to offer, to come in on page 190.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. In the committee amendment, on page 190, in line 21, after the word "company" and within the parentheses, it is proposed to insert the words "or surety company."

Mr. HARRISON. That relates to the surety companies in the personal holding company provision?

Mr. REED. Yes.

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

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

The amendment to the amendment was agreed to.

Mr. REED. I have another amendment, which I send to the desk.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 193, after line 3, it is proposed to insert the following:

(e) Payment of surtax on distributive shares: The tax imposed by this section, and by section 102 of this act, shall not apply if all the shareholders of the corporation include (at the time of filing their returns) in their gross income their entire distributive shares, whether distributed or not, of the adjusted net income of the corporation for such year. Any amount so included in the gross income of a shareholder shall be treated as a dividend received. Any subsequent distribution made by the corporation out of earnings or profits for such taxable year shall, if distributed to any shareholder who has so included in his gross income his distributive share, be exempt from tax in the amount of the share so included.

Mr. HARRISON. Mr. President, is the Senator going to insist upon that amendment?

Mr. REED. I will make just a brief explanation. This provision is already in the law, I believe.

The purpose of these proposed sections is to prevent the escape of surtaxes by incorporations. This amendment provides that if the individual shareholder shall account for his proportion of the earnings and pay surtaxes on it, he may do so. The Senator understands that this amendment would subject the earnings to surtaxes and not exempt them. It would allow an individual in one of these small holding companies to report his full share of the earnings.

Mr. HARRISON. I may say to the Senator that I am advised by the experts that it might operate just the other way, and I hope the Senator will withhold his amendment at least until we may look into it.

Mr. REED. I am very glad to do that. If the Senate will permit, then I withdraw the amendment at this time until we shall have had a chance to discuss it.

The PRESIDING OFFICER. The amendment is temporarily withdrawn.

Mr. HARRISON. The Senator from Utah has an amendment to offer to the personal holding company provision that we should like to clear up now, if he will offer it.

Mr. KING. Mr. President, on page 191, line 22, I move to strike out "10" and to insert in lieu thereof "20."

Mr. COUZENS. Mr. President, I should like to have the Senator from Utah explain the amendment. When we agreed in the committee, we thought we were very liberal in this matter.

Mr. KING. Mr. President, I did not happen to be present when this provision was agreed upon. I do not agree with the Senator that it is liberal. I think it is very illiberal.

Many of the small businesses in a number of the States, particularly in the Western States, are conducted by personal holding companies, family corporations. Those organizations have been effected, not for the purpose of evading taxes, but quite the reverse, for the purpose of conserving the incomes, and making proper utilization of them in industries small in character, which are highly advantageous not only to the stockholders, but to the people generally. It seemed to me that 10 percent was entirely too low to allow them by way of exemption. I hope the Senator will allow the amendment to be agreed to and go to conference.

Mr. COUZENS. Very well.

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

The amendment to the amendment was agreed to.

Mr. McKELLAR. Mr. President, I send an amendment to the desk, which I ask to have read.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 19, line 15, after the word "rendered", it is proposed to insert the following:

but no allowance for salary or compensation in excess of $25,000 per annum shall be considered reasonable or allowed, and allowances for other salaries or compensation of said corporation shall be credited in accordance with this maximum in fixing the amount of deductions on account of salaries or compensation.

Mr. HARRISON. Mr. President, I hope the Senator will withhold that amendment. The Senator from Oklahoma is very much interested in another amendment, and I told him that I would notify him when we took it up. I hope the Senator will withhold this amendment and offer it later on.

Mr. McKELLAR. Mr. President, I see the Senator from Oklahoma in the Chamber at this time, and I should like to have my amendment laid before the Senate.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Tennessee, on page 19, line 15.

The amendment was rejected.

Mr. HARRISON. I do not think the committee amendment relating to personal holding companies has been agreed to as amended.

The PRESIDING OFFICER. The Chair is informed that the committee amendment, as amended, has not as yet been agreed to.

Mr. HARRISON. I desire to offer an amendment on page 190, merely perfecting the committee amendment. I ask that the amendment to the amendment be adopted, and thereafter that the amendment as amended be adopted.

The PRESIDING OFFICER. The perfecting amendment will be stated.

The CHIEF CLERK. On page 190, line 25, after the word "dealers", it is proposed to strike out "its" and to insert in lieu thereof the word "in".

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

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

Mr. COPELAND. Mr. President, I have a request to make of the Senator from Mississippi.

Mr. CONNALLY. Mr. President——

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

Mr. COPELAND. I yield.

Mr. CONNALLY. I offer an amendment, which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. It is proposed to add to section 44 a new paragraph, to be numbered (3), and to read as follows:

(3) Any taxpayer holding on December 31, 1933, installment obligations on capital transactions reported under section 44 (b) originally maturing in the years prior to January 1, 1934, but which were extended or renewed so that they thereafter matured in 1934 or subsequent years, shall have the option of paying a tax on such installments when paid or otherwise disposed of at the capital gain rate in effect in the year of original maturity.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Texas.

The amendment was rejected.

Mr. CONNALLY. Mr. President, I ask unanimous consent that the vote by which the amendment proposed by me was rejected be reconsidered, so that I may say a word about the amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none and the vote is reconsidered.

Mr. CONNALLY. Mr. President, I very much hope this amendment may go to conference. I desire very briefly to outline its purpose.

Under section 44 of the revenue act, as heretofore enacted, individuals who sold any kind of capital assets, not for cash but on installments, were required to pay on those installments in the year in which they were due, according to the regular schedule of rates. What I have in mind is a few isolated cases of persons who, during the depression, when such installments became due, did not insist on pressing their debtors and making them pay at that time, because to have done so would probably have wrecked their business, and they deferred the payments until this year or next year.

The purpose of this amendment is to permit such persons to pay their taxes at the same rate, as to the deferred installments, that they would have paid had collection been forced. That seems to me fair and just. In other words, if we do not adopt this amendment, we penalize a man for being tolerant with his debtor. We are putting an added burden upon him because he did not play the Shylock and grind the blood out of the poor, helpless devil who could not pay at the time the payment was due. The Government would receive the same amount of revenue it would have gotten had he forced collection, and been paid the rate provided when the installments were due. The amendment would not exempt a single installment that has not yet become due, and which was not deferred. It would simply permit the taxpayer to pay just as he would have paid had he squeezed the last drop of blood out of some industry or some business, and probably in doing so have wrecked it. That is all this amendment would do.

I have submitted the amendment to the experts. They say that it would not materially affect the revenue, but unless it shall be adopted there will be a great injustice and a great hardship to a few people who occupy the position which I have detailed in these remarks.

I hope the Senate will adopt the amendment and let it go to conference. I hope the committee will accept the amendment.

Mr. HARRISON. I will say to the Senator that I personally have no objection to the amendment going to conference, if the Senator wants to send it there.

Mr. CONNALLY. I thank the Senator from Mississippi.

Mr. GORE. Mr. President, this amendment is not in the exact form of the amendment which was considered and rejected by the Senate Committee on Finance. I certainly hope that the Senate will adopt this amendment. It is humane, and not to adopt it, it seems to me, would be inhuman.

Take the instance cited by the Senator from Texas. An installment payment fell due last year. If the creditor played the Shylock, refused to grant an exception, took the pound of flesh nearest the heart, collected his debt, he escapes with a 12½-percent tax, or may do so. But take the creditor who was lenient, who had the milk of human kindness in his heart, who granted an extension in this storm to his distressed debtor, and the installment comes over to the current year. He will be penalized for his leniency, he will be punished not because he was a Shylock, he will be punished because he was not a Shylock.

Mr. President, the Senate has twice passed amendments which I had the honor to offer to create boards of conciliation to bring about an adjustment of debts between creditors and debtors. It is to the credit of the Senate that we passed those amendments. They died in that omnivorous cemetery known as the "conference committee", situated somewhere between the House and the Senate, but the Senate has expressed its views and its convictions on those amendments, and those amendments were in harmony with the pending amendment. It is in the interest of humanity, of leniency, and of reasonable attitude toward benevolent creditors, who "temper the wind to the shorn lamb." I hope it will pass.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Texas [Mr. CONNALLY].

The amendment was agreed to.

Mr. KING. Mr. President——

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

Mr. COPELAND. I yield.

Mr. KING. I offer the amendment which I send to the desk, and ask that it be read and that its consideration may go over until tomorrow.

The Chief Clerk proceeded to read the amendment.

Mr. KING. Mr. President, I ask unanimous consent to dispense with the reading of the amendment, and that it be printed in the RECORD for the information of the Senate.

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

Mr. KING's amendment is as follows:

On page 8, line 5, strike out "4 percent" and insert "5 percent".

On page 8, strike out beginning in line 17 down through line 3 on page 13, and insert in lieu thereof the following:

"Upon a surtax net income of $4,000 there shall be no surtax; upon surtax net incomes of $4,000 and not in excess of $6,000, 4 percent in addition of such excess.

"$80 upon surtax net incomes of $6,000; and upon surtax net incomes in excess of $6,000 and not in excess of $8,000, 5 percent in addition of such excess.

"$180 upon surtax net incomes of $8,000; and upon surtax net incomes in excess of $8,000 and not in excess of $10,000, 6 percent in addition of such excess.

"$300 upon surtax net incomes of $10,000; and upon surtax net incomes in excess of $10,000 and not in excess of $12,000, 7 percent in addition of such excess.

"$440 upon surtax net incomes of $12,000; and upon surtax net incomes in excess of $12,000 and not in excess of $14,000, 8 percent in addition of such excess.

"$600 upon surtax net incomes of $14,000; and upon surtax net incomes in excess of $14,000 and not in excess of $16,000, 9 percent in addition of such excess.

"$780 upon surtax net incomes of $16,000; and upon surtax net incomes in excess of $16,000 and not in excess of $18,000, 11 percent in addition of such excess.

"$1,000 upon surtax net incomes of $18,000; and upon surtax net incomes in excess of $18,000 and not in excess of $20,000, 13 percent in addition of such excess.

"$1,260 upon surtax net incomes of $20,000; and upon surtax net incomes in excess of $20,000 and not in excess of $22,000, 15 percent in addition of such excess.

"$1,560 upon surtax net incomes of $22,000; and upon surtax net incomes in excess of $22,000 and not in excess of $26,000, 17 percent in addition of such excess.

"$2,240 upon surtax net incomes of $26,000; and upon surtax net incomes in excess of $26,000 and not in excess of $32,000, 19 percent in addition of such excess.

"$3,380 upon surtax net incomes of $32,000; and upon surtax net incomes in excess of $32,000 and not in excess of $38,000, 22 percent in addition of such excess.

"$4,700 upon surtax net incomes of $38,000; and upon surtax net incomes in excess of $38,000 and not in excess of $44,000, 25 percent in addition of such excess.

"$6,200 upon surtax net incomes of $44,000; and upon surtax net incomes in excess of $44,000 and not in excess of $50,000, 28 percent in addition of such excess.

"$7,880 upon surtax net incomes of $50,000; and upon surtax net incomes in excess of $50,000 and not in excess of $56,000, 31 percent in addition of such excess.

"$9,740 upon surtax net incomes of $56,000; and upon surtax net incomes in excess of $56,000 and not in excess of $62,000, 35 percent in addition of such excess.

"$11,840 upon surtax net incomes of $62,000; and upon surtax net incomes in excess of $62,000 and not in excess of $70,000, 40 percent in addition of such excess.

"$15,040 upon surtax net incomes of $70,000; and upon surtax net incomes in excess of $70,000 and not in excess of $80,000, 45 percent in addition of such excess.

"$19,540 upon surtax net incomes of $80,000; and upon surtax net incomes in excess of $80,000 and not in excess of $90,000, 50 percent in addition of such excess.

"$24,540 upon surtax net incomes of $90,000; and upon surtax net incomes in excess of $90,000 and not in excess of $100,000, 55 percent in addition of such excess.

"$30,040 upon surtax net incomes of $100,000; and upon surtax net incomes in excess of $100,000 and not in excess of $500,000, 60 percent in addition of such excess.

"$270,040 upon surtax net incomes of $500,000; and upon surtax net incomes in excess of $500,000, 65 percent in addition of such excess."

Mr. KING. Mr. President, the amendment seeks to increase the normal tax from 4 percent to 5 percent and the surtaxes in most of the brackets. If the amendment is agreed to it will raise between forty and fifty million dollars. I shall be very glad if Senators during the recess and before tomorrow morning will examine the proposed amendment so that when the Senate convenes action may be promptly taken on the same.

Mr. NORRIS. Mr. President, is my understanding correct that the Senator from Utah does not expect a vote on his amendment today?

Mr. KING. No, Mr. President; I do not expect a vote on my amendment today.

Mr. NORRIS. Will the Senator from Utah point out where the amendment comes in the bill?

Mr. ROBINSON of Arkansas. I should like to have the Senator from Utah explain the difference between the taxes proposed by his amendment and those recommended by the committee.

Mr. KING. Mr. President, at this late hour I should trespass upon the patience of the Senate if I should attempt to make a detailed explanation of the amendment and the differences between it and the text of the pending bill.

The House bill provides a normal tax of 4 percent on net incomes, but does not continue the 8-percent normal tax found in the 1932 act upon incomes in excess of $8,000. My amendment fixes the normal tax at 5 percent upon net incomes. It contains fewer brackets for surtax purposes than the 1932 act or the House bill now before us. As stated, it increases the surtaxes in most of the brackets; and the increased normal tax, together with the increases in the surtax brackets, will yield more than $40,000,000 over the House bill. My amendment provides for 4-percent surtax upon incomes between four and five thousand dollars, and the bill before us provides a surtax of 5 percent. The pending bill fixes the surtax on incomes between eight and ten thousand dollars at 8 percent, whereas my amendment calls for but 6 percent.

If Senators will pardon me, I shall mention but a few more of the brackets and the changes between the pending bill and my amendment. For instance, on net incomes between thirty-two and thirty-eight thousand dollars the surtaxes imposed in the pending bill are 21 percent, and in my amendment 22 percent. Between forty-four and fifty thousand dollars net income the pending bill imposes 27-percent surtax and the amendment 28 percent. The surtax upon net incomes between eighty and ninety thousand dollars is 45 percent in the pending bill and 50 percent in my amendment. The surtaxes in the pending bill from the bracket last mentioned increase by 1 percent in each bracket until the bracket is reached where the net income amounts to more than $1,000,000, at which point the surtax is 59 percent, and in my amendment it is 65 percent. With a 5-percent normal tax and a 65-percent surtax my amendment would impose a tax of 70 percent upon incomes over $1,000,000.

I believe that the amendment provides a gradual, and, if I may use the expression, a uniform rise in the surtax rates. The upward curve representing the increases in the surtaxes is substantially uniform. It does not present the irregularities not infrequently found in income-tax measures.

Mr. President, I have a statement showing the surtax rates appearing in the pending bill and in my amendment. I ask that it be inserted in the RECORD without reading.

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

The matter referred to is as follows:

Comparison of income-tax rates

(2) SURTAX RATES

Surtax net incomes	Pending House bill revision	King amendment
	Percent	*Percent*
$4,000 to $6,000	5	4
$6,000 to $8,000	7	5
$8,000 to $10,000	8	6
$10,000 to $12,000	9	7
$12,000 to $14,000	10	8
$14,000 to $16,000	11	9
$16,000 to $18,000	12	11
$18,000 to $20,000	13	13
$20,000 to $22,000	15	15
$22,000 to $26,000	17	17
$26,000 to $32,000	19	19
$32,000 to $38,000	21	22
$38,000 to $44,000	24	25
$44,000 to $50,000	27	28
$50,000 to $56,000	30	31
$56,000 to $62,000	33	35
$62,000 to $68,000	36	40
$68,000 to $70,000	39	40
$70,000 to $74,000	39	45
$74,000 to $80,000	42	45
$80,000 to $90,000	45	50
$90,000 to $100,000	50	55
$100,000 to $150,000	52	60
$150,000 to $200,000	53	60
$200,000 to $300,000	54	60
$300,000 to $400,000	55	60
$400,000 to $500,000	56	60
$500,000 to $750,000	57	65
$750,000 to $1,000,000	58	65
Over $1,000,000	59	65

The PRESIDING OFFICER. As the Chair understands the amendment proposed by the Senator from Utah is to go over until tomorrow.

Mr. KING. That is correct.

The PRESIDING OFFICER. The amendment will be passed over.

Mr. HARRISON. Mr. President, has the depletion section now been finished so far as agreeing to amendments is concerned?

The PRESIDING OFFICER. It has not.

Mr. HARRISON. May I ask that the committee amendment in that section may be stated?

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. It is proposed on page 83 to strike out lines 11 to 22, both inclusive, as follows:

A taxpayer making his first return under this title in respect of a property shall state whether he elects to have the depletion allowance for such property for the taxable year for which the return is made computed with or without regard to percentage depletion, and the depletion allowance in respect of such property for such year and all succeeding taxable years shall be computed according to the election thus made. If the taxpayer fails to make such statement in the return, the depletion allowance for such property for all taxable years shall be computed without reference to percentage depletion.

And to insert in lieu thereof the following:

A taxpayer making his first return under this title in respect of a property shall state whether he elects to have the depletion allowance for such property for the taxable year for which the return is made computed with or without regard to percentage depletion, and the depletion allowance in respect of such property for such year shall be computed according to the election thus made. If the taxpayer fails to make such statement in the return, the depletion allowance for such property for such year shall be computed without reference to percentage depletion. The method, determined as above, of computing the depletion allowance shall be applied in the case of the property for all taxable years in which it is in the hands of such taxpayer, or of any other person if the basis of the property (for determining gain) in his hands is, under section 113, determined by reference to the basis in the hands of such taxpayer, either directly or through one or more substituted bases, as defined in that section.

So as to make the paragraph read:

(4) Percentage depletion for coal and metal mines and sulphur: The allowance for depletion under section 23 (m) shall be, in the case of coal mines, 5 percent, in the case of metal mines, 15 percent, and in the case of sulphur mines or deposits, 23 percent, of the gross income from the property during the taxable year, excluding from such gross income an amount equal to any rents or royalties paid or incurred by the taxpayer in respect of the property. Such allowance shall not exceed 50 percent of the net income of the taxpayer (computed without allowance for depletion) from the property. A taxpayer making his first return under this title in respect of a property shall state whether he elects to have the depletion allowance for such property for the taxable year for which the return is made computed with or without regard to percentage depletion, and the depletion allowance in respect of such property for such year shall be computed according to the election thus made. If the taxpayer fails to make such statement in the return, the depletion allowance for such property for such year shall be computed without reference to percentage depletion. The method, determined as above, of computing the depletion allowance shall be applied in the case of the property for all taxable years in which it is in the hands of such taxpayer, or of any other person if the basis of the property (for determining gain) in his hands is, under section 113, determined by reference to the basis in the hands of such taxpayer, either directly or through one or more substituted bases, as defined in that section.

The amendment was agreed to.

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

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. It is proposed to insert at the proper place in the bill the following:

In the case of any person regularly engaged in the business of buying at reduced rates admissions for the purpose of resale, the tax shall be 1 cent for every 10 cents or fraction thereof of the amount actually paid by such person for such admissions; and if such admission be resold at a price in excess of that previously paid therefor, there shall in addition be collected by the seller and paid a tax equivalent to 10 percent of the amount of such excess.

Mr. COPELAND. Mr. President, under the tax law as interpreted by the Internal Revenue Bureau, all theater tickets are taxed in accordance with the admission price printed on the ticket. As a matter of fact, a great many theaters are kept open by placing through various agencies tickets which are sold at reduced prices. Many a theater in New York has failed to popularize a play. In order to give it vogue, an audience has been sought by selling tickets at reduced rates; for example, a $3 ticket is sold for $1. Concerns or agencies are operating which take thousands of tickets, or from one theater, for example, hundreds of tickets, in order that the audiences may be attracted.

It is hardly fair that such tickets should be taxed on the basis of the price printed on the face of the tickets. A $3 ticket, for example, would be taxed 30 cents. Where a ticket is sold for the price of $1 the seller absorbs the tax, but where as much as 20 or 30 cents tax is added, it means that the ticket is not sold.

I think it is unfair. I think it was intended that the interpretation should be placed upon the law as I have indicated. That was not our thought when we debated it at considerable length during the discussion of the revenue bill which eventually became the law of 1932. I hope the Senator from Mississippi [Mr. HARRISON] will be willing to take the amendment to conference and see if it will be acceptable to the House.

Mr. HARRISON. Mr. President, the matter was presented very forcefully to the committee by one of the gentlemen who himself is engaged in the business and also by an attorney of some repute, but the committee acted unfavorably upon it. I do not feel that I can accept it in view of those circumstances.

Mr. COPELAND. Then may I say, Mr. President, that the acceptance of the amendment would mean that many theaters would be lighted and used which now will be darkened? It will mean employment for actors, stage hands, and all concerned, if we permit this amendment to be adopted. I hope that the Senate may see fit to accept it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York.

The amendment was rejected.

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

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. It is proposed, on page 19, line 15, after the word "rendered" to insert the following:

But no allowance for salary or compensation in excess of $50,000 per annum shall be considered reasonable or allowed, and allowances for other salaries or compensation of said corporation shall be credited in accordance with this maximum in fixing the amount of deductions on account of salaries or compensation.

Mr. McKELLAR. Mr. President, this is the same amendment that was offered and voted on awhile ago, with the exception that I have increased the amount of the allowance to $50,000.

We know that there have been innumerable scandals about the high salaries paid corporation officers. Some of them have been paid as much as a million dollars while others were given bonuses in excess of a million dollars. Here we are allowing corporations to manipulate their funds in that way so as to escape taxation entirely.

I invite the attention of the chairman of the committee to the fact that in the year 1930 the enormous sum of $3,138,000,000 was paid out by the corporations of the country in salaries. Salaries of $1,000,000, salaries of $500,000, salaries of $125,000, all kinds of big salaries were paid. Take a corporation that was formed for the purpose of avoiding the individual income tax: Enormous salaries are paid to its officers for the purpose of escaping taxation. Surely there ought to be a limit put on the allowances for that purpose. What is proposed in this amendment is that an allowance to the extent of $50,000 may be asked. If a corporation desires to pay its officers more there is no reason why it cannot pay more, but it will have to pay a tax.

Mr. BAILEY. Mr. President——

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

Mr. McKELLAR. I am glad to yield.

Mr. BAILEY. Is the Senator seriously contending that the Congress of the United States can regulate salaries by way of the taxing power?

Mr. McKELLAR. Not at all. If the Senator had listened to the amendment he would know that it does not undertake to regulate salaries in any way.

Mr. BAILEY. I was listening to the Senator's argument. I was not reading the amendment, but I was listening to his argument.

Mr. McKELLAR. The Senator cannot have listened to it, because, under this amendment, a corporation can pay its officers any salary it pleases to pay, but the allowance for taxation purposes of money paid officers shall be limited to $50,000.

Mr. BAILEY. Is not that precisely the same thing? It is proposed to use the taxing power to determine the salary.

Mr. McKELLAR. No; the corporations can pay what they please, but when they pay more than $50,000 they must pay a tax on the excess. Here we are giving them exemption from taxes to a certain extent.

Mr. BAILEY. Again the Senator tells me indirectly what he might tell me directly—that the object of the amendment is so to use the taxing power of the Congress as either to put a penalty upon certain high salaries or to put a reward upon low ones.

Mr. McKELLAR. Not at all. Incomes are taxed by this bill. Certain allowances are made for salaries paid. We find that in 1933, $1,138,000,000 were allowed for salaries. The very purpose of those allowances is to avoid the income-tax laws. This amendment does not fix any limit upon salaries. A corporation can pay its officials any salaries it pleases; but if it pays one of them over $50,000, it must pay a tax on the excess. Now, surely if we are granting exemptions——

Mr. BAILEY. Take the words just uttered by the Senator. If the corporation pays over $50,000 in salary to one of its officers, then there is an additional tax.

Mr. McKELLAR. There is an additional tax.

Mr. BAILEY. So the Senator proposes to use the taxing power of the Congress to limit or to put a penalty upon salaries.

Mr. HARRISON. Mr. President, if the Senator will permit me, I think the Senators misunderstand each other. If the salary is over $50,000, under the amendment there is not an additional tax, but in that case the corporation is prevented from taking a deduction.

Mr. McKELLAR. It is prevented from taking a deduction. That is all the amendment does. That is what I have tried to explain. The corporation cannot take a deduction of more than $50,000 under those circumstances. At present we allow every corporation to deduct any salaries that it sees fit to pay its officers. We are not now dealing with taxes. We are dealing with deductions. We are dealing with allowances. We are dealing with gifts back to the corporation, exempting them from taxation. So while we are making these exemptions, all that this amendment proposes is to say to a corporation, "You cannot deduct more than $50,000 for any one salary."

Mr. BAILEY. Then the effect of the amendment is to use the taxing power to compel or induce a corporation not to pay any salary in excess of $50,000.

Mr. McKELLAR. We do not say that.

Mr. BAILEY. I know we do not say it, but what difference does it make what we say? If we do not say it, but that is what we intend, I want the statement to appear in the RECORD that that is what is intended.

Mr. McKELLAR. That is not what I intend. What I intend, and what will happen if the amendment shall be adopted, is that the deduction allowed for salaries shall be limited to a certain sum.

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

Mr. McKELLAR. Yes.

Mr. ROBINSON of Arkansas. It is notorious that some combinations have sought methods of increasing their expenditures in order to avoid the payment of fair income taxes. It seems to me it is perfectly proper to define the amount of salary that may be used as a deduction in the ascertainment of income taxes.

Suppose, for instance, that in order to avoid the payment of a tax a corporation should pay a salary of half a million dollars, or a salary of a million dollars, and thus defeat the Government's collection of a tax. I think manifestly that would be unfair. It does not seem to me it is a wrongful exercise of jurisdiction for the Congress to say what is a fair deduction; and certainly it is liberal to say that a salary of $50,000 may be deducted.

Mr. McKELLAR. The Senator from Arkansas is entirely right. In my judgment, he has expressed the matter absolutely accurately. It is not a case of using the taxing power, but merely of saying what shall be a reasonable compensation. Here is what the bill says, on page 19, may be deducted:

Including a reasonable allowance for salaries.

That is the wording of this bill, "including a reasonable allowance for salaries." The tax authorities—the Secretary of the Treasury, or those under him—fix what is a reasonable allowance for salaries. Surely the Congress, in passing the law, can fix what shall be a reasonable allowance for salaries; and this amendment says that $50,000 shall be a maximum reasonable allowance for salaries.

Mr. BAILEY. And the amendment permits deductions for salaries up to that point. It will not permit the deduction of more. Is that the point?

Mr. McKELLAR. That is the point.

Mr. BAILEY. And the amendment determines, by way of a revenue measure, what the Congress conceives to be a fair salary for a corporate officer, and places a penalty upon the payment of more by the corporation. Is not that the fact?

Mr. McKELLAR. No; the amendment does not place a penalty upon the payment of more.

Mr. BAILEY. The intention is to induce the corporation to limit its salaries to $50,000?

Mr. McKELLAR. The purpose of the amendment is to show that the Congress believes that a reasonable allowance for salary is $50,000.

Mr. BAILEY. Not only to show that it believes it, but to put a penalty upon the payment of more.

Mr. McKELLAR. No; it puts a limitation on the deduction that is to be allowed.

Mr. BAILEY. And a tax upon anything over and above $50,000.

Mr. McKELLAR. Suppose that provision were not put in the bill at all. The corporations would be obliged to pay the tax on the entire $3,138,000,000, because that would be included in their returns, and they would have no allowance for salaries. This amendment limits the allowance for salaries, and nothing else.

Mr. BAILEY. I understand that. I think the Senator has sufficiently informed the Senate that the purpose, after all, is to limit salaries by way of imposing a penalty in the form of taxation upon the corporation—that is, by way of not giving it credit for salaries beyond $50,000, and taxing the difference between $50,000 and more than $50,000 at the rate of 13¾ percent. That answers my question.

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

Mr. McKELLAR. I yield.

Mr. COUZENS. I think the Senator from Tennessee has a perfectly legitimate object in mind, but I think the adoption of this amendment would defeat its purpose so far as revenue to the Government is concerned. In other words, the Senator from Tennessee does not like to have these high salaries deducted from corporate incomes and whatever is paid in excess of $50,000, as the Senator from North Carolina says, would be taxed at 13¾ percent. Assuming that the corporation, in order not to have to pay 13¾ percent on the excess, cuts the salaries down to $50,000, then the Government loses the surtaxes on the high salaries.

Mr. ROBINSON of Arkansas. The surtaxes that the individuals would pay?

Mr. COUZENS. Yes; and the Government would lose.

Mr. ROBINSON of Arkansas. Yes. As a matter of fact, if an enormous salary were paid to an individual by a corporation, while the corporation would escape tax through the deduction, the individual to whom it was paid would pay still more.

Mr. McKELLAR. Provided the Government collected it. My recollection is that the most famous, or infamous, of all the salary allowances was to one Mitchell. I do not remember his first name. I will call him Mr. Mitchell, as

the jury acquitted him. The Government has a suit against Mr. Mitchell in which I understand he has offered 10 percent of the amount claimed as his just income tax.

I believe that if we limit the amount of salaries, we will thwart efforts to get around the income tax law. I hope the chairman of the committee will take the amendment to conference and work it out.

Mr. COUZENS. Mr. President, the opportunity for evasion in a case like the Mitchell case has been taken away by the provisions of the pending bill.

Mr. McKELLAR. In what way?

Mr. COUZENS. In the Mitchell case, his large salary was offset by deducting capital losses. We have eliminated the right of deduction for capital losses.

Mr. McKELLAR. Most of it.

Mr. COUZENS. So that they cannot deduct capital losses from normal income. Let me illustrate. If the Senator's amendment should bring a corporation to the view that it must cut a million-dollar salary down to $50,000, then the corporation itself would pay a 13¾-percent tax on the difference, but if we permit them to go ahead and pay the million-dollar salary, the individual recipient pays $570,000 to the Government. So the Senator would be defeating his object of getting revenue for the Government if his amendment should be agreed to.

Mr. ROBINSON of Arkansas. Mr. President, the Senator from Michigan means that if the provision eliminating the privilege of deducting capital losses as it has been incorporated in the bill should be enacted and go into effect, the evil would be cured?

Mr. COUZENS. Yes.

Mr. ROBINSON of Arkansas. But under the old conditions there was much evasion?

Mr. COUZENS. Yes.

Mr. McKELLAR. I think there is much evasion now. I hope the Senator from Mississippi will accept the amendment and let it go to conference.

Mr. MURPHY. Mr. President, if the individual officer does not receive his $1,000,000 salary by reason of the reduction to $50,000, is it not a fair assumption that the difference will be declared in dividends, and that taxes will be paid on those dividends in the hands of the individual recipients?

Mr. COUZENS. The point as to that is that it would depend upon the individual recipient's bracket. If he were in the lower bracket, the Government would get a small return, but if he were in the larger bracket it would receive a larger amount.

Mr. MURPHY. A tax would be paid?

Mr. COUZENS. Oh, yes.

Mr. McKELLAR. It would depend on how small the dividend was. If the dividends were divided among a great number there might be no return at all. It would depend on whether or not the recipient had enough of an income to be taxable.

Mr. MURPHY. Mr. President, does the Senator's amendment contemplate any tax on bonuses?

Mr. McKELLAR. On any bonus payment or compensation of any kind.

Mr. MURPHY. The amendment provides that bonuses and salaries shall not exceed $50,000?

Mr. McKELLAR. That is correct.

Mr. HARRISON. Mr. President, this matter received consideration in the committee, and so that Senators may be informed that it received consideration at the hands of the subcommittee of the Committee on Ways and Means, I desire to read from the report of the Committee on Ways and Means of the House of Representatives, as follows:

> Your subcommittee debated at length the advisability of limiting the amount of the deduction allowed to a corporation on account of salary or other compensation received by any officer of the corporation. The numerous examples of excessive officers' salaries brought to light during the past year were not overlooked.
>
> It appears that, while some desirable purpose might be accomplished from the limitation mentioned, no gain in revenue could be expected. On the contrary, if lower officers' salaries were actually paid, a loss in revenue would result. This comes about because high salaries bear not only the normal tax but heavy surtaxes, while distributions in dividends would bear no normal tax and on account of the spread of the amount distributed among all the stockholders would bear less surtax in the aggregate.
>
> In view of the above, your subcommittee refrains from making a recommendation on this subject.

This carries out the suggestion just made by the Senator from Michigan.

Mr. McKELLAR. Mr. President, it seems to me that the trouble about that is that money would be divided up in the hands of individuals and we would not get the taxes. All we have to do is to look at the individual income-tax returns in order to see that the Government does not get these individual taxes.

Mr. MURPHY. As I understand, the Senator is seeking to accomplish a social end through an amendment to a tax measure.

Mr. McKELLAR. No; I am undertaking to prevent men from evading income-tax payments.

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

The amendment was rejected.

Mr. COPELAND. Mr. President, I know just how the Senator from Tennessee feels, but we always have a sense of righteousness when we have done the best we can to accomplish an end.

Mr. McKELLAR. I do not think the Senate wants the Government to obtain any really substantial return from income taxes.

Mr. COPELAND. We have to bear in mind that virtue is its own reward.

I desire to ask the chairman of the committee whether he will accept with any degree of kindliness an amendment to strike from the tax on jewelry the particular charge made against marine glasses, field glasses, and binoculars.

Mr. HARRISON. Mr. President, I hope the Senator will not offer the amendment now because there are some other important committee amendments to be acted on. While there are one or two cases in the jewelry section which appeal to me greatly, of which this is one, I hope the Senator's amendment will not be offered at this particular time.

Mr. COPELAND. Let me say, Mr. President, that if there is the slightest hope that this amendment may ultimately be favorably acted upon, I shall refrain from offering it now.

Mr. HARRISON. I hope that we may take a recess at this time.

DISPOSITION OF INDIAN LANDS

The PRESIDING OFFICER (Mr. RUSSELL in the chair) laid before the Senate a message of the House of Representatives returning to the Senate, in compliance with its request, the bill (S. 1135) to amend section 1 of the act entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes", approved June 25, 1910, as amended.

Mr. FRAZIER. Mr. President, a few days ago I asked unanimous consent to have returned from the House, Senate bill 1135. The Senate bill had passed the Senate and was sent to the House. In the meantime an identical House bill had been passed by the House and was later passed by the Senate. The Senate bill has been returned to the Senate, in compliance with my request. I now ask unanimous consent to reconsider the vote by which Senate bill 1135 was ordered to be engrossed for a third reading, read the third time, and passed.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the votes are reconsidered.

Mr. FRAZIER. I now move that the Senate bill be indefinitely postponed.

The motion was agreed to.

RELIEF AND WELFARE OF INDIANS

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 2571) authorizing the Secretary of the Interior to arrange with States or Territories for the education, medical attention, relief of distress, and social welfare of Indians, and for other purposes, which were, on page 2, line 3, after

" State ", to insert " or Territory ", and on page 2, after line 20, to insert, "Sec. 5. That the provisions of this act shall not apply to the State of Oklahoma."

Mr. JOHNSON. Mr. President, while I do not understand the reason for the last amendment, and while I should prefer that it should not have been inserted in the bill, nevertheless, I move that the Senate concur in the amendments of the House of Representatives.

The motion was agreed to.

BENEFITS EXTENDED TO THE WHALING INDUSTRY

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the joint resolution (S.J.Res. 15) extending to the whaling industry certain benefits granted under section 11 of the Merchant Marine Act, 1920, which were to strike out all after the enacting clause and to insert:

That in the administration of section 11 of the Merchant Marine Act, 1920, as amended (U.S.C., supp. VII, title 46, sec. 870), the Secretary of Commerce is authorized to extend to citizens of the United States engaged in the whaling and/or fishing industries the same benefits that are authorized by such section, as amended, to be extended to persons citizens of the United States for the construction, outfitting, equipment, reconditioning, remodeling, and improvement of certain vessels. All loans made under authority of this resolution from the construction loan fund created by such section, as amended, shall be on the same terms and subject to the same conditions, limitations, and restrictions as are provided therein, except that such loans shall bear interest at the rate of not less than 5¼ percent per annum, payable annually.

SEC. 2. Any construction, outfitting, equipment, reconditioning, remodeling, or improvement of vessels under authority of this resolution shall be only of vessels of a type and kind suitable for use as naval auxiliaries, and shall be in accordance with plans and specifications first approved by the Secretary of the Navy with particular reference to the economical conversion of such vessels into auxiliary naval vessels.

SEC. 3. The term " citizens of the United States ", as used in this resolution, includes a corporation, partnership, or association only if it is a citizen of the United States within the meaning of section 2 of the Shpping Act, 1916, as amended (U.S.C., title 46, sec. 802).

And to amend the title so as to read: "Joint resolution extending to the whaling and fishing industries certain benefits granted under section 11 of the Merchant Marine Act, 1920, as amended."

Mr. McNARY. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

COLUMBIA RIVER BRIDGE NEAR ASTORIA, OREG.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 2545) to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near Astoria, Oreg., which was, on page 1, line 9, after " 1934 ", to insert ", and said act is hereby amended by striking out the words 'J. C. Tenbrook, as mayor of Astoria, Oreg.', wherever they appear in said act and by inserting in lieu thereof the following: 'The County Court of Clatsop County, Oreg.': *Provided*, That the Rivers Improvement Corporation (an Oregon corporation), assignee of the right to build such bridge under such act, and organized solely to construct such bridge for the public, shall contract to transfer such bridge upon the liquidation of all costs or obligations with respect to the construction thereof to the county of Clatsop (Oreg.), city of Astoria (Oreg.), and/or Pacific County (Wash.) as may be agreed among them, without profit to said Rivers Improvement Corporation and without cost to such public bodies, in such manner as will not involve such public bodies as the holder or owner of any stock in any association, joint-stock company, or corporation."

Mr. McNARY. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President, I understand that the Senator from Mississippi, in charge of the tax bill, is ready to discontinue proceedings on the bill for the day. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. RUSSELL in the chair) laid before the Senate messages from the President of the United States submitting nominations and an international convention, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. KING, from the Committee on the District of Columbia, reported favorably the nomination of William J. Thompkins, of Kansas City, Mo., to be recorder of deeds, District of Columbia, to succeed Jefferson S. Coage.

Mr. WALSH (for Mr. TRAMMELL), from the Committee on Naval Affairs, reported favorably the nominations of sundry officers in the Marine Corps.

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

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

TREATY

The legislative clerk proceeded to read Executive B, Seventy-third Congress, second session, an international telecommunication convention, the general radio regulations annexed thereto, and a separate radio protocol, all signed by the delegates of the United States to the International Radio Conference at Madrid on December 9, 1932.

Mr. ROBINSON of Arkansas. Mr. President, the Chairman of the Committee on Foreign Relations, the Senator from Nevada [Mr. PITTMAN], is not present, and I think we had better not take up the treaty today.

The PRESIDING OFFICER. The treaty will be passed over.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. ROBINSON of Arkansas. I ask that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

RECESS

The Senate resumed legislative session.

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 30 minutes p.m.) the Senate took a recess until tomorrow, Tuesday, April 10, 1934, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate April 9 (legislative day of Mar. 28), 1934

DIPLOMATIC AND CONSULAR SERVICE

The following-named Foreign Service officers to be diplomatic and consular officers of the grades indicated, as follows:

SECRETARIES IN THE DIPLOMATIC SERVICE

George M. Abbott, of Ohio.

Cecil Wayne Gray, of Tennessee.

CONSUL

Waldemar J. Gallman, of New York.

PROMOTIONS IN THE NAVY

Lt. Comdr. Chapman C. Todd, Jr., to be a commander in the Navy from the 1st day of December 1933.

Lt. Comdr. Paul Cassard to be a commander in the Navy from the 4th day of January 1934.

Lt. Alexander B. Holman to be a lieutenant commander in the Navy from the 1st day of September 1932.

Lt. Fred A. Hardesty to be a lieutenant commander in the Navy from the 1st day of October 1933.

Lt. (Jr. Gr.) John H. Morrill to be a lieutenant in the Navy from the 12th day of November 1933.

Lt. (Jr. Gr.) John E. Spahn to be a lieutenant in the Navy from the 1st day of December 1933.

The following-named lieutenants (junior grade) to be lieutenants in the Navy from the 1st day of January 1934:

John B. Rooney.
William A. Evans, Jr.
Frederick J. Bell.

Lieutenant (junior grade) Charles A. Ferriter to be a lieutenant in the Navy from the 1st day of March 1934.

The following-named ensigns to be lieutenants (junior grade) in the Navy from the 5th day of June 1933:

George N. Butterfield — Edwin G. Kelly
Lance E. Massey — Joseph E. Dodson

The following-named medical inspectors to be medical directors in the Navy, with the rank of captain, from the 1st day of February 1932:

Alfred J. Toulon.
Glenmore F. Clark.
John B. Pollard.

Carpenter John Bryan to be a chief carpenter in the Navy, to rank with but after ensign, from the 2d day of January 1934.

Lieutenant (junior grade) Chester E. Carroll to be a lieutenant in the Navy from the 1st day of December 1933.

Commander John S. Barleon to be a captain in the Navy from the 16th day of January 1934.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 9 (legislative day of Mar. 28), 1934

POSTMASTERS

COLORADO

Harry M. Katherman, Aurora.
Walton T. Day, Byers.
John H. Duncan, Crook.
John R. Hunter, New Raymer.
Ralph E. Vincent, Otis.

GEORGIA

Annie H. Thomas, Dawson.

SOUTH CAROLINA

Jesse C. Williams, Inman.
Inez C. Wilson, Williamston.

HOUSE OF REPRESENTATIVES

MONDAY, APRIL 9, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Eternal and ever-merciful God, we are not safe in our own wisdom, in our own virtues, nor in any power in us but in Thy guardianship and in the plenitude of Thy love and mercy. We confess Thy sovereignty and invoke Thy presence. Heavenly Father, open the doors of our understanding and give light and direction to the highest forms of our moral sense. Help us to see the luster of those graces that will bring us into fellowship with Thee. Hear us, gracious God; discharge any malign elements that may be in our thought, subdue the old nature, and bring into ascendancy the new man. O mold our characters by the invisible touches. Holy Spirit, incite us, equip us, and make us eager to go forward and to follow on to know Thy will and serve our country. In quiet submission to Thee, let there come to each of us a sweet calm, which bears in its bosom a new life, a new hope, and a new strength for this day. In the holy name of our Savior. Amen.

The Journal of the proceedings of Thursday, April 5, 1934, was read and approved.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following date the President approved and signed bills of the House of the following titles:

On April 7, 1934:

H.R. 7478. An act to amend the Agricultural Adjustment Act so as to include cattle and other products as basic agricultural commodities, and for other purposes; and

H.R. 7513. An act making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1935, and for other purposes.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate disagrees to the amendment of the House to the bill (S. 326) entitled "An act referring the claims of the Turtle Mountain Band or Bands of Chippewa Indians of North Dakota to the Court of Claims for adjudication and settlement", requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. ASHURST, Mr. THOMAS of Oklahoma, and Mr. FRAZIER to be the conferees on the part of the Senate.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 2999) entitled "An act to guarantee the bonds of the Home Owners' Corporation, to amend the Home Owners' Loan Act, and for other purposes", requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BULKLEY, Mr. BARKLEY, and Mr. TOWNSEND to be the conferees on the part of the Senate.

The message also announced that the Senate had passed with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 8617. An act making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1935, and for other purposes.

OGEECHEE RIVER FLOOD CONTROL

Mr. ELTSE of California. Mr. Speaker, I ask unanimous consent that the bill introduced by the gentleman from Georgia [Mr. PARKER], H.R. 7793, authorizing a preliminary examination of the Ogeechee River in the State of Georgia, with a view to controlling of floods, which was no. 94 on the Consent Calendar on April 5 last, and to which three objections were interposed on that day, be restored to the Consent Calendar as of date April 5, 1934, with but one objection interposed thereto, made on March 5, 1934.

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

Mr. BLANTON. Mr. Speaker, this sets a new precedent in the House, and I shall be forced to object. This is the first time that has ever been requested to be done.

H.R. 6533

Mr. SWANK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the bill H.R. 6533, and to insert recommendations that have been made in connection therewith.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. SWANK. Mr. Speaker, on January 8, 1934, I introduced H.R. 6533, a bill to promote education, relieve unemployment and economic distress, and for other purposes. I also spoke in support of the bill in the House and before the Committee on Education. Briefly, this bill provides that the public schools are a proper subject for Federal aid and that the Government should protect its public-school system and the teachers thereof by providing appropriations to assist such schools to maintain their regular school terms.

The bill also provides that all teachers' salary warrants regularly issued, between July 1, 1932, and July 1, 1934, for services actually rendered by teachers in teaching in the public schools, shall be eligible for loans by the Government at their full face value at not to exceed 1-percent interest per annum.

Since the introduction of this and similar bills the amount of Federal funds allocated to Oklahoma for public-school

work has been increased, and we are going to keep up the work for the assistance of public education.

RECOMMENDATIONS IN SUPPORT OF BILL H.R. 6533

C. M. Howell, secretary, Oklahoma Education Association: "I feel that it remedies some of the very serious conditions confronting our schools, especially would it assist with the salary schedule."

Dr. M. A. Beeson, president Central State Teachers College, Edmond, Okla.: "I appreciate very much your sending me a copy of your bill in the interest of schools and teachers' salaries. The school people appreciate your friendship."

Dr. Eugene M. Antrim, president Oklahoma City University, Oklahoma City: "I have read this over carefully and find much to commend in it; in fact, I believe it will be a lifesaver for many of our rural schools."

John Vaughn, State superintendent of public instruction, Oklahoma City: "You are certainly to be commended on this bill, and I know that the people who are interested in education will rally to your support."

Dr. A. Lincheid, president East Central State Teachers College, Ada: "It appears to be meritorious. I sincerely hope that you succeed in passing this measure through the Congress, and in securing its approval by the President."

Dr. W. B. Bizzel, president University of Oklahoma, Norman: "I think the policy is sound, and certainly the necessity is very great."

J. C. Hickman, superintendent Cushing (Okla.) public schools: "We appreciate your interest in this matter and believe you will do everything you can to help the interests of the public schools."

Fred Reynolds, president board of education, and J. B. Stout, superintendent of schools, Norman, Okla.: "Your bill H.R. 6533, has our hearty approval. We are sure your provision for a loan to teachers who are holding warrants would bring much-needed relief to many deserving teachers."

W. C. LaGrone, principal, Putnam City school, Oklahoma City: "After reading the bill through, I wish to inform you that it meets my approval very highly. May I, as an instructor in the public schools, commend you in your good work."

Leon C. Nance, principal Putnam High School, Oklahoma City: "I read the contents of your bill. It may please you to know that the people of this community are nearly 100 percent for it. The teaching profession is indeed indebted to you for your efforts."

E. W. Hamburg, superintendent Putnam City schools, Oklahoma City: "We appreciate the interest you have shown in the public-school problem."

Miss Hilda Singletary, teacher, Putnam City schools, Oklahoma City: "I have read your new education bill and, as a teacher and an American citizen, I commend you and your work."

Teachers and others connected with Putnam City schools, Oklahoma City: "We, the undersigned citizens of Putnam City, wish to show our appreciation to you, our Congressman, for your interest and work in behalf of our public schools."

W. A. Greene, superintendent public schools, Guthrie, Okla.: "It seems to me that it is certainly a step in the right direction."

Jay F. Smith, county superintendent of public institution, Walters, Okla.: "I commend you for your efforts in fostering what I think is a splendid piece of legislation."

Glenn Smith, county superintendent of schools, Shawnee, Okla.: "I am gratified at your interest in education. Your experience as a teacher and as a schoolman has no doubt given you an insight and an interest in education which not all men have."

Herbert D. Flowers, county superintendent of public instruction, Idabel, Okla.: "You are to be commended for your interest in education. I think you have struck a note which will bring music to the ears of thousands of teachers and many school people."

Mrs. Neva Wilson, county superintendent of schools, Cherokee, Okla.: "I was very much pleased to read the bill (H.R. 6533) on education."

Miss Alice Stringer, county superintendent of public instruction, Sayre, Okla.: "I heartily endorse the bill which you introduced on January 8."

Floyd L. Coates, county superintendent of public instruction, Newkirk, Okla.: "I am sure that this bill will be of help, especially where the district is not able to provide necessary funds for a full term."

W. H. Taylor, principal junior-senior high school, Britton, Okla.: "I wish to assure you that the teachers of our school deeply appreciate the interest in public education you have shown, and we wish you to feel that we are ready to support you in these undertakings."

Russel C. Browe, Capitol Hill Junior High School, Oklahoma City: "I have read this bill rather carefully and wish to say that I am in hearty accord with its contents."

R. L. Spradlin, Jr., principal, Elmore City, Okla., schools: "Have carefully studied your bill, H.R. 6533, and hereby state that we think it to be the best thing for the educational departments all over the country."

F. A. Ramsey, superintendent public schools, Pauls Valley, Okla.: "Federal assistance at this time meets the hearty approval of our teachers."

W. H. Hunnicutt, superintendent, and teachers city schools, Elmore City, Okla.: "We have this day passed resolutions approving your plan of using this fund for the purpose of aiding the public schools by paying teachers' salaries. We furthermore resolve to express our thanks to you for your efforts you are making to aid the public schools of our State."

School board, Davis, Okla.: "We heartily approve of your plan."

Max G. Starry, superintendent public schools, Blanchard, Okla.: "Your efforts along the line of such a measure as you have introduced should be appreciated by those interested in public-school education in Oklahoma."

C. K. Reiff, superintendent public schools, Oklahoma City: "After rereading this bill for the third time, I have but this comment to make: In general, I am sure that I, with the other school men of this Nation, will favor the bill."

Mrs. Ida M. Hale, county superintendent of public instruction, Oklahoma City: "I think we are getting to the point where that will be needed; and I am sure that if it is accomplished, a great deal of credit will be due you."

Raymond Gary, county superintendent of public instruction, Madill, Okla.: "I certainly appreciate your interest in the public schools of our Nation, and I am hoping that there will be enough school-minded Congressmen and Senators to pass your bill."

Lee Boecher, county superintendent of schools, Kingfisher, Okla.: "I wish to commend you for your stand on this important subject."

Howard N. Scott, county superintendent of public instruction, Miami, Okla.: "I should like to state without further detail that I am fully in accord with the provisions of such bill."

J. O. Rich, county superintendent of public instruction, Wilburton, Okla.: "I fully endorse the proposed H.R. 6533, introduced by you in the House of Representatives."

George D. Hann, superintendent city schools, Clinton, Okla.: "Please accept my sincere thanks for the interest which you have in education and the efforts which you are making to correct some of the immediate evils."

John W. Cushman, principal Cleveland School, Oklahoma City: "It seems to me a very hopeful sign that education is being given such thoughtful consideration."

Miss Tommie Floyd, principal Clayton School, Ripley, Okla.: "Personally, I think bill H.R. 6533 should pass by a unanimous vote."

S. H. Freeman, clerk board of education, Stratford, Okla.: "I am highly in favor of its passage."

Mrs. M. A. Jones, clerk district 65, Garvin County, Okla.: "This bill seems to meet the requirement as well as it is possible to foresee conditions. Please add my commendation to the many others I know you will receive."

Joyce P. Johnson, clerk district 88, Oklahoma County, Okla.: "I read your bill to the school board here. We are all for it and are behind you. Our teachers need help."

E. D. Price, superintendent, and teachers, city schools, Stillwater, Okla.: "We, the undersigned teachers, of Stillwater, Okla., which include all teachers of the school, hereby express our appreciation for your attempts to save the schools of the Nation."

Teachers of Ripley, Okla., Consolidated Schools: "We, the teachers of Ripley Consolidated Schools, are heartily in favor of your bill."

Miss Bethel Plunkett, teacher, Ripley, Okla.: "I think it a good idea to try to get relief to the public schools of our land."

Miss Sarah E. Palmer, teacher, route 8, box 201, Oklahoma City: "I heartily approve the contents of this bill and hope you are successful in getting it passed."

Mrs. Ruby Berry Stallings, Ripley, Okla.: "The Ripley Parent-Teacher Association will be very happy to learn that you are working on a plan for a general appropriation for our school funds."

Putnam City Parent-Teacher Association, Oklahoma City: "We wish to extend our hearty endorsement of your educational bill. It is through efforts of such men as you that will cause, eventually, the teaching profession to be put on the high standard that it so much deserves. We wish to send to you our appreciation of your efforts. May you be ever successful."

Mrs. A. A. Arnold, president Jefferson Parent-Teacher Association, Stillwater, Okla.: "I had the bill read to our Parent-Teacher Association, and it was discussed afterward. The organization moved and passed the resolution commending you for the efforts in behalf of the schools of the United States and promised its whole-hearted support."

Mrs. Ellis D. Claude, president Parent-Teacher Council, Cushing, Okla.: "At our regular meeting of Parent-Teacher Council last week Mr. John Hickman made motion that we go on record favoring your educational bill. The motion was unanimously adopted."

Mrs. John Keefer, president Lynch Parent-Teachers Association, Yukon, Okla.: "Our P.T.A. heartily endorses such a bill."

Mrs. O. W. Smith, secretary North School Parent-Teachers Association Unit, Purcell, Okla.: "At a recent meeting of our North School P.T.A. the patrons were unanimous in their approval of the bill H.R. 6533, in aid of public schools."

Altha Graves, president Busy Workers Club, Foster, Okla.: "We beg to say that the women of Foster and surrounding country are 100 percent for your bill, and we will do everything to help put it over."

Mrs. Charles T. Forrester, Stratford, Okla.: "I read with deep interest and enthusiasm the copy of H.R. 6533, bill as introduced by you in the House, and I want to congratulate you on this bill and to add my whole-hearted endorsement."

J. L. Parker, Wynnewood, Okla.: "Concerning your H.R. 6533 bill, am glad to say that I am 100 percent for it."

Mrs. Buena Searcy, Ripley, Okla.: "I am very much in favor of the bill and hope you can get it through at this session of Congress."

Frankie M. Beall, Guthrie, Okla.: "I am very much in favor of the bill and want to register my hearty approval of the same."

Lida Lohr, Guthrie, Okla.: "Allow me to express my appreciation for your efforts to maintain our former standards of education as provided in your H.R. 6533."

J. A. Cole, Foster, Okla.: "I think it is O.K. and am delighted to know that someone in the national lawmaking body is interested in the lowly pedagogue."

Mrs. Adelle Speer, Guthrie, Okla.: "I hope our Representatives and Senators will get behind this bill."

Wayne Thomas, Perkins, Okla.: "I feel that the bill as proposed by you will be a great benefit to both the teachers and schools."

Mrs. S. A. Rogers, president high school, P.T.A., Sulphur, Okla.: "Have read your bill and think it fills a great need."

Miss Martha Daves, Oklahoma City: "I feel very grateful to you as our Representative for taking the initiative in our so much needed educational relief."

Mrs. Mabel Collins, Stillwater, Okla.: "I am for the bill as a present relief of the distress."

O. W. Morgan, Blanchard, Oklahoma City marshal: "I talked to a number of our citizens who are leaders in educational interests in this city. All were favorably impressed with your plan and are hopeful you may be able to effect such a plan."

Mrs. Dovie Hyden, teacher Putnam City School, Oklahoma City: "You struck one of the keynotes to the hearts of not only the teachers but the people of every class and profession when you introduced that bill in Congress to secure Federal aid for schools."

Mrs. J. C. Tharp, Yale, Okla.: "We have read the copy of the bill H.R. 6533, and believe it is the right bill at the right time, and wish you success."

Miss Gertrude Finley, Davis, Okla.: "I wish to say I am heartily in favor of same."

Miss Fern Rosengren, route 2, Norman, Okla.: "I appreciate what you are trying to do for the schools and the teachers and hope your bill passes."

Mrs. Glenn McCleery, Coyle, Okla.: "I consider the bill which you have introduced one most worthy of consideration of the people of this country today."

Mrs. Elizabeth M. Taylor, Cushing, Okla.: "I congratulate you upon your fine work and earnest service to the people."

H. W. Gasaway, Coyle, Okla.: "We surely hope you get this through. We talked to some of the P.T.A. and they are highly in favor of this bill."

Miss Pearl Bradfield, Wynnewood, Okla.: "I am indeed glad to know you are working on such a plan, for surely our schools need some one to work in their interests."

Mrs. A. W. Johnson, Glencoe, Okla.: "I surely appreciate the fact that you are interested in the promotion of our public-school system and that you are working out a plan for further aid."

THE WAY OF TRUTH, THE WAY OF INDEPENDENCE

Mr. GUEVARA. Mr. Speaker, I ask unanimous consent to insert in the RECORD a statement issued by my colleague the Resident Commissioner from the Philippine Islands, Mr. OSIAS.

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

There was no objection.

Mr. GUEVARA. Mr. Speaker, under permission granted to me to extend my remarks in the RECORD, I include the statement issued by my colleague, the Resident Commissioner from the Philippines [Mr. OSIAS] upon his arrival in Manila on March 5 of this year.

To the Filipino people to whom I owe my first loyalty and have pledged my best service, I, as your public servant, hereby express my greetings at once respectful and cordial.

As the supreme arbiters in a matter affecting our national fate and liberty, the sovereign people are entitled to know the truth regarding the status of our struggle for independence at the Washington sector. It is my purpose to present the facts and the truth.

The American Government and people are informed of our passionate desire and substantial unity as a people on the fundamental issue that the early grant of independence to the Philippines is the proper solution of American-Filipino relations. They are likewise informed that on the Hare-Hawes-Cutting law there are two camps of thought in our country: one, composed of those who decided to decline to accept the law and work for amendments to the congressional enactment or for a new independence legislation; the other, consisting of those who favor the acceptance of the independence act without thereby relinquishing the people's right subsequently to petition for desirable modification or improvement.

It is my duty to report to the people that in Washington the temper of Congress and of the administration is not favorable to new independence legislation at this present session of Congress, but it is favorable to the extension of time by 9 months or a revival of the Hare-Hawes-Cutting law.

Let the following facts suffice for the present to prove this statement.

On January 23, 1934, the Senate Committee on Territories and Insular Affairs met and after discussion and deliberation announced their decision plainly and unequivocally in the following terms:

"1. That there will be no new Philippine legislation in reference to ultimate independence at this session of Congress. However, it was the sense of the committee that the Hawes-Cutting bill would be amended in one particular only, and that is to extend the time of the bill, which was January 17, 1934, when the Philippine Legislature must move to carry out its provisions to October 17, 1934, and that no other changes in the Hawes-Cutting bill will be considered.

"2. Under the Hawes-Cutting bill passed last year the Philippine Legislature was required if it desired independence to take action prior to January 17, 1934. This the legislature refused to do one way or the other, and consequently the Philippine people have had no opportunity to accept or reject the Hawes-Cutting bill.

"3. As the elections to the Philippine Legislature are to be held this coming June, and as the last legislature did not act on the Hawes-Cutting bill at all, it was the sense of the committee that an extension of time to give the new legislature a chance on it was fair and the only action the committee would take to alter or consider alterations to the general subject matter.

"4. Therefore, it is the committee's desire to give the Filipinos one more chance to accept or reject the Hawes-Cutting bill; if after the new elections the legislature again fails to take action or acts adversely upon the provisions of the Hawes-Cutting bill, it will be notice to Congress that the people of the Philippines do not desire independence and desire to continue with their present status.

"5. It is the overwhelming opinion of Congress that the Hawes-Cutting bill is the fairest bill to both nations which can be passed; and if the Filipino people do not want it, no better bill can be written and passed.

"6. It should be recalled that President Roosevelt in his last campaign, on two occasions, stated he favored the Hawes-Cutting bill and that this statement of the President makes the above observations complete as far as the two branches of Congress dealing with it have to do."

Senator TYDINGS said the committee's action was final, and that it placed determination of their destiny squarely before the Philippine people.

"Congress retains an open mind about modification of the Hawes-Cutting bill at some future period."

He declared:

"However, we must first know if the Filipinos want independence. Perhaps in a few years it will be found some of the provisions of the bill are unfair either to the Philippines or to the United States; in that case Congress would have no objection to consider the objections, with a possibility of modifying the measure if it be deemed advisable."

Mr. TYDINGS, in announcing the committee's action, said it emphatically represented his personal views as well.

This committee decision bears repeating because certain comments previously made on it were obviously based upon a lack of full knowledge of the entire statement and the really friendly sentiment that prompted its issuance.

I say the decision was reached out of friendliness to the Philippine people both from my personal knowledge of and contact with members of the committee and from the nature of the decision itself. The people will please note that in this decision the Senate committee seeks to give the Filipino people another opportunity to decide for themselves their independence and destiny and the assurance once the law is accepted that Congress would be open-minded for the consideration of such objections as may appear reasonable and just.

It is well to bear in mind that in the Senate Committee on Territories and Insular Affairs under the chairmanship of Senator MILLARD E. TYDINGS, of Maryland, there are Senators well known to Filipinos, including the minority leader, Senator CHARLES L. MCNARY, of Oregon, the Senate President pro tempore, Senator KEY PATMAN, of Nevada, and the majority leader, Senator JOSEPH T. ROBINSON, of Arkansas. Senators like those in the committee now and in the future have to be reckoned with in all important Philippine legislation.

So much for the Senate attitude. In the House of Representatives I can testify that the sentiment is favorable to the extension of the time limit and unfavorable to the consideration of new independence legislation. Representative MCDUFFIE, Chairman of the House Committee on Insular Affairs, favors time extension of the law deeming it perfectly reasonable for the Filipino people to have a referendum on the law.

Another extremely weighty consideration is that the executive branch of the American Government itself is not favorable to new legislation, but sympathetically disposed to reviving the Hare-Hawes-Cutting Law. Of course, I cannot and will not quote what the President of the United States told me at our conference, but it is perfectly proper for me to quote a public statement of Secretary of War Dern following the conference which was held at the White House on February 1, 1934, among President Roosevelt, Secretary Dern, and myself. Secretary Dern said, "I don't think the President is disposed to press any new legislation", adding that "the President would be willing to have the Hawes-Cutting Law revived."

Other evidences as to the temper of Congress and in Washington with respect to new Philippine independence legislation could be adduced, but just one more, the following self-explanatory letter of Speaker RAINEY, should be all that is necessary.

THE SPEAKER'S ROOMS,
HOUSE OF REPRESENTATIVES UNITED STATES,
Washington, D. C. February 5, 1934.

Hon. CAMILO OSIAS,
Washington, D.C.

MY DEAR COMMISSIONER: I am sorry you are leaving, but I wish you every success.

Personally I was in favor of a shorter period, but as a practical proposition tell your people they better take the Hare-Hawes-Cutting law or they will not get another one. There will be no new independence legislation at this session of Congress.

After you have accepted the law passed by Congress you can come with a delegation for amendments and be assured of sympathetic consideration.

Very truly yours,

HENRY T. RAINEY.

The foregoing evidence should be more than sufficient not only to show the present temper of the Congress and the administration but to convince the Filipino people of the critical seriousness of our struggle for independence at Washington. That the revival of the Hare-Hawes-Cutting law or the extension of time is the way out of the present dilemma ought to be perfectly clear to all.

I present the truth and the facts in obedience to my consciousness of duty and my sense of responsibility. It must be the desire of every one that we as a people shall not in this crucial hour be led to take a step that shall alienate valued support in the Government at Washington and antagonize proven friends of independence in America who at present do and, for several years to come, will exercise not only a great influence but a determining influence on Philippine independence legislation.

It was in the face of the situation herein depicted that, with full knowledge of the consequences, I advocated extending the time limit by 9 months in the Congress of the United States. This I did on January 15, January 23, and again on January 31, 1934. I assume full responsibility for what I have said and done. I appear before the people to submit an account of my stewardship.

My solemn appeal to the Filipino people in the crucial day of decision is: Face the truth serenely and, with knowledge of the facts, act wisely and with decision.

I have faith in the people. I believe independence will yet be ours. But let us never forget: The way of deception is the way to slavery. The way of truth is the way to liberty.

REMOVAL OF FLEET FROM PACIFIC TO ATLANTIC WATERS

Mr. DOCKWEILER. Mr. Speaker, I ask unanimous consent to proceed for 1 minute to discuss the removal of the fleet from the Pacific waters to the Atlantic waters at this time and its portent upon the history of this country.

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

There was no objection.

Mr. DOCKWEILER. Mr. Speaker, April 9 in the year of grace 1934 marks a date that may have great significance to the naturally peace-loving people of America. On this date both the combined Battle and Scouting Forces of our Navy will weigh anchor from the ports of San Diego, Los Angeles, the Golden Gate, Bremerton, Wash., and wherever any portion of that fleet is now located in the Pacific, and, joining together in one great fleet, will sail southward to the Panama Canal, through it, and into the Atlantic to spend, so we are told, the spring, summer, and early fall months on the Atlantic coast. If this were the end of the story, I might not protest what on the surface of things appears to be not only a pleasant but no doubt an instructive maneuver of our great fleet and its personnel. But there lurks in my mind, not the fear of immediate warfare, but a more than possible chance that, if not all, at least a great portion of this fleet might remain in the Atlantic waters, say, for the sake of argument, that segment of the fleet known as the "Scouting Force", or perhaps the Battle Force, in which event I have great misgivings for the present cordial relations of our country with Japan.

On January 23 of this year, during the consideration of the naval appropriation bill, I spoke briefly in protest of the removal at that time of our fleet from the Pacific waters.

Frequently there appear in the press statements emanating from Japan and her spokesmen that the peaceful Japanese resent the presence of our entire fleet in Pacific waters and that this situation is a source of great irritation to them. Of course, we should know at the outset that whatever sentiment has been built up in this regard is inspired by those in complete power and control in the Japanese body politic, because, as in most foreign countries, the press of Japan is carefully censored and supervised by its Government. Among the many compelling reasons why we should not undertake to remove our fleet at this time is the untoward state of international affairs confronting the diplomatic world. I pause for a moment to recount some of these recent events: Witness the invasion of Manchuria by Japanese forces; and even before the setting up of the puppet state of Manchukuo on February 24, 1933, the League of Nations Assembly adopted the report of the Committee of Nineteen, commonly known as the "Lytton report", which, of course, condemned the Japanese conflict in Manchuria, and thereupon the Japanese Imperial Government formally withdrew its membership from the League of Nations. If the nations of the world, particularly members of the League of Nations, are consistent in their attitude to the Sino-Japanese War and are guided by the Lytton report, we cannot hope for international friendly relationships with this new puppet state, and only after some face-saving formula will it be begrudgingly accepted in the family of nations.

It appears to me that the diplomatic tangle created by the Japanese invasion of Manchuria presents one of the world's most difficult international problems to solve. We must note besides that Japan gave notice of retirement from membership in the League of Nations, but at the same time retained those islands in the Pacific waters over which she was given a mandate by the League of Nations, and as the result of the treaty which parceled out to the various allied powers the German possessions in China and the Pacific Ocean.

It seems to me that while other countries possess some tangible international policy, the United States does not seem to have any such definite policy, with the exception of the Monroe Doctrine. Our policy is one of destiny, and we attempt to cope with international situations from time to time as they appear on the scene of action. It seems as though America, through the years since Admiral Perry first invited the Japanese to participate in friendly interchanges, and in exchanges of commerce as a member of the family of nations, has persistently done those things which by the Japanese mind are regarded as adverse to Japan's interests. The Japanese have not forgotten that President Theodore Roosevelt intervened during the Japanese-Russian War, resulting at Portsmouth in a treaty which they feel deprived them of some of the fruits which should have accrued to them as the result of their victory over Russia.

Again, at the time the Hawaiian group was annexed to the United States, the Japanese Government protested this move, and again we appeared to stand in opposition to their interests. When along the Pacific slopes of our country the States of the Pacific coast variously passed exclusion acts preventing the immigration of Japanese and forbidding such immigrants to possess the lands of those States, the Japanese were again offended by us. Even in recent years the Japanese have, through their diplomatic agencies, requested the State Department to lift the ban on Japanese immigrants to at least a quota basis. The circumstances surrounding these events and our course of conduct were clear and above reproach or condemnation, and underneath our actions in these matters that I refer to was the compelling motive of permanent peace.

It is very strange that the Washington Treaty, the Treaty of London, the so-called "10-power pact", the Kellogg-Briand agreement, all designed for fashioning a peaceful way of the Nation, should, so far as our policy in the Pacific waters is concerned, have proved quite otherwise. All these things seem to me to place us in opposition to Japanese political and economic thought. It will be more than difficult for us to understand the reasons for the Japanese invasion of Manchuria, now Manchukuo, bringing under Japanese control a country as vast and perhaps as rich as the 48 States in these United States. We will never understand the Japanese landing their forces at the port of Shanghai and by dint of superior armies massacring tens of thousands of Chinese people, partly because China boycotted Japanese products.

At the time of my protest in the House of the removal of our fleet from Pacific waters, the House and Senate had not as yet passed the Philippine independence bill, which has now become a law, and so in the course of years we shall relinquish the Philippine Islands, as well as our naval and Army bases there, and return to the Philippine people their entire independence. Of course, there is no certainty of such independence, because these people, to my way of thinking, will fall naturally under the spell of influence of a great power and more particularly for commercial reasons. We have already begun in Congress to discriminate against the Philippine Islands in the matter of tariff quotas and excise taxes against their particular products, which naturally must be offensive to a people that we have nurtured so long; and as a consequence we must expect them to seek their markets in other quarters of the hemisphere, and the natural market for their products must be Japan.

What I have said so far must demonstrate beyond a reasonable doubt that inherently it will be difficult for Japan from her point of view to ever look complacently upon any move, no matter how well intended, the United States might make in the Pacific Ocean. The presence of our entire fleet has irked her. Our recognition of Russia has given her people some disquietude. Our recent passage of the Vinson Navy program bill has disappointed her. Our continual refusal to lift the immigration laws in her respect has chagrined her Government. We are certainly living in very ticklish times, and yet who would agree that we are not perfectly within our rights on the score of all these points that seem to be irritable to Japan? We certainly should be permitted to build our fleet up to treaty strength, as she has. We certainly have a right to see who should enter our confines as immigrants, as she has. We certainly have a right to permit any part of or all our fleet to ride upon the waves on the Pacific coast, as she has.

But unfortunately, destiny seems determined that all these things work against the friendly diplomatic relationship of Japan with us. How much better it would have been to have permitted our fleet to remain in status quo on the Pacific coast, as many of these other problems I have mentioned will remain in status quo, say until after the London Naval Conference, scheduled for December 1936, in which conference it will be expected that Japan will make additional demands of parity in tonnage, because, of course, she has now additional territory in Manchuria that must be defended and its integrity must be maintained, and then a fresh and new friendly understanding may be hoped for.

Approaching the nub of the situation, once our fleet is in Atlantic waters, the Japanese diplomat would be unmindful of his duty if he did not make overtures to our State Department, requesting that the entire fleet should not be returned to the Pacific waters; and, if not the entire fleet, that it should be divided, and perhaps the scouting force should remain in Atlantic waters, returning only the battle force to the Pacific coast, or vice versa.

Let us continue to lead the way to international peace and harmony; and I am certain that the best agent for this international peace and harmony is the maintenance of a treaty strength navy, and that such a navy should be located at the sensitive points on this globe, where all writers agree that destiny is directing toward a possible conflict, which God forbid; for if an adequate navy is the medicine for sustained peace, the doctor would advise to spread the salve at the sore place. [Applause.]

Mr. BLANTON. Mr. Speaker, I make the point of order that there is not a quorum present.

Mr. BYRNS. Will the gentleman withhold that until I make a request?

Mr. BLANTON. I will withhold the point of order.

PRIVATE CALENDAR

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that at the close of the session on Wednesday it may be in order for the House to take a recess until 7:30 p.m. for the purpose of considering bills on the Private Calendar unobjected to, beginning, of course, at the star.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee [Mr. BYRNS]?

Mr. TRUAX. Reserving the right to object, the last night session we had to consider the Private Calendar, there were some twenty-odd Members on the floor when we started. There are some of us who should like to attend the night session and we cannot be present on Wednesday night. I ask our distinguished leader, the gentleman from Tennessee, that he make his request for either Tuesday or Thursday night.

Mr. BYRNS. There is objection to Tuesday night because there are a number of Members who, I understand, will probably not be here until Wednesday. Those with whom I have talked seemed to think that Wednesday night would probably be most suitable. I was hoping possibly, that, if we proceeded with some dispatch on Wednesday night, we could meet on Thursday night also. I think we ought to get rid of that Private Calendar.

Mr. BLANTON. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. BLANTON. I do not see why we should not meet on both Wednesday and Thursday nights. I hope the gentleman will modify his request to ask that we first take up bills on the calendar unobjected to, which there is a chance to pass finally.

Mr. COCHRAN of Missouri. How are we going to segregate them?

Mr. BLANTON. Bridge bills, for instance, and bills to refer matters to the Court of Claims.

Mr. BYRNS. The gentleman from Texas understood my request applied to the Private Calendar and not to the Consent Calendar?

Mr. BLANTON. I thought with two night sessions we could take them both up.

Mr. BYRNS. I trust the gentleman from Ohio [Mr. TRUAX] will permit this request to be granted, because I agree with the gentleman from Texas that if the House is willing we ought to have a session on Thursday night also, because we are drawing near the close of this session.

Mr. BLANTON. There are a number of jurisdictional bills on the calendar, which seek to send matters to the Court of Claims for hearing and adjudication.

There has never been much objection to that procedure, giving parties a chance to be heard in court. Unless a bill contained some outrageous proposal, I have never objected to a bill permitting people to go to the Court of Claims. Why could we not take up those bills first and dispose of them?

Mr. BYRNS. I am perfectly willing to do that, but there are gentlemen who have bills on this Private Calendar who do not like to have their bills dislodged.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman tell us whether he has a full program for each day of this week?

Mr. BYRNS. Yes; it is expected that today will probably be consumed by the District Committee; that on tomorrow we will take up the rule making in order the bill relative to the use of public lands in the West for grazing purposes. Then it is expected that the District of Columbia appropriation bill will be reported tomorrow; and the hope is to take that bill up as soon as this other bill is disposed of. That will probably consume most of the week, depending entirely, of course, upon the amount of general debate there may be.

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

Mr. TRUAX. Mr. Speaker, I withdraw my reservation of objection.

There was no objection.

HEIRS OF DECEASED INDIANS

The SPEAKER laid before the House the following request from the Senate:

Resolved, That the Secretary be directed to request the House of Representatives to return to the Senate the bill (S. 1135) to amend section 1 of the act entitled 'An act to provide for determining the

heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes', approved June 25, 1910, as amended."

The SPEAKER. Without objection, the request will be granted.

There was no objection.

Mr. BLANTON. Mr. Speaker, there was one bill on the District Calendar today about which there was a good deal of controversy. An agreement has been reached about this bill and the time it is to come up; so I withdraw the point of no quorum.

Mr. GOSS. Mr. Speaker, reserving the right to object, what was the bill; will the gentleman tell the House?

Mr. BLANTON. The matter has been disposed of by amicable agreement with the committee.

Mr. MARTIN of Massachusetts. The matter has not been disposed of; nobody has made a request yet.

Mr. BLANTON. Mr. Speaker, everything in which I was interested has been disposed of by an understanding with the committee.

The SPEAKER. Under the special order of the House, the gentleman from Missouri [Mr. WOOD] is recognized for 30 minutes.

NATIONAL RECOVERY ACT

Mr. WOOD of Missouri. Mr. Speaker, as we are now nearing the first anniversary of the National Recovery Act, I think it is well for us to take stock of the happenings and the attitude of various groups and organizations with respect to cooperating with the President and the administration in the attempt to carry out successfully the purpose and intent of the National Recovery Act and of the recovery program in general.

It is well remembered by the Members of this House that when the National Recovery Act was before this Congress the Manufacturers' Association, who represent the 1 percent of the population which owns 60 percent of the wealth of this Nation, exerted their every influence to defeat that legislation. So concerned were they about the defeat of the National Recovery Act that they called a convention, or a conference, which was held in Washington a few weeks prior to the time the bill came back from the Senate after it had passed the House.

There has never been a measure presented to this House that received more combined opposition from the organized employers than the National Recovery Act, but when the act was finally adopted and made effective these groups were the first to take advantage of sections 3, 4, 5, and 6, having to do with codes of fair competition and the protection of the trade associations. Section 3 (c) directs and empowers the United States Attorney General to proceed against any group or any individual member of an industry which seeks to violate the codes of fair competition as set up by the National Recovery Act, to prevent them through restraint from violating the provisions of sections 3, 4, 5, and 6.

Section 7 (a) of title I of the act has to do with the right of men and women to join organizations of their own choosing. This provision was embodied in the act to insure that the workers of this Nation would be protected in their right to join organizations of their own choosing.

Since the operation of the law—and I am sure since its very inception—there has been a deep-laid plot to forestall the success of the National Recovery Act, especially with respect to section 7 (a) of title I, by these organized employers, who have protection under the law in sections 3, 4, 5, and 6, which relax the Sherman antitrust law and make it possible for them to enter into agreements and codes of fair competition. They have, indeed, been protected from ruinous competition, from the sweatshop competition with which they were beset for the past 4 or 5 years.

When it comes to the protection of the wage earner in the way of an organization of their own choosing, the law has not been enforced as it should have been. There has been some insidious propaganda widely circulated in past months by certain vested interests which not only seek to prevent the successful operation of the National Recovery Act but seek also to leave a vicious impression with the general public as to the make-up of the great labor movement of this Nation. The steel barons and automotive barons have come to this Capitol by the hundreds. They and their sharp, keen, astute corporation lawyers are seeking to brand the labor movement as disloyal, as a group of radical, un-American citizens, and as a group of Reds. In a hearing the other day before the Senate Labor Committee, when that committee had up for consideration the Wagner-Connery bill, there appeared representatives of the United States Steel Corporation and their subsidiary, the Weirton Steel Co. Along with them came one of their pets, one of these upstanding free-born American citizens, who said he represented the company union of the Weirton Steel Co. In his testimony before the Labor Committee, he sought to leave the impression that all representatives sent by the National Labor Board to adjudicate the difficulty or attempt to adjudicate it were Reds and radicals. The metropolitan press were quick to headline this in the following manner: "Labor Board radicalism charged." I do not think anyone will ever charge the Code Authority of the National Recovery Act or the Labor Board with redicalism.

In an issue of the Washington Herald of April 7 there is carried a reprint from the Saturday Evening Post which attacks not only the National Recovery Act but almost every act of the present administration and of the President himself in the attempt that has been made toward national recovery. They are pleading and crying for free press. They are complaining that the press is being hampered.

These same journals and periodicals, as we all know, have been the recipients of from sixty to eighty million dollars annually from the Postal Department in the form of subsidies. Yes; I say they are in favor of free speech as long as the Government gives their periodicals free transportation upon the railroads. In other words, this Government has carried the newspapers and periodicals of this Nation for sixty to eighty million dollars less annually than the cost of transportation.

Recent statements made by Members on the floor of this House would naturally lead some to believe, if the people were to believe what the gentlemen have said, that labor is unappreciative, that it is unpatriotic, and that it has no concern for anyone else but itself. We would be led to believe by the assertions of some gentlemen that labor is a selfish group, concerned with no one except itself. A great deal has been said upon the floor of this House about communism. A great many Members of the House are very much exercised about communism. It was charged the other day by a "Moses" of Gary, Ind., Dr. Wirt, that there were radicals in the so-called "brain trust", the men who are the advisers of President Roosevelt. Dr. Wirt would lead us to believe that they are fomenting the red fires of revolution, that it was their design to turn this Government over to a soviet system of government.

Mr. RICH. Will the gentleman yield?

Mr. WOOD of Missouri. Just for a moment.

Mr. RICH. We are having an investigation of that matter tomorrow. Probably it might throw a little light on the subject to which the gentleman is referring.

Mr. WOOD of Missouri. This Congress has appointed a committee, and I voted for the appointment of the committee, to investigate these charges. I, as one Member of the Congress, want to run down all such irresponsible statements that might be made by anyone, and I hope that the committee will sift this thing to its very depths. I believe that when they do, they will find that such utterances as have been made by Dr. Wirt are fostered by the 1 percent of the population of this Nation who own 60 percent of the wealth. [Applause.] They want to lead the people to believe that this present administration is honeycombed with radicalism. They are the first ones to accept any benefits that may flow from the deliberations of this Congress, and they have always been the first to oppose any type of substantial legislation which had for its purpose the benefit and protection of the great mass of the people. They are now

opposing the Wagner-Connery amendment to the National Recovery Act. They are opposing the stock-exchange bill, the so-called "Fletcher-Rayburn bill." They have their bloodhounds in the Senate opposing any raise in income taxes, excess-profits taxes, or inheritance taxes.

There are two ways that the people of this Nation must be fed. One way is through the pay envelop, and the other is through taxation. I have a prepared speech which I do not think I will have time to make. I want to hurry on just as rapidly as I can, because of the fact that some assertions on the floor of the House, not many, have been misleading, and it would seem as though some would lay the failure in wage settlements or the adjustment of the codes with references to wages, hours, and working conditions at the door, absolutely, of the organized labor movement.

Mr. Speaker, the gentleman from Texas [Mr. BLANTON] made certain unfounded charges against the American Federation of Labor on the floor of this House, March 20. I was not present at the time; but in a perusal of his remarks in the CONGRESSIONAL RECORD, I find that he accused the American Federation of Labor of a deliberate attempt to involve the Nation in a strike by criminally attempting to persuade and influence 250,000 auto workers to leave their jobs and stir up strife and animosity, and branded the American Federation of Labor as a selfish group which seeks to ignore and disregard the Nation's welfare.

For the past 15 years the gentleman from Texas has made similar unfounded assertions in the onslaughts he has made upon the American Federation of Labor from time to time upon the floor of this House whenever he felt so inspired or ordained. His unwarranted attacks have had little, if any, effect upon the regular, normal progress of the labor movement.

The great threatened strike which the gentleman from Texas was so exercised about is now a matter of history, as the settlement has been made, and this settlement was largely due to the fine spirit of cooperation and patriotism of the American Federation of Labor and the intelligent, calm, and deliberate judgment of Mr. William Green, president of the American Federation of Labor, and the committee of 15 loyal American citizens who represented the auto workers' union, which made that settlement possible.

Mr. BLANTON. Will the gentleman yield, since he has mentioned me by name?

Mr. WOOD of Missouri. Yes; I yield for a moment.

Mr. BLANTON. The gentleman spoke of the gentleman from Texas having been here 15 years. He is here by the grace of the votes of workers. If I did not get a large percent of the vote of the workers in my district, I could not be here; and if the American Federation of Labor had pulled off this strike just now, does not the gentleman think they would have been guilty of disloyalty to the country?

Mr. WOOD of Missouri. If the gentleman can lead the people in his district to think it is best to send him to Congress, that is all right.

Mr. BLANTON. Well, they are pretty intelligent people. The district is full of colleges and universities.

Mr. WOOD of Missouri. In view of the unprecedented crisis through which our Nation is passing, it is well to pause for a few moments and partially analyze just what part the American Federation of Labor has taken, since its inception, in every crisis through which our Nation has passed. Of course, time will not permit a thorough analyzation of all of its patriotic acts in the various stages of stress through which our Nation has passed. I desire, however, to touch a few high points in passing.

No better test can be shown which revealed the patriotism of the membership of the American labor movement and their undying devotion to the cause of American institutions than when our country entered the great world conflagration in 1917. The great labor movement of this Nation responded to a man. Woodrow Wilson, then President of the United States, called into conference for council and advice Samuel Gompers, then president of the American Federation of Labor, and William Green, who was then secretary of the United Mine Workers of America, and other leaders of the labor movement.

So well did the leaders of the American labor movement and its members perform their duty as patriotic citizens that when the war closed President Wilson appeared in person before the convention of the American Federation of Labor and expressed his personal and the Nation's gratitude to the delegates for their splendid and patriotic cooperation and devotion to the cause of the Nation.

In 1915, when the American Federation of Labor Building, which stands upon Ninth Street and Massachusetts Avenue N.W., was dedicated, President Woodrow Wilson personally participated in the dedication ceremonies of this magnificent structure.

There stands a monument in Triangular Park, Massachusetts Avenue and Tenth Street NW., in the very shadows of the dome of this Capitol Building, which was erected to the memory of that great statesman, Samuel Gompers, founder of the American Federation of Labor, and who as its president guided the destinies of that organization for nearly a half century. In the unveiling ceremonies of this memorial monument, which occurred on October 7, 1933, the President of the United States, the Honorable Franklin D. Roosevelt, appeared in person and delivered a glowing tribute to the lifetime of patriotic service to the cause of humanity, to the statesmanship and patriotism of the immortal Samuel Gompers.

I challenge any Member of this House to visit the beautiful memorial on Massachusetts Avenue and Tenth Street NW., erected by the friends and citizens of this Nation to the memory of Samuel Gompers, and after reading the inscriptions thereon—words spoken by this great leader and statesman—return to the floor of this House and say that the American Federation of Labor desires to drive this Nation with a mailed fist. Those words of Gompers were selected from his many utterances of wisdom as exemplifying the spirit of the great American labor movement.

This is the man whose patriotism and motives have on so many occasions been questioned by the gentleman from Texas [Mr. BLANTON].

The gentleman from Texas still seems to be seeing things as he did some 14 years ago—in 1920—when our Nation was yet in the throes of war hysteria and the great corporate interests, which he is trying to protect, were trying to destroy the labor movement by taking advantage of a condition where many people were easily moved to believe there was a hidden enemy within our midst that was awaiting an opportunity, through seditious acts, to destroy our American institutions.

These same corporate interests, who are today waging a desperate battle to deprive the workers of their right to organize into a union of their own choosing, caused to be introduced into the Congress a dozen or more antisedition bills which, if they had been enacted into law, would have declared the participation in a strike, which was termed an uprising, as an act of disloyalty and sedition.

Samuel Gompers, the former president of the American Federation of Labor, whom he persistently attacked from the floor of this House, has passed to his reward, and the gentleman from Texas still seems to be in the best of health, and it is my fervent hope that the Almighty, in His infinite wisdom, will decree that he will live long enough to clear the cobwebs from his vision that he may fully realize what a great, unselfish, humanitarian movement is the American Federation of Labor, headed by that fearless leader and statesman, President William Green.

While the many thousands of our boys were across the waters making the supreme sacrifice, some of these selfsame powerful motor and steel corporations were on this side of the briny deep safely protected by the American flag and were nervously engaged in garnering millions and billions in profits and dividends at the expense of the energy, toil, and sacrifice of the families of the wage earners who were enrolled in service in the great World War and at the

expense of the very lifeblood of the flower of the manhood of the Nation who were left under the sod of France.

When the war was over the several million wage earners came back home with nothing of the world's goods, carrying the scars of battle and the devastating effects of poison gas and the empty promises of a job given them by many of these greedy corporation dollar-a-year patriots. Many thousands of these very veterans and their children who are employed by the automotive and steel corporations were a party to the recent controversy which emanated solely from a flat refusal by the executives of these powerful automotive corporations to allow their employees to join an organization of their own choosing, and their flat refusal to deal with their employees in collective bargaining through their chosen representatives, in accordance with the provisions of section 7a of the National Recovery Act—the law of the land.

It is certain that whatever of strike or turmoil that might have emanated from a failure to reach an agreement in the automotive controversy, the burden of blame for its consequences would be upon the shoulders of the managers of these great automotive corporations whose policies have always been a dictatorial refusal to allow their employees any vestige of the right of organization.

The gentleman from Texas says he believes that workers who do not want to join a union have the inherent right not to join. There is no disagreement between us on this sound principle of free government. These powerful automotive corporations, against whom the gentleman has no criticism, have been compelling their workers to join company unions whether they wanted to or not, by penalizing them with the loss of their job if they refused to join these company-owned and company-managed unions, which are nothing more or less than mutual admiration societies and a pawn in the hand of the employer to prevent freedom of action among the workers and their right to join a union of their own choosing.

Among the more than 300 codes of fair competition that have been approved, there have been thousands of violations on the part of employers, both large and small.

An army of code authority officials are now busily engaged from morning until night each and every day hearing the grievances of many thousands of wage earners who are covered by a permanent code in their industry and who are being deprived of their right of organization through the violation by their employers of section 7 (a) of the National Recovery Act. There are incidents in my own State where certain industries who have been dealing through collective bargaining with a number of their employees for 25 or more years, and who are now refusing to deal in any manner through collective bargaining with other of their employees who have recently formed bona fide labor organizations. Also hundreds of incidents can be cited where representatives of the employer and employee were called in to Washington and after a hearing of their difficulties, have agreed with the National Labor Board, over their signatures, to go back home and enter into negotiations through collective bargaining, when it was found that after arriving home the employers have immediately violated their agreement which was signed under direction of the National Labor Board.

Betrayal after betrayal on the part of the employers has piled up to a staggering figure, and it is indeed remarkable that the continuance of betrayals and antagonism to the provisions of section 7 (a) of the National Recovery Act has not elicited thousands of strikes throughout the United States, and it is an everlasting tribute to the intelligent leadership of the American labor movement and the splendid discipline, loyalty, and devotion of the wage earners to the President of the United States in his heroic effort to bring about order and peace out of chaos through the administration of the National Recovery Act that the number of strikes has been vastly below normal.

During the crisis of 1931 and 1932, when our country was smoldering with unrest, with 15,000,000 of wage earners permanently unemployed, 30,000,000 people—men, women, and defenseless little children—were without the means of a livelihood, except from the hand of charity, and when 30,000,000 farmers were in bankruptcy, due to the fact that they were unable to secure a sufficient price for their products to cover even the bare cost of production, and when intense misery, suffering, starvation, and despair were stalking the Nation, it was the American Federation of Labor that kept the old Ship of State in a steady, normal course, and by their organization activities and fine discipline were largely responsible for the unorganized of the Nation standing up under the terrific strain. How far, oh, how far, does the gentleman from Texas want us to go?

The gentleman from Texas seems to want to leave the erroneous impression that the American Federation of Labor is attempting to force wage earners to join a union of the American Federation of Labor. The principle involved, upon which all of the labor controversies and threatened strikes are now based is whether men will be accorded the free and unhampered right to join a labor union of their own choosing and not be compelled, through threats, intimidation, or coercion to remain a member of a company union.

The best evidence of the truthfulness of this statement is a copy of a letter I hold in my hand that was sent to every member of the company union of the Missouri Pacific Railroad, known as the "Missouri Pacific Mechanical Department Association", by the accredited system representatives of this company union, which has been in existence since the loss of the strike of the railway shopmen's organizations upon that system in 1922, which I now desire the privilege of reading, as follows:

[From the Labor Herald, Kansas City, Mo., Friday, Mar. 23, 1934]

THEY SEE THEIR MISTAKE—THE MISSOURI PACIFIC SHOPMEN PART COMPANY WITH THE COMPANY UNION—THIS FORM OF ORGANIZATION CONDEMNED AS BEING INIMICABLE TO HARMONIOUS RELATIONS BETWEEN THE EMPLOYER AND EMPLOYEE

The officers of the Missouri Pacific Mechanical Department Association, with headquarters at St. Louis—more familiarly known as "company union"—have sent out the following letter to the mechanical department employees of the Missouri Pacific system:

For many months great numbers of employees in the mechanical department of the Missouri Pacific Railroad have evidenced a desire to merge the Missouri Pacific Mechanical Department Association into standard labor unions affiliated with the American Federation of Labor, and since the trustees in bankruptcy, Mr. Baldwin and Mr. Thompson, issued the order that employees were free to do as they please, there has been a virtual stampede of mechanical department employees into the standard labor organizations.

The law gives employees the right to join the labor organization of their choice. During the past 10 days we have covered the system and our check-up discloses that a vast majority of shopcraft employees are now members of the standard American Federation of Labor organizations and on every hand we have been asked for advice and urged to cooperate in changing the form of our organization into A. F. of L. standard labor organizations.

At most of the main shops more than 95 percent of the employees who were members of the Missouri Pacific Mechanical Department Association are now members of the A. F. of L. organization. Under these circumstances the Missouri Pacific Mechanical Department Association is wholly impotent to represent or to protect the rights of the individual employee.

We believe that the day of the company union of American railroads has passed. The President of the United States, the Congress of the United States, the Federal Coordinator of Transportation, the Director of National Industrial Recovery, and many other right-thinking men and women have condemned the company union as being inimicable to harmonious relations between employer and employee.

Bills now pending in the Congress of the United States will, if enacted into law, completely destroy the last vestige of company unions. You can no longer maintain the Missouri Pacific Mechanical Department Association in the face of such opposition. We have given careful study to the entire situation and must take our stand on the side of labor.

We therefore recommend that all members and former members of the Missouri Pacific Mechanical Department Association immediately file their application for membership in their respective shop-craft standard American Federation of Labor labor unions. This is your legal right and under present conditions your moral duty. It is the essential step to the maintenance of peace and harmony on the system—the protection of our contractual arrangements with our employer, the orderly transfer of our activities to the Nation-wide labor organizations, and to promote and maintain proper relations between the employers and employees, as well as to promote the best interest of the Missouri Pacific Railroad Co.

With these matters in mind, we have joined with the great majority of the mechanical department employees and are now members of our standard craft of American Federation of Labor organizations.

We feel that this was the proper step for us to take as complying with the expressed desire of the vast majority of the membership and we are promulgating this statement in order that all mechanical department employees may be fully advised.

Sincerely yours,

A. B. JORDAN,
General Chairman System Board.
R. E. CLINE,
General Secretary-Treasurer.
J. H. SMITH,
General Chairman Boilermakers.
J. C. DAMRILL,
General Chairman Sheet Metal Workers,
Acting General Chairman Blacksmiths.
J. J. BYRNE,
General Chairman Carmen.

[Here the gavel fell.]

Mr. DICKINSON. Mr. Speaker, I ask unanimous consent that the gentleman may proceed for 10 additional minutes.

Mr. BLANTON. Mr. Speaker, I shall not object, but since the gentleman has mentioned me I shall ask for 5 minutes, when the gentleman concludes, in order to reply to him.

Mr. WOOD of Missouri. I shall be glad for the gentleman to have the time.

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

There was no objection.

Mr. MARTIN of Colorado. If the gentleman will permit, I should like to ask him if the letter the gentleman just read is signed by Mr. Baldwin.

Mr. WOOD of Missouri. It is not signed by Mr. Baldwin. He signed the order which was posted on the property and which permitted the men to join the union of their choice, and this letter is signed by the system representatives of this company union, A. B. Jordan, general chairman system board; R. E. Cline, general secretary-treasurer, and so forth.

Mr. MARTIN of Colorado. I may say for the benefit of Members who do not know him that Mr. Baldwin is considered one of the ablest railway executives in the United States.

Mr. WOOD of Missouri. He certainly is. The gentleman is quite right.

Mr. MARTIN of Colorado. And he has certainly written a most remarkable letter in favor of the right of the employees of that system to select an organization of their own choosing, and every Member of Congress ought to read this letter written by such a railway executive as Mr. Baldwin.

Mr. WOOD of Missouri. The letter was not signed by Mr. Baldwin. It emanated from an order issued by Mr. Baldwin and Mr. Thompson, receivers. It is evident that Mr. Baldwin is one of the many railway executives who seem to be inclined to follow the law of the land, and he has notified his employees that they have the right to join a labor organization.

There is contained in this letter a real and frank admission on the part of the officials of this company union on the Missouri Pacific Railway system that company unions are not only impotent to represent the best interests of its members but it also reveals the fact that at the very first inkling the wage earners who are members of company unions had that they could transfer their membership from the company union to a bona fide labor organization under the American Federation of Labor without fear of the loss of their jobs, there was a veritable stampede into the bona fide recognized organizations of the American Federation of Labor, even before the officials of the organization realized that there was such a wholesale pulling away from the company union.

The prompt action of these members of the Missouri Pacific company union to join a bona fide labor union at the first opportunity is symbolic of what will happen to every other company-owned and company-managed union when the members thereof are sure that they will be protected in freedom of action to join a union of their own choosing, free of intimidation and coercion on the part of their employer.

The bank moratorium, one of the first official acts of President Franklin D. Roosevelt, was nothing more nor less in its effect than a strike, which caused the complete closing down of an entire Nation-wide industry and paralyzed for the moment the medium of exchange of the Nation in order that a new and more permanent and substantial financial structure could be established.

The gentleman from Texas or any other right-thinking man surely does not criticize the President and the Congress for this move, which was so essential to the revamping of our financial structure. Our Nation was faced with an emergency, and drastic action was absolutely necessary, and we were indeed fortunate to have a man in the White House who had the courage to assume the responsibility of the bank moratorium, although it was a shock to the Nation which never before has been experienced in our history.

No one can question the high motives or wisdom of the people of the great State of Texas for striking against Mexico and joining up with a more progressive and democratic Nation after they had become organized and were dissatisfied and rebelled against the despotic rule.

The splendid settlement of the automotive controversy was secured because the people of our Nation cherished freedom of the right to quit their jobs either singly or in concert.

I grant to the gentleman from Texas that he knows something about what the cotton growers want because he comes from that section. I voted with the gentleman for the Bankhead bill, although I questioned seriously its advisability. But if the farmers in Texas desire a law that will compel them to serve a prison sentence for working and raising more cotton than the acreage they are allotted, that is the business of the cotton growers and I am willing for them to have exactly what they want, or at least what they think they want, that will best protect them.

There is now a petition upon the Speaker's desk which provides for discharge of the committee from consideration of the Frazier-Lemke bill. I signed that petition early in the session because the farmers' organizations throughout the Nation want this legislation, and if given the opportunity I will vote for the Frazier-Lemke bill not only because I believe it is right and will give the farmers real farm relief, but because the farmers of the Nation are demanding it, and they, better than any other, know what is best for them, and I am willing to do my part to see that they get it at the hands of this Congress.

While I grant that the gentleman from Texas [Mr. BLANTON] probably knows what the cotton growers want, as I also grant that the farmers of this Nation likewise know what they want in the way of real farm relief, in view of my 30 years' active service in the labor movement, which has afforded me intimate knowledge of the problems, loyalty, and patriotism of not only the organized but the unorganized, I hope the gentleman will also grant that I know something about the trials, tribulations, and struggles of the great labor movement as represented by the American Federation of Labor, and its hopes, desires, and aspirations.

Never has there been a more unselfish, humane, and Christian movement than that represented by William Green, president of the American Federation of Labor.

The amicable settlement of the automotive controversy and threatened strike again reveals the loyalty, patriotism, and devotion of the 5,000,000 members of the American Federation of Labor and the peerless leadership of William Green, its president.

The American Federation of Labor is not at all alarmed or concerned about the periodic mouthings of the gentleman from Texas, but it will continue onward and upward in the even tenor of its own way, spreading whatever light, enjoyment, and freedom that is within its power to the toiling millions of this Nation, and it will continue to give its undivided cooperation and loyal and patriotic support to the greatest statesman and humanitarian in all history, the Honorable Franklin D. Roosevelt, President of the United States, in his courageous and heroic effort for national recovery. [Applause.]

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes to reply to the gentleman from Missouri.

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

There was no objection.

Mr. BLANTON. Mr. Speaker, the speech we have just listened to clearly exemplifies the fact that labor leaders do become intolerant and full of bias and prejudice, and are absolutely unable to view public problems from the standpoint of the whole people. For 20 years our good friend from Missouri served as President of the Missouri State Federation of Labor, during which time he attended every session of the Missouri General Assembly, sponsoring labor legislation. He has been the national legislative representative of the United Brotherhood of Maintenance of Way Employees and sponsored legislation in the interest of railway employees during the World War. His mind has been specially trained in certain grooves to protect the interests of a certain class. He speaks for the organized worker. I speak not only for the worker who is organized, but also for the worker who is unorganized, and in the interest of the whole 120,000,000 American people.

I am as old as our friend from Missouri in fighting for the rights of men who toil for their daily bread. But I fight for them only when they are right. Be they right or wrong our friend from Missouri fights for them. I am for them only when their cause is just. Our friend from Missouri is for them regardless.

Because I have had the courage to stand on this floor and criticize certain improper demands of certain autocratic labor leaders during my service in this House, my friend from Missouri is so intolerant as to refer to same as "periodic mouthings" and then make the unfounded charge that same was in the interest of organized capital.

I have never in my whole life represented organized capital in any capacity. As a lawyer I did not represent corporation. I always represented the "under dog." I represented the citizen. My life's fight has been against combines and monopolies. I have never had any patience with domineering, dictatorial, autocratic, strong-arm combines that attempt to control business, or legislatures, or the Government. And when professional labor leaders indulge in their periodic mouthings, I have never hesitated to answer them.

So that what I said may not be misinterpreted, I quote it verbatim from the RECORD, page 4931, of March 20, 1934, to wit:

Mr. BLANTON. Mr. Speaker, I feel that somebody should denounce the deliberate attempt on the part of the American Federation of Labor to involve this Nation in a strike that is inexcusable, is unpatriotic, and is unthinkable. It is almost criminal to persuade and influence 250,000 well-paid, well-cared-for, satisfied heads of families to leave their jobs, stir up strife and animosity, and bring suffering on their wives and little children.

This is no time for strikes. This is no time for trouble makers. This is no time for agitators and walking delegates. This is no time for selfish groups to ignore and disregard the Nation's welfare and the best interests of the American people as a whole.

The President of the United States has done much for labor. In the interest of men who work, our President has disorganized every business in the United States and taken same from the private conduct and control of owners and reorganized same along national lines to benefit labor. Every business in the United States has made sacrifices. These sacrifices were to benefit labor. It was a costly change for business. Labor was the beneficiary. Has it no gratitude? Does not labor appreciate what the President has done for it? Does it now want to harass the President? Is the American Federation of Labor willing to throw monkey wrenches into the Nation's machinery? Is it willing to clog everything up? Is it willing to be disloyal?

This Congress has appropriated billions of dollars to help labor. It has fed the unemployed. Congress has housed millions of laborers without jobs. Congress has clothed the wives and children of laborers who could not find work. Congress has created work that laborers should not be idle.

Is not the American Federation of Labor grateful? Has not it any appreciation? Does it not realize that it owes something to society? Is it altogether selfish? Just why is it not willing to go along with the President and lend him a helping hand?

The press this morning brings us the almost unbelievable information that all of these 250,000 workers are well paid, with their wages increased more than 50 percent during the last year, and in many cases higher than they were in 1929; that their hours have been shortened to an annual average of 36 hours per week; and that practically all of these 250,000 workers are well satisfied, yet that the American Federation of Labor is seeking to make a card from one of its unions the sole condition of employment and insisting that it shall receive about $6,000,000 in union dues taken out of the employees' salaries and paid direct to unions by employers.

I believe in organization. I believe that every worker has the right to join a union. I believe that union workers have the right of collective bargaining. I am sympathetic with all of the trials and troubles of men who labor. I want to see their conditions bettered in every possible way.

At the same time, I believe that workers who do not want to join a union have the inherent right not to join. And I believe that an American business man has the right to run his business ununionized if he wants to, and to employ men who are not unionized, if he can find them, and if they are satisfied to work for him. And I do not believe that the American Federation of Labor has any right whatever to interfere and to break up a friendly business relation existing between employer and employees, when all are perfectly satisfied and content.

Stirring up strife and trouble now is disloyal to the President. It is disloyal to the Nation. It is putting the selfishness of a group above the interest of the Nation. It is letting the tail wag the dog. It is saying that less than 5,000,000 organized into a group are more important than the unorganized 115,000,000 people of the United States.

It is the duty of the American Federation of Labor to work in harmony with the President. It is its duty to show some gratitude. It is its duty to show some appreciation. It is its duty to put country above group. It is its duty to abandon greed and selfishness. It is its duty to go along with the Government in its efforts to bring about a recovery and bring about better conditions, and I am not in sympathy with this selfish stand taken by the American Federation of Labor.

The American Federation of Labor ought to call off this strike. They ought to admonish these men that this is no time to strike; that this is no time to take men out of good employment and put them on the streets. This is a time to uplift rather than break down; this is a time to back the President; this is a time to back the Congress; this is a time to stand firm for the Government and show loyalty to the Commander in Chief of this Nation. [Applause.]

Our friend from Missouri calls the above "mouthings." I will leave it to the American people if what I said does not constitute good American philosophy and good Democratic doctrine. I want the American people to point out any sentence in what I said that is un-American. I repeat that this is no time for strikes. This is no time for trouble makers. This is no time for agitators and walking delegates. This is no time for selfish groups to ignore and disregard the Nation's welfare and the best interests of the American people as a whole.

Following my speech on March 20, 1934, as quoted above, I received several hundred letters from workers in motor plants endorsing every word I said, and asserting that they were well paid, and were perfectly satisfied, but that the American Federation of Labor was trying to force them and their employers to agree to its dictation against their will, and to require dues to the extent of about $6,000,000 to be taken out of their wages and paid by their employers direct to the unions affiliated with the said American Federation of Labor.

Of course, every professional labor leader firmly believes that the American Federation of Labor has the right to make the demands that it has been making, and that all employers who will not bow down and accept its will are void of conscience and should be compelled to allow the American Federation of Labor to run their businesses.

No man in this Congress is more sympathetic than I am toward organized labor, when it is right, or more appreciative of the splendid work accomplished for labor by Samuel Gompers during his lifetime. I have fought for decent wages. I have fought for decent hours. I have fought for decent working conditions. I have fought for decent living conditions. I have fought for American standard of living. But when organized labor has made unjust demands I have not hesitated to oppose same.

The gentleman from Missouri spoke of some of the fights I have made from this floor on labor matters, and called them "periodic mouthings." Let me mention some of them. When John B. Densmore was Director General of Employment, and was spending money like water out in California trying to manufacture testimony for the noted anarchist and bomb thrower, Tom Mooney, and burglarized the office of District Attorney Fickert, and criminally installed in it a secret dictaphone, and tried to frame court officials in the interests of said murderous anarchist, and then tried to get from this Congress an additional $10,000,000 to use in such

nefarious undertaking, I stopped him. By making proper points of order, and waging a fight from this floor against his $10,000,000 proposed appropriation, I defeated same on three different occasions, and kept him from wasting this $10,000,000. Was my action un-American? Was not I acting for the best interests of the American people? By passing a resolution of inquiry I forced the Secretary of Labor to furnish the secret report made to him by John B. Densmore, and caused the same to be published in a House document, copies of which are still available in the House document room, if the supply there has not been exhausted. I have my copy in my office and will show it to any colleague interested.

I did wage an uncompromising fight here to get the American Federation of Labor to rid itself of such anarchists as William Z. Foster, whose infamous red book on syndicalism I read from this floor, and I showed conclusively that William Z. Foster was not only trying to undermine the Government but was also boring from within, and was trying to undermine and destroy the American Federation of Labor. At that time William Z. Foster was an honored official of the American Federation of Labor and high up in its councils, and because I denounced his methods I was then designated as unfriendly to labor, and put on labor's blacklist, when just the opposite was true, and history which has since transpired has proven that I was a loyal friend to labor when I denounced William Z. Foster, for within a few years thereafter the American Federation of Labor expelled him from its membership, and has at all times since refused to affiliate with or to have anything to do with William Z. Foster.

Mr. DINGELL. Will the gentleman yield?

Mr. BLANTON. I am sorry that I cannot. I regret that I have not the time. Otherwise I would gladly yield. I must reply fully to the speech made by our good friend from Missouri.

Mr. Speaker, although I differed with him on some occasions, and did not hesitate to oppose him when he was wrong, though in doing so I knew that I was taking my political life in my hands, I had great admiration for the many fine qualities possessed by Samuel Gompers. He was a great labor leader. He had a wonderful insight in human nature. He was absolutely fearless. He was a magnificent organizer. There will never be another Samuel Gompers.

Once, Mr. Speaker, when he came to my office and demanded that I change my position on a bill and threatened me with defeat if I did not, I told him to "go to h—", and in the succeeding primary he demonstrated his political influence, for he almost defeated me. He published whole-page advertisements over his own signature against me in the newspapers of my district. And I always will believe that after he failed in his efforts to defeat me he had much greater respect for me thereafter, for he seemed more friendly than ever. To dislike him was impossible. His nature and personality commanded the esteem of everyone who knew him well.

During the World War there were 6,000 strikes by organized labor against the Government. Men who were getting $30 a day in shipyards struck against the Government. Railroad employees forced Director McAdoo to give them increases of $764,000,000 and date it back 6 months. I warned them then that the time would come when they would see train after train without a passenger on it, with railroad business wrecked, and no demand for their services, and there would be thousands of them losing their jobs. That day has come.

It is true that when President Wilson sent for some of us and said, "Strikes are ruining the Government; they are giving comfort and aid to the German Kaiser; I cannot carry on this war with these strikes", he asked us to pass what he then designated as the "work-or-fight" amendment.

Mr. WOOD of Missouri. Will the gentleman yield?

Mr. BLANTON. In just a moment. I shall be glad to yield.

When they had exempted many thousands of workers from the draft and had granted to the worker the right not to fight, but to stay here at home and work and had exempted him from the draft, they refused to work, and strike after strike occurred, until some workers were receiving $30 per day. There were 6,000 strikes against the Government. The work-or-fight amendment provided that if he did not work, they could take his exemption away from him and make him fight. At the instance of the President, our Commander in Chief of the Army and Navy, I took this floor one day and made a speech against these repeated strikes and in behalf of his work-or-fight amendment. I spoke for it, and I helped to pass it in this House, but it was finally killed.

Was not that a proper amendment to the Draft Act? When our country was engaged in deadly conflict across the seas, and there was an act drafting every able-bodied man between certain ages to don uniforms and fight, and certain workers, aided and backed by the American Federation of Labor, got exempted and excused from the draft in order to work, and notwithstanding they were receiving many times what the soldiers in France received, they engaged in strike after strike against the Government, was it not right and proper that their exemptions should be taken away from them and they should be made to fight?

Yet, after said "work-or-fight amendment" had been passed by this House, organized labor, backed by the American Federation of Labor, threatened to march on this Capitol and on the White House, and through such threats finally prevented such amendment from being passed into law. And in the succeeding election Senator Thomas, who introduced such amendment, was defeated by organized labor, the American Federation of Labor waging a special fight against him.

Is my friend from Missouri in favor of that amendment—men who have been exempted from fighting in order to work, and who will not work, make them fight? Is the gentleman in favor of it? President Wilson asked for it, and I helped him to pass it here in this House.

Mr. WOOD of Missouri. Will the gentleman yield?

Mr. BLANTON. I will yield in a few minutes. Then during the war when the international telegraphers threatened to strike and to tie up every means of communication, President Wilson sent word to us here that it would absolutely ruin him in winning the war. They threatened to tie up every cable, every telegraph, every telephone, and every radio, and the President said if that strike came off he could not win the war.

I took the floor and I said that if the telegraphers pulled off that international strike that they would be traitors to their country, for they would be lending aid and comfort to our foreign enemies, and I received through the mails every kind of threat imaginable.

Mr. WOOD of Missouri. Will the gentleman yield now?

Mr. BLANTON. I yield.

Mr. WOOD of Missouri. Does the gentleman believe that President Wilson would have appeared after the war before the American Federation of Labor and thanked them for their loyalty and devotion during the war if there had been anything done by the labor movement to prevent the winning of the war?

Mr. BLANTON. That was in behalf of the great labor movement nationally. Many members of organized labor refused to strike.

[Here the gavel fell.]

Mr. FITZPATRICK. Mr. Speaker, I ask unanimous consent that the gentleman have 1 minute more in order that I may ask him a question.

The SPEAKER. Is there objection?

There was no objection.

Mr. FITZPATRICK. Does the gentleman realize that during the war employers and corporations charged the Government 300- and 400-percent profit on their contracts?

Mr. BLANTON. Yes; and I fought them then, and have been fighting them every since trying to drive them out of the country into the deep blue sea for all of such practices.

Mr. WOOD of Missouri. I should like to ask the gentleman from Texas what men were getting $30 a day?

Mr. BLANTON. Experts and skilled mechanics in shipyards and other works. I know a few men from my district, who had never gotten more than $2.50 a day theretofore, were getting $30 a day when some of these strikes were pulled off.

Mr. WOOD of Missouri. Not members of the American Federation of Labor.

Mr. BLANTON. Oh, yes; they were forced to be unionized whether they liked it or not; and when the strike order came they had to obey it. They told me all about it after the war and said they did not want to strike and were perfectly satisfied, but they were forced to strike.

In conclusion, in order to keep the record straight and to let the American people know just what this strike is all about, I want to quote from what United States Senator LOGAN, of Kentucky, published in the CONGRESSIONAL RECORD on March 24, 1934; and I quote same from page 5300, as follows, to wit:

The process of recovery has so far taken place because of the cooperation of both capital and labor to that end. So long as a balance was kept by give-and-take, mutual sacrifice, and mutual cooperation, this has continued.

Now the American Federation of Labor attempts to leap into the saddle forcibly with a demand for complete union control of the Nation's busiest industry. The alternative is a strike of vast proportions that would tie up the one business that has led the way toward recovery in the last 4 months.

Hundreds of thousands of satisfied workmen, who desire only to be left alone to support their families, do their work, and enjoy life, would thus be thrown out of employment. The effects of the strike would be felt by millions of people employed in dozens of industries. This includes steel, the continued production of which is so vital to recovery here in Ashland.

The point at issue is not one of hours, nor of wages, but of ultimate control of the industry itself. The American Federation of Labor insists upon complete unionization of the automobile business, with a general strike as the alternative. The automobile manufacturers refuse to yield control of the business which they have built and developed to paid union executives who did not build nor develop it.

On the top of this danger is the threat of the Wagner bill in the Senate, which would make unionization imperative in all American industry. This would be done by legislative mandate and would force the country's 40,000,000 workers into union membership whether they desired it or not.

Just at a time when recovery seemed to be an accomplished fact the leaders of the American Federation of Labor decide to get all the workers of the Nation into their paying membership, or to tear down the whole fabric of recovery with general strikes if their demands are not met. Further to cinch their absolute rule over the Nation's industry, they seek to force through Congress the Wagner bill, which would legalize and perpetuate their control.

The Nation has gone along with the new deal and accepted and adopted with zeal many principles and formulas emanating from the halls of Columbia University and totally foreign to American ideals of freedom without question or quibble. But unless the swing to communism is halted somewhere within the range of reasonable ideas of justice and liberty the Nation itself will balk. We are not ready for a dictatorship or radical and self-seeking walking delegates any more than we were willing to stand for a dictatorship of the power of wealth and entrenched privilege, such as brought us to our fall 4 years ago.

Fair hours to admit a maximum of employment, fair compensation for labor to give all a living wage with something over, the right of workers to bargain collectively, the elimination of cutthroat competition, all these are worthy ends, at least partially achieved. Complete dictatorship over privately owned industry by the American Federation of Labor is another thing entirely. Its leaders did not build it and are not equipped to rule it, either by training or by ability.

I have just received the information that the Hudson Motor Co. has been forced to shut down its plant because of strikes, letting 18,000 employees out of work, and that 5,600 employees of the Motor Products Co. had been called out on strike. And here is what has just come over the wire:

The fuse burned short on the motor industry's explosive labor situation today as the two major unions of automobile workers both repudiated President Roosevelt's automotive arbitration board.

The mutually hostile unions—the American Federation of Labor and the Mechanics Educational Society—joined in denouncing the arbitration board appointed by President Roosevelt when he averted a strike 2 weeks ago.

It will be a sad day for the American Federation of Labor if it permits these strikes at this time and cripples industry and takes these heads of families from gainful employment and put them on the streets. The American people are patient and long-suffering. But they will not have any sympathy for any strike in this crisis. William Green and his American Federation of Labor must not undo all that was accomplished for labor by Samuel Gompers.

WAR DEPARTMENT APPROPRIATION BILL

Mr. COLLINS of Mississippi. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H.R. 8471, the War Department appropriation bill for 1935, disagree to the Senate amendments, and ask for a conference.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. Is that agreeable to the other members of the committee?

Mr. COLLINS of Mississippi. Entirely.

The Clerk read the title of the bill.

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

There was no objection.

The SPEAKER appointed as conferees on the part of the House Mr. COLLINS of Mississippi, Mr. PARKS, Mr. BLANTON, Mr. BOLTON, and Mr. POWERS.

VETERANS' REGULATIONS (H.DOC. NO. 299)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Expenditures in the Executive Departments, and ordered printed.

To the Congress of the United States:

Pursuant to the provisions of section 20, title I, of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, I am transmitting herewith copies of Executive Orders No. 6668, Veterans' Regulation No. 1 (e), and No. 6669, Veterans' Regulation No. 12 (b), approved by me April 6, 1934.

These veterans' regulations have been issued in accordance with the terms of title 1, Public, No. 2, Seventy-third Congress. Executive Order No. 6661, Veterans' Regulation No. 1 (d), and Executive Order No. 6662, Veterans' Regulation No. 12 (a), contained provisions carrying out the purpose as expressed in my message of March 27, 1934, to the House of Representatives, returning without my approval H.R. 6663, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes." The provisions of Public, No. 141, Seventy-third Congress, March 28, 1934, have gone far beyond the intent of these regulations. The regulations transmitted herewith are, therefore, for the purpose of canceling them.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *April 6, 1934.*

CIVIL-SERVICE RETIREMENT ACT (H.DOC. NO. 298)

The SPEAKER also laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Expenditures in the Executive Departments and ordered printed:

To the Congress:

Pursuant to the provisions of section 16 of the act of March 3, 1933 (ch. 212, 47 Stat. 1517), as amended by title III of the act of March 20, 1933 (ch. 3, 48 Stat. 16), I am herewith transmitting an Executive order transferring to the United States Civil Service Commission the duties, powers, and functions now vested in the Veterans' Administration pertaining to the administration of the Civil Service Retirement Act and the Canal Zone Retirement Act.

The administration of laws governing the retirement of civil employees of the Government is logically and properly a function of the Civil Service Commission, and the transfer

effected by this order will permit a more efficient administration of the activities involved. The Director of the Bureau of the Budget has informed me that the transfer will result in an annual saving of approximately $45,000.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *April 7, 1934.*

PASSAMAQUODDY FISHERIES COMMISSION (H.DOC. NO. 300)

The SPEAKER also laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Foreign Affairs and ordered printed:

To the Congress of the United States:

I transmit herewith the report made by the International Passamaquoddy Fisheries Commission, the American members of which were appointed according to an act of Congress approved June 9, 1930. The act authorized appropriations for an investigation jointly by the United States and Canada of the probable effects of proposed international developments to generate electric power from the movement of the tides in Passamaquoddy and Cobscook Bays on the fisheries of that region.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *April 7, 1934.*

CALL OF THE HOUSE

Mr. WOLCOTT. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The gentleman from Michigan makes the point of order that there is no quorum present. Evidently there is not.

Mr. BYRNS. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The doors were closed.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 123]

Adair	Darrow	Johnson, Okla.	Peavey
Allen	De Priest	Johnson, W.Va.	Peyser
Allgood	DeRouen	Kelly, Ill.	Ramspeck
Auf der Heide	Dickinson	Kelly, Pa.	Rayburn
Ayers, Mont.	Dickstein	Kennedy, Md.	Reed, N.Y.
Bacharach	Dobbins	Kennedy, N.Y.	Reid, Ill.
Bankhead	Douglass	Kenney	Rudd
Beam	Doutrich	Kerr	Sabath
Beck	Doxey	Knutson	Schaefer
Boileau	Drewry	Kocialkowski	Scrugham
Boylan	Eaton	Kramer	Shannon
Britten	Eicher	Kurtz	Simpson
Brooks	Fitzgibbons	Kvale	Sirovich
Browning	Ford	Lanzetta	Sisson
Brumm	Foulkes	Lee, Mo.	Smith, Va.
Buckbee	Frey	Lehlbach	Snell
Caldwell	Fulmer	Lewis, Md.	Somers, N.Y.
Carley, N.Y.	Gasque	Lindsay	Stalker
Carpenter, Nebr.	Gavagan	McCormack	Stokes
Cavicchia	Gillespie	McDuffie	Strong, Tex.
Celler	Glover	McSwain	Sullivan
Chavez	Granfield	May	Taylor, Colo.
Christianson	Griffin	Milligan	Taylor, Tenn.
Clark, N.C.	Hancock, N.C.	Montague	Turpin
Condon	Healey	Moynihan, Ill.	Underwood
Connery	Hess	Muldowney	Weaver
Corning	Hollister	Murdock	Withrow
Crowther	Hughes	Musselwhite	Wolfenden
Culkin	James	Nesbit	Wolverton
Cullen	Jenkins, Ohio	O'Brien	Zioncheck
Darden	Johnson, Minn.	Oliver, Ala.	

The SPEAKER. Three hundred and seven Members present, a quorum.

Mr. BYRNS. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The doors were opened.

DISTRICT OF COLUMBIA BUSINESS

SALE OF POTOMAC SCHOOL PROPERTY

Mrs. NORTON. Mr. Speaker, I call up the bill (S. 2057) authorizing the sale of certain property no longer required for public purposes in the District of Columbia.

The SPEAKER. The Clerk will report the bill.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Commissioners of the District of Columbia be, and they are hereby, authorized and empowered to sell and convey to the highest bidder, at public or private sale and at such time as in their opinion may be most advantageous to the District of Columbia, the old Potomac School property, known as lot 802 in square 327, containing 5,837 square feet of land, more or less, and the proceeds from such sale shall be deposited in the United States Treasury to the credit of the District of Columbia.

Mrs. NORTON. Mr. Speaker, I ask unanimous consent that the bill be considered in the House as in the Committee of the Whole House on the state of the Union.

The SPEAKER. Is there objection?

There was no objection.

Mrs. NORTON. Mr. Speaker, the purpose of this bill is to give the District Commissioners authority to sell what is known as the old Potomac School property, situated in the wholesale market area of southwest Washington, which is no longer needed for school purposes. An identical bill was introduced in the Seventy-second Congress and passed the House and was favorably reported by the Senate District Committee. At that time hearings were held. There appeared to be no opposition to the bill.

I move the previous question on the bill to final passage.

The previous question was ordered.

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

A motion to reconsider was laid on the table.

BOUNDARIES OF WHITEHAVEN PARKWAY, DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I call up the bill (S. 2509) to readjust the boundaries of Whitehaven Parkway at Huidekoper Place in the District of Columbia, provide for an exchange of land, and for other purposes.

The SPEAKER. The gentlewoman from New Jersey calls up the bill S. 2509, which the Clerk will report.

The Clerk read the title of the bill.

Mrs. NORTON. Mr. Speaker, I ask unanimous consent that the bill be considered in the House as in the Committee of the Whole House on the state of the Union.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That in order to readjust the boundaries of Whitehaven Parkway at Huidekoper Place and preserve the trees and other natural park values, the Commissioners of the District of Columbia be, and they are hereby, authorized to close, vacate, and abandon for highway and alley purposes the area contained in parcels designated "A", as shown on map filed in the office of the surveyor of the District of Columbia and numbered as map 1817, and to transfer said area so closed, vacated, and abandoned to the United States to be under the jurisdiction of the Director of National Parks, Buildings, and Reservations for park purposes.

SEC. 2. That the Commissioners of the District of Columbia are authorized to use for street and alley purposes the area comprised within the parcels designated "B", as shown on map filed in the office of the surveyor of the District of Columbia and numbered as map 1817; and the Director of National Parks, Buildings, and Reservations is authorized to make the necessary transfer of said land to the District of Columbia, same to be under the jurisdiction of the said Commissioners for street and alley purposes.

SEC. 3. That upon the dedication by the lawful owner or owners of the land contained in the parcel designated "C" and the transfer by plat as provided herein and/or the conveyance by deed of the land contained in the parcel designated "D", in accordance with map showing said parcels filed in the office of the surveyor of the District of Columbia, numbered as map 1817, the said parcel "C" to be dedicated to the District of Columbia for street purposes and the said parcel "D" transferred by plat and/or conveyed by deed to the United States, to be under the jurisdiction of the Director of National Parks, Buildings, and Reservations, then the said Director of National Parks, Buildings, and Reservations, with the approval of the Secretary of the Interior, acting for and in behalf of the United States of America, is authorized and directed to transfer by plat as provided herein and/or convey by deed all the land comprised in the parcel designated "E" as shown on said map filed in the office of the surveyor of the District of Columbia and numbered as map 1817, said transfer and/or conveyance to be made to the owner or owners making the transfer and/or conveyance of said parcel designated "D" to the United States, such transfers and/or deeds of conveyance to pass title in fee simple to the said land, and any and all of such transfers when duly executed and consummated shall constitute legal conveyances of the parcels herein described to the parties in interest: *Provided, however*, That good and sufficient title, satisfactory to the Commissioners of the District of Columbia and the Director of National Parks, Buildings, and Reservations shall be given with respect to the land contained in said parcels "C" and "D", respectively: *And provided further*, That upon the transfer by plat and/or the conveyance by deed of the said parcel designated "E",

as provided herein, the land contained in said parcel shall be subject to assessment and taxation the same in all respects as other private property in the District of Columbia.

SEC. 4. That the surveyor of the District of Columbia is hereby authorized to prepare the necessary plat or plats showing the parcels of land to be transferred and dedicated in accordance with the provisions of this act, with certificates affixed thereon to be signed by the parties in interest making the necessary transfers and dedication, which plat or plats, after being signed by the various interested parties and officials, and approved by the Commissioners of the District of Columbia, upon recommendation of the National Capital Park and Planning Commission, shall be recorded upon order of said Commissioners in the office of the surveyor of the District of Columbia, and said plat or plats and certificates when so recorded shall constitute a legal dedication and legal transfers of the property described for the purposes designated according to the provisions of this act.

Mrs. NORTON. Mr. Speaker, the purpose of this bill is to make an exchange of lands between the National Capital parks and private individuals at Huidekoper Place and Whitehaven Parkway, to close a portion of this particular place and dedicate certain areas. This has the unanimous support of the District Commissioners and the Capital Park and Planning Commission.

I move the previous question on the bill.

The previous question was ordered.

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

A motion to reconsider was laid on the table.

ALCOHOLIC BEVERAGE CONTROL ACT

Mrs. NORTON. Mr. Speaker, I call up the bill (H.R. 8854) to amend the District of Columbia Alcoholic Beverage Control Act by amending sections 11, 22, 23, and 24.

The SPEAKER. The gentlewoman from New Jersey calls up the bill H.R. 8854, which the Clerk will report.

The Clerk read the title of the bill.

Mrs. NORTON. Mr. Speaker, I ask unanimous consent that the bill be considered in the House as in Committee of the Whole House on the state of the Union.

The SPEAKER. Is there objection?

Mr. BLANTON. Mr. Speaker, I reserve the right to object for the purpose of asking the gentlewoman a question. This bill was sent to the committee by the District Commissioners?

Mrs. NORTON. Yes.

Mr. BLANTON. And is approved by the District Commissioners?

Mrs. NORTON. Yes.

Mr. BLANTON. And by the corporation counsel's office?

Mrs. NORTON. Yes.

Mr. PALMISANO. The only change in the law in this case is that it requires the placing of a stamp to make sure that the Commissioners will get the revenue.

Mr. BLANTON. Does this have the unanimous report of the Committee on the District of Columbia?

Mrs. NORTON. Yes.

Mr. BLANTON. And the gentleman from Texas [Mr. PATMAN] does not raise any objection to this bill?

Mr. PATMAN. No.

Mr. BLANTON. I withdraw the reservation of objection.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

The Clerk read the bill as follows:

Be it enacted, etc., That section 11, subsection (c), of the District of Columbia Alcoholic Beverage Control Act is amended by adding at the end of the first paragraph thereof the following: "It shall not authorize the sale of beverages to any other person except as may be provided by regulations promulgated by the Commissioners under this act."

SEC. 2. That section 22 of the said Alcoholic Beverage Control Act be amended by adding at the end thereof a new paragraph, to read as follows:

"(c) The Commissioners may at any time suspend or revoke in whole or in part the requirements of this section."

SEC. 3. That section 23 of the said Alcoholic Beverage Control Act is amended so as to read as follows:

"SEC. 23. (a) There shall be levied, collected, and paid on all of the following-named beverages manufactured by a holder of a manufacturer's license, and on all of the said beverages imported or brought into the District of Columbia by a holder of a wholesaler's or retailer's license, a tax at the following rates, to be paid by the licensee in the manner hereinafter provided:

"(1) A tax of 35 cents on every wine-gallon of wine containing more than 14 percent of alcohol by volume, except champagne, or any wine artificially carbonated and a proportionate tax at a like rate on all fractional parts of such gallon; (2) a tax of 50 cents on every wine-gallon of champagne or any wine artificially carbonated, and a proportionate tax at a like rate on all fractional parts of such gallon; (3) a tax of 50 cents on every wine-gallon of spirits, and a proportionate tax at a like rate on all fractional parts of such gallon; (4) and a tax of $1.10 on every wine-gallon of alcohol, and a proportionate tax at a like rate on all fractional parts of such gallon.

"(b) Said taxes shall be collected by and paid to the Collector of Taxes of the District of Columbia and shall be deposited in the Treasury of the United States to the credit of the District of Columbia.

"(c) Said taxes shall be collected and paid by the affixture of a stamp or stamps secured from the Collector of Taxes of the District of Columbia, denoting the payment of the amount of the tax imposed by this act, upon such beverage, such affixture to be upon the immediate container of the beverage, unless the Commissioners shall by regulation permit otherwise.

"(d) The Collector of Taxes of the District of Columbia shall furnish suitable stamps, to be prescribed by the Commissioners, denoting the payment of the taxes imposed by this act, and shall by the sale of such stamps at the amounts indicated on the faces thereof cause the said taxes to be collected.

"(e) Upon beverages manufactured in the District of Columbia by a manufacturer licensed under this act, the stamps required by this act shall be affixed before the removal of the beverage from the place of business or warehouse of the said manufacturer for delivery to a purchaser. Upon beverages except taxable light wines, imported or brought into the District of Columbia by any wholesaler licensed under this act, the stamps required by this act shall be affixed before the removal of the beverage from the place of business or warehouse of the said wholesaler for delivery to a purchaser; upon taxable light wines imported or brought into the District of Columbia by any wholesaler licensed under this act, the said stamps shall be affixed within 24 hours (excluding Sunday from the count) after the wines are received at the licensed premises of the wholesaler. Upon beverages purchased outside the District of Columbia by any retailer licensed under this act, the stamps required by this act shall be affixed within 24 hours (excluding Sunday from the count) after the beverage is received at the licensed premises of said retailer.

"(f) No person shall use or cause to be used for the payment of any tax imposed by this act a stamp or stamps already theretofore used for the payment of any such tax.

"(g) No tax shall be levied and collected on any alcohol exempt from tax under the laws of the United States, or on any alcohol sold for nonbeverage purposes by the holder of a manufacturer's or wholesaler's license, in accordance with the regulations promulgated by the Commissioners.

"(h) If any act of Congress shall hereafter prescribe for a Federal volume tax on alcoholic beverages under which a portion of said tax shall be returned to the District of Columbia, the taxes levied under this section shall not be collected after the effective date of said act.

"(i) The possession by any licensee of any beverage after its removal from the licensed premises of a manufacturer or wholesaler within the District of Columbia or after 24 hours (Sundays being excluded from the count) after its receipt from outside the District of Columbia, upon which the tax required has not been paid, shall render such beverage liable to seizure wherever found, and to forfeiture by the District of Columbia. And the absence of the proper stamps from any container (or wrapper if such be permitted) after the time at which the affixture of the stamp is required by this act shall be notice to all persons that the tax has not been paid thereon and shall be prima facie evidence of the nonpayment thereof. Such beverage so liable to forfeiture shall be proceeded against in the Supreme Court of the District of Columbia by the corporation counsel of the District of Columbia, and, if condemned, the said beverage shall be disposed of by destruction or delivered for medicinal, mechanical, or scientific uses to any department or agency of the United States Government or the District of Columbia government or any hospital or other charitable institution in the District of Columbia, or sold at public auction, as the court may direct. The proceedings of such libel cases shall conform, as near as may be, to the proceedings in admiralty, and all such proceedings shall be at the suit of and in the name of the District of Columbia.

"(j) Any person who shall counterfeit or forge any stamp required by this act shall, upon conviction, be subject to a fine not exceeding $5,000 or to imprisonment for a period of not more than 2 years, or to both such fine and imprisonment."

SEC. 4. That section 24 of said Alcoholic Beverage Control Act is amended so as to read as follows:

"SEC. 24. (a) Every licensed manufacturer, wholesaler, and retailer under this act shall furnish the collector of taxes of the District of Columbia on the day this act becomes effective a statement under oath, on a form to be prescribed by the Commissioners, showing the amount and kind of taxable beverages held and possessed by him on the day this act becomes effective, and shall state the number and denomination of stamps necessary for the stamping of such beverages so held and possessed on said date, as required by this act.

"(b) All beverages held or possessed by any licensed manufacturer, wholesaler, and retailer under this act on the effective date of this act shall have the stamps affixed thereto as required by

this act, but such stamps shall be furnished free and without cost to such licensee by the collector of taxes of the District of Columbia upon receipt by him of the statement under oath required by paragraph (a) of this section: *Provided, however,* That such licensee shall on or before the 10th day of the calendar month first occurring after the effective date of this act, file with the Board the statement under oath required under section 22, paragraphs (a) and (b) of the Alcoholic Beverage Control Act for the District of Columbia as originally enacted and approved, and shall on or before the 15th day of the calendar month first occurring after the effective date of this act pay to the collector of taxes of the District of Columbia all taxes imposed by section 23 of said act, as originally enacted and approved, on the beverages so reported as herein required."

SEC. 5. This act shall become effective on the 1st day of the calendar month first occurring after 30 days from the approval thereof.

With the following committee amendments:

Page 4, line 10, after the word "wholesaler", insert "and before said wines are sold by such wholesaler."

Page 4, line 15, after the word "retailer", insert "and before said beverage is sold by such retailer."

The committee amendments were agreed to; and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

DISTRICT OF COLUMBIA ALCOHOLIC BEVERAGE CONTROL ACT

Mrs. NORTON. Mr. Speaker, I call up the 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, and I ask unanimous consent that the same be considered in the House as in the Committee of the Whole.

The SPEAKER. Is there objection to the request of the lady from New Jersey?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That the first paragraph of section 15 of the District of Columbia Alcoholic Beverage Control Act is amended to read as follows:

"SEC. 15. No retailer's licenses except of classes A, B, or E shall be issued for any business conducted in a residential-use district as defined in the zoning regulations and shown in the official atlases of the Zoning Commission, except for a restaurant or tavern conducted in a hotel, apartment house, or club, and then only when the entrance to such restaurant or tavern is entirely inside of the hotel, apartment house, or club and no sign or display is visible from the outside of the building."

Mr. O'CONNOR. Will the lady yield?

Mrs. NORTON. I yield.

Mr. O'CONNOR. I understand this bill permits drug stores license E?

Mrs. NORTON. No. This is the residential zone bill.

Mr. O'CONNOR. There was some question in the opinion of the District Commissioners whether or not there could be drug-store license E, retailer's license E, in these residential districts. I had some correspondence with the Commissioners. This bill clears up any question as to that. I have been in favor of drug stores, organized in residential districts, which have existed for some time, having retail license E, which permits them to sell liquor on prescriptions. This bill clears up any question about that matter?

Mrs. NORTON. The gentleman is quite right.

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

A motion to reconsider was laid on the table.

DISTRICT OF COLUMBIA ALCOHOLIC BEVERAGE CONTROL ACT

Mrs. NORTON. Mr. Speaker, I call up the bill (H.R. 8519) to amend sections 5, 9, and 12 and repeal section 36 of the District of Columbia Alcoholic Beverage Control Act, and I ask unanimous consent that the same be considered in the House as in Committee of the Whole.

The SPEAKER. Is there objection to the request of the lady from New Jersey?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 5 of the District of Columbia Alcoholic Beverage Control Act is amended by striking out the words "dealing, manufacturing, transporting, or storing" and inserting in lieu thereof the words "dealing in or manufacturing."

SEC. 2. Section 9 of such act is amended by striking out the word "individual" and inserting in lieu thereof the word "solicitor."

SEC. 3. Section 12 of such act is amended to read as follows:

"SEC. 12. The holder of a manufacturer's or wholesaler's license issued hereunder shall not be entitled to hold any other class of license. No retailer's license class A or class B shall be issued or remain in force in respect of any premises for which a retailer's license class C or class D has been issued. A person, not licensed hereunder, owning an establishment for the manufacture of beverages located outside of the District of Columbia may hold one wholesale license and shall not be entitled to hold any other license."

With the following committee amendment:

Page 2, line 12, insert "*Provided,* That this section shall become effective 90 days after the approval of this act."

The committee amendment was agreed to.

Mr. O'CONNOR. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, this bill does two things which should not be permitted to be done. In the first place, it permits drug stores to sell liquor not only on prescription—which this House determined as the extent of their privilege, as it thought it did—in accordance of the formula of the United States Pharmacopœia, but this bill would permit them also to have another license, which would permit them to sell liquor for consumption off the premises. In other words, that is, they could sell any kind of liquor, and not only bonded liquor or liquor aged in wood. The bill permits them to sell any kind of liquor, whether it is good for public consumption or not.

It is with some reluctance that I discuss these liquor bills, but I assure you I do it in a noninterested sense, my only purpose being to protect the people of the District of Columbia, the consumers of the liquor. I never represented and never shall represent the makers or sellers of the stuff.

When the bill was passed, if you will recall, I offered an amendment on the floor that drug stores could sell only liquors which answered the prescription of the United States Pharmacopœia. That meant liquors aged in wood at least 4 years, because the doctors say any of this blended liquor is not fit for human consumption, especially when it is fed to infants or to people of advanced age; that it might even cause death.

It was found out, after the District bill passed, that the drug stores could have both a drug store's license and a retailer's license to sell liquor, whisky, and so forth, for consumption off the premises. I took up the matter with the Commissioners of the District of Columbia and pointed out to them that I believed that it was the intent of Congress that drug stores should be confined to selling liquor only on prescription, and the corporation counsel replied to me that we had overlooked one provision of the law, which permitted druggists to get both kinds of licenses.

This being the case, I should like an opportunity to offer an amendment on page 2, in line 7, in the sentence which reads:

No retailer's license class A or class B shall be issued or remain in force in respect of any premises for which a retailer's license class C or class D has been issued.

I should like to add the words "or class E", which is the drug-store license. I do not believe Congress wants drug stores selling all kinds of liquor for consumption off the premises. I do not believe you want to make rum shops out of drug stores.

I do not believe you want someone to go in with a prescription to a drug store and have the "doctor" say, "Why don't you buy this blended stuff"—rotten—"at half the price at which you could get the bonded stuff?" I do not believe you want that done in the District. I wish I could be permitted to offer an amendment on page 2, line 7, after the words "class D" to insert the words "or class E." The effect of that would be that the drug stores could only have one kind of a license, namely, to sell liquor on prescription within the definition of "liquor", under the United States Pharmacopœia.

Mr. BLANCHARD. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. BLANCHARD. Does this bill provide that liquor can be sold on the premises, and that it may be blended whisky?

Mr. O'CONNOR. Yes.

Mr. BLANTON. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. BLANTON. This is the camel's nose getting under the tent for further enlargement?

Mr. O'CONNOR. Surely.

Mr. BLANTON. My friend from New York knows that there is a certain effort being made in the District now to issue licenses to sell liquors in chain stores and in various other kind of stores.

Mr. O'CONNOR. Well, I am for that. I will tell the gentleman why I am for the chain stores selling liquor, because they will help to break the Whisky Trust. The only way you will break the Whisky Trust is to have the A. & P. stores and the other chain stores establish their own distilleries and sell the products, either at a loss or a profit.

[Here the gavel fell.]

Mr. BLANTON. Mr. Speaker, I ask unanimous consent that the gentleman may proceed for 5 additional minutes.

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

There was no objection.

Mr. BLANTON. I am thinking particularly of the family that goes to the chain store on Saturday night with only $3 to spend. Instead of buying potatoes, rice, bread, butter, and milk, might they not spend that money some other way?

Mr. O'CONNOR. I hope they do not, and I hope nobody lets them spend it for the things they do not need.

Mrs. NORTON. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. Certainly.

Mrs. NORTON. The gentleman said he was in favor of chain stores selling liquor. Why discriminate against drug stores?

Mr. O'CONNOR. A drug store should be a drug store and not a rum shop.

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

Mr. O'CONNOR. I yield.

Mr. SEARS. A druggist took it up with me because I worked for 7 years in a drug store. They are now required to pay a druggist's license; they are required to pay a District license which permits them to sell any kind of liquor and display it. Am I to understand they are possibly to be called upon to pay another license? I am not clear on the matter.

Mr. O'CONNOR. It was never intended that they should have any license except a druggist's license.

Mr. SEARS. I agree with the gentleman that the drug stores should be exempt and that they should sell it for medicinal purposes only on a doctor's prescription, which they do now.

Mr. O'CONNOR. They do not have to do that now. This bill should be amended by inserting the clause "class E." This will confine the druggists to the sale of liquor on prescription, liquor which meets the standards of the United States Pharmacopœia.

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. O'MALLEY. The gentleman said that a drug store should be a drug store. The gentleman must realize that the modern drug store sells everything from lawn mowers to baseball bats.

Mr. O'CONNOR. That may be, but they have not yet been turned into rum shops.

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

Mr. O'CONNOR. I yield.

Mr. TRUAX. Does the gentleman mean to say—and I am asking this for information—that the drug stores are the only stores that are selling blended liquor today?

Mr. O'CONNOR. Oh, no. Another thing, this bill would permit the selling of blended liquor without stating the contents on the label.

Mr. TRUAX. But I should like to have my question answered.

Mr. O'CONNOR. Oh, no; most stores are selling blended liquor, I am sorry to say. I would prohibit it altogether.

Mr. TRUAX. All of them?

Mr. O'CONNOR. Yes. The drug stores are selling blended liquor on prescription in violation of law. The matter to which the gentleman refers will be taken care of in a later bill introduced by the gentleman from Peoria, Ill. [Mr. DIRKSEN], the representative of the greatest blended distilleries in America, who want the drug-store people to sell blended whisky on prescription, whisky that may kill infants and old people. We should defeat that bill.

Mr. TRUAX. Then is it the purpose of the gentleman by his amendment merely to eliminate the sale of blended liquor by drug stores?

Mr. O'CONNOR. Yes; but that comes up more specifically in a later bill.

I should like to see this bill amended so that a drug store can sell liquor only on prescription and that that liquor must conform to United States Pharmacopœia standards. That is what we thought we were doing when we passed the District of Columbia liquor control bill.

Mr. TRUAX. Does the gentleman mean to infer that the Peoria district produces nothing but blended whisky?

Mr. O'CONNOR. They produce nothing but blended whisky. They bring in wonderful bonded whisky from Canada, but they cut it 10, 12, or 20 times. They will not sell it bonded or aged in the wood. It is too precious to sell, so they cut it, as the bootleggers did.

Mr. TRUAX. Then, they must be counterfeiting their labels, because I saw a fifth the other night which was labeled "Straight bourbon whisky. Bottled in Peoria." Notice, if you please, I said, "I saw it."

Mr. O'CONNOR. But I would advise the gentleman against drinking it.

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

Mr. O'CONNOR. I yield.

Mr. FITZPATRICK. The gentleman spoke of the Whisky Trust. Does not the gentleman think the best way to break the Whisky Trust would be to admit liquor from foreign countries free of duty?

Mr. O'CONNOR. I am for that, and have consistently fought for it. I hope our Ways and Means Committee speedily brings in a bill repealing the tariff on whiskies.

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

Mr. O'CONNOR. I yield.

Mr. BLANTON. If the gentleman will permit, I may say that I think the gentleman from New York is becoming a most valuable watchman on the tower.

Mr. O'CONNOR. I have been fighting a long time as hard as lies within my power to protect the public against rotten liquor, and against the breweries and the Whisky Trust. The gentleman from Texas and I do not differ much when it comes down to brass tacks. We are faced with the situation where the prohibition amendment has been repealed and we must protect the American people against the possible bad results of repeal.

Now, there are two things I should like to see done in this bill. I have talked about the first. The first is whether the committee will accept an amendment in line 7 adding the words "or class E." This would restrict drug stores to selling liquor on prescription.

I should like to know whether the committee feels so inclined. I do not think it was the intent of Congress to give to drug stores the right to sell all kinds of liquor promiscuously, and display it on their shelves. Here is what will happen: They will have blended liquors on their shelves; a person will come in with a prescription; by reason of the difference in price between bonded whisky and blended whisky they will try to influence that person to buy the blended whisky instead of the whisky they should get under the prescription. It is not right.

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

Mr. O'CONNOR. I yield.

Mr. DIRKSEN. With respect to this influence of which he speaks, may I ask the gentleman how many times he has been influenced by persuasive salesmen of drug stores to change from spiritous frumenti to blended whisky?

Mr. O'CONNOR. None, because I have never bought whisky, blended or straight, in a drug store. I think that's sneaky.

Mr. DIRKSEN. And how many instances are there like that?

[Here the gavel fell.]

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to proceed for 5 additional minutes.

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

There was no objection.

Mr. O'CONNOR. If the committee will not accept this amendment I think they will be acting contrary to the intent and purpose of Congress when it passed the District of Columbia liquor-control bill.

When I learned that drug stores were to get a license in addition to the ordinary druggists' license, I wrote the Commissioners on January 30 of this year as follows:

JANUARY 30, 1934.

COMMISSIONERS OF THE DISTRICT OF COLUMBIA,
District Building, Washington, D.C.

DEAR SIRS: It has been brought to my attention that some druggists in the District are proceeding on what they call an "interpretation" by someone allegedly representing your board, that druggists are eligible to receive retailer's licenses, class "A" and/or "B", under subsections (2) and (f) of section 11 of the District of Columbia Liquor Bill in addition to retailer's license, class "E" under subsection (i) of that section. In other words, their understanding is that not only may they receive a license to sell "beverages for medicinal purposes", and under the conditions prescribed in subsection (i) but they may also sell the beverages "for consumption off the premises" without prescription.

Permit me to point out respectfully to you that such was never the intent of Congress as evidenced by the debate in the House of Representatives during the consideration of the bill. By reason of the amendment offered by me to the effect that druggists could fill prescriptions for liquors only under the definitions of the U.S.P., and by the other debates, it was the clear understanding that druggists would be restricted to filling prescriptions within the limit of subsection (i). It was never intended that a drug store be turned into a liquor store where liquors might be sold for beverage purposes in addition to medicinal purposes—nor is there any need for the issuance of such licenses. The public will be able to get all the liquor it needs for beverage purposes from the liquor stores.

If you or your Board feel there is any doubt about the question which might compel you to issue these additional licenses to druggists, permit me to suggest that you propose certain amendments to clarify the act in addition to the amendments suggested in the report of the Attorney General under date of January 22, 1934.

Incidentally, if it be true that section 15 of the bill excludes all stores, including drug stores, from obtaining any retail licenses in any residential district, it should be changed so that drug stores in such a district may obtain a license under subsection (i), and possibly established grocery stores should be permitted to obtain a license under subsections (e) and (f).

Respectfully yours,

The acting corporation counsel answered me, and he agreed that what I said appeared to be the intent of Congress; but he pointed out that Congress overlooked a little provision in the law that licensees under sections (a), (b), (e), or (i) could also get licenses under another section. There was so much confusion about the numbers of the sections that we never noticed it at the time.

Mrs. NORTON. Will the gentleman yield?

Mr. O'CONNOR. I yield to the gentlewoman from New Jersey.

Mrs. NORTON. May I say to the gentleman that we had the corporation counsel present when this bill was reported out of the committee, and it was entirely with his approval.

Mr. O'CONNOR. This particular bill?

Mrs. NORTON. Yes.

Mr. O'CONNOR. That does not influence me at all. I am sorry the committee will not accept this amendment.

Here is the other vicious thing about the bill. This House by deliberate action and after thorough consideration practically unanimously compelled the labeling of all blended liquors. The amendment was introduced by the gentleman from Michigan [Mr. WEIDEMAN]. This present bill in its last provision now repeals section 36 of that act, the labeling provision. May I say, and I say this advisedly, that there is less law enforcement in the District of Columbia than in any community of the same proportions in the United States of America? We passed that law, and the authorities have never enforced it, and they do not intend to enforce the law. You cannot get Mr. Campbell, of the Pure Food and Drug Administration to enforce anything. For 6 months I have been trying to get him to enforce this law. Here is a provision, unanimously adopted by the House, that the bottle shall be labeled as to what is in it, and yet the last line of this bill repeals section 36 of that act. What can we do? If we cannot amend the bill, the only thing to do is to vote down the bill.

Mr. BLANTON. But the gentleman may offer an amendment.

Mr. O'CONNOR. I cannot offer an amendment without the permission of the chairman of the committee.

Mr. BLANTON. The gentleman can do that now. He has the floor.

Mr. O'CONNOR. I did not get the floor for the purpose of offering an amendment, and I do not propose to take advantage of the courtesy of the lady.

Mr. BLANTON. Any Member here can offer an amendment to the bill. I am sure the gentlewoman from New Jersey would not have her bill wrecked by preventing the gentleman from New York offering these two salutary amendments, and I think they are salutary. I believe the House will back the gentleman from New York in this matter.

Mrs. NORTON. Does the gentleman know that section 36 was repealed at the express wish of the Attorney General? That such recommendation was contained in a communication from the President to the Congress?

Mr. O'CONNOR. No. I know what the gentlewoman means. Mr. Joseph H. Choate recommended it, not the President or the Attorney General.

[Here the gavel fell.]

Mr. GOSS. Mr. Speaker, I ask unanimous consent that the gentleman's time be extended 5 minutes.

Mrs. NORTON. Mr. Speaker, reserving the right to object. While I do not like to object, it is a fact that we have lost a considerable part of our day. We have a great many bills on the calendar and while I shall not object to this particular 5 minutes, I may protest against granting extensions of time during the rest of the afternoon.

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

There was no objection.

Mr. O'CONNOR. Mr. Speaker, Mr. Joseph H. Choate, head of the Federal Alcohol Board, now extinct, stated to the President that he was going to adopt some sort of a uniform label law. This has not been done, but will have to be done in each jurisdiction, State, or district of the United States. Striking out the labeling provision, in my opinion, permits the sale of blended liquor to people who are sick. One-year-old children are prescribed whisky in pneumonia cases. Ninety-nine-year-old people, I am told by doctors, will be killed if the whisky prescribed them is not aged in wood 4 years. There is no request from the Attorney General against the labeling provision. The President of the United States merely transmitted to Congress what Mr. Choate, a lawyer in New York, said, but Mr. Choate does not know one tenth as much about the whisky business as the gentleman from Illinois, who represents the greatest whisky district in the world.

Mr. O'MALLEY. Will the gentleman yield?

Mr. O'CONNOR. I yield to the gentleman from Wisconsin.

Mr. O'MALLEY. The gentleman is an expert on liquor?

Mr. O'CONNOR. In some respects, I know about it, but in no respect am I an expert.

Mr. O'MALLEY. Would the gentleman consider a concoction composed of 45 percent alcohol and 55 percent distilled water a blended whisky?

Mr. O'CONNOR. I know nothing about the manufacture of whisky.

Mr. O'MALLEY. They are still selling that in the District without a label.

Mr. BLANTON. The gentleman from New York has an erroneous impression about his rights in connection with such a bill as this. This is a bill considered in the House as in Committee of the Whole. The gentleman has a right to move to strike out the last word, the last two words, the last paragraph, or the enacting clause and to offer any amendment he desires to offer. The Chairman or no one else can keep him from doing that.

Mr. O'CONNOR. I thank the gentleman for his parliamentary advice.

Mr. BLANTON. We want to vote with the gentleman on both of his amendments.

Mr. O'CONNOR. I realize I can defeat a committee amendment, but I do not think I can secure the enactment of either of these two amendments except by permission of the committee or by filibuster methods, which I would not indulge in and have never indulged in.

I think the committee should permit these two amendments in order to keep the drug stores as they should be and to make them label bottles in a manner that we will know what is in them.

Mr. BLACK. Will the gentleman yield?

Mr. O'CONNOR. I yield to the gentleman from New York.

Mr. BLACK. What is the gentleman's understanding as to the exact situation in regard to the uniform labeling idea?

Mr. O'CONNOR. It is just a lot of talk. It has not been put into effect.

Mr. BLACK. Nothing going on at all?

Mr. O'CONNOR. Nothing. Mr. Choate's board is not in existence. If you want to protect the people of the District of Columbia from false labels, section 36 of the act should not be repealed.

Mr. TRUAX. It is not only the effect on the people of the District of Columbia, but also our constituents who come in here from all over the country.

Mr. O'CONNOR. They need more protection than the people living in the District.

Mr. TRUAX. The gentleman spoke about the effect of blended whisky on babies and old people. What about those in between?

Mr. O'CONNOR. After a period of 60 years it may be harmful.

Mr. TRUAX. Does not the gentleman think he ought to waive some of this past procedure and offer his amendment?

Mr. O'CONNOR. I hope the committee will accept these amendments.

Mr. BLACK. I think the committee might be inclined to accept the second amendment, but we cannot accept the first one.

Mr. O'CONNOR. Why not restrict the drug store to selling liquor on prescription?

Mr. BLACK. I will tell the gentleman why. This bill comes in as a result of the President's message when he announced his signature to the District of Columbia liquor bill.

Mr. O'CONNOR. The President's message does not say anything about drug stores being rum shops. I have his message before me now.

Mr. BLACK. This bill was drawn primarily as a result of the President's message, and I am far from being a Presidential spokesman. As between the gentleman who now has the floor and myself, I have no standing as a Presidential spokesman.

Mr. GOSS. I understand the committee has accepted one amendment?

Mr. BLACK. We will accept the amendment as to labeling, but we cannot accept the other amendment or we will have no bill.

Mr. O'CONNOR. Of course, you will have a bill, and you will have just as good a bill. The primary purpose of this bill is expressed by section 2 to take care of the solicitor, and the next purpose is to provide that no distiller and no brewer can hold a retail license. All I ask you to do is to go one step further and say that no drug store can hold a retail license in order to prevent the sale of this blended stuff. What could be the objection to this? I have not heard any objection to it.

Mr. BLACK. There is no good reason why he should not sell it.

Mr. O'CONNOR. Yes; I have pointed out the danger. A person goes into one of these drug stores with a prescription from a doctor and he tries to sell this blended stuff that he has on his shelf under his retail license, out of which he gets more money. He should not be in the liquor business.

[Here the gavel fell.]

Mr. BLANTON. Mr. Speaker, I insist that the bill be read under the 5-minute rule for amendment.

Mrs. NORTON. Mr. Speaker, the committee will accept the amendment.

Mr. BLACK. The committee will accept both amendments. [Applause.]

The SPEAKER. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. O'CONNOR. Mr. Speaker, I offer an amendment. Page 2, line 7, add the words "or class E."

The Clerk read as follows:

Amendment offered by Mr. O'CONNOR: On page 2, line 7, at the end of the line, insert "or class E."

Mr. DIRKSEN. Mr. Speaker, I rise in opposition to the amendment.

Let me say that it is not necessary to be unduly disturbed about the eloquence of the gentleman from New York on this matter, for, after all, the essence of the thing is simply this: This does not make it mandatory upon any drug store to sell blended liquor to anybody. It does not make it mandatory to sell blended liquor upon a prescription. It simply says, in effect, that they shall have the same privilege that is being exercised by a liquor store. Under existing law, a prescription calling for blended liquor cannot be filled at a drug store.

Now, the fact is that if a prescription calling for blended liquor got into the hands of anyone——

Mr. PALMISANO. If the gentleman will yield, I think the gentleman is in error. I believe the gentleman is discussing now his own bill.

Mr. DIRKSEN. I am alluding to the general danger pointed out by the gentleman from New York [Mr. O'CONNOR].

Mr. BLACK. The gentleman is laying the foundation for his attack.

Mr. DIRKSEN. Exactly. Where can there be any danger in conferring upon them the same privileges that are now exercised by the liquor stores? You go to a doctor to get a prescription and if he writes on that prescription "blended liquor" you can go to a liquor store, under the present bill, but you cannot go to a drug store and get that prescription for blended liquor filled.

Mr. O'CONNOR. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. O'CONNOR. Can the gentleman imagine that any physician of repute would violate the formula in the United States Pharmacopœia and prescribe a blended liquor?

Mr. DIRKSEN. The gentleman from New York proceeds on the theory that blended liquor is poisonous and harmful. I venture to say that 90 percent of all the liquor that is being consumed now is blended liquor and that it is not harmful except that it will cause intoxication. Have you heard of any deaths from poison liquor since we have had blended liquor on the market?

Mr. KRAMER. How does the gentleman from Illinois know it is not poison? Does the gentleman ever drink any of it?

Mr. DIRKSEN. Do I drink any of it?

Mr. KRAMER. Yes.

Mr. DIRKSEN. That is a very personal question, but I may say to the gentleman from California that I have tasted it. You see it is no longer felonious to take a drink.

Mr. KRAMER. Then how does the gentleman know it is blended, outside of the label?

Mr. BLACK. The gentleman is still alive.

Mr. DIRKSEN. I admit the impeachment.

Mr. KRAMER. In other words, the gentleman is a good judge of good liquor.

Mr. FITZPATRICK. Is the gentleman in favor of having the Liquor Trust that sold a case of liquor formerly for $35 now charging $70 for the same liquor?

Mr. DIRKSEN. You can still get liquor for $30 per case. I do not know a thing about the Liquor Trust, although I have heard these allegations about a whisky trust quite often. Maybe there is a whisky trust, but if there is it has not come to my attention.

Before my time expires I want to get back to the statement of the gentleman from New York [Mr. O'CONNOR] and simply say with respect to this bill that drug stores have a heavy capital investment and are you going to let these mushroom liquor stores in the District come along and take away a good share of the business that is so necessary at the present time to sustain the heavy investment that these men have made? So far as the danger is concerned that is mere talk. The druggist can have blended liquor or he can have spiritus fermenti on the shelf to meet the purse and the requirements of all. I doubt if there is ever going to be any insidious persuasion on the part of a drug clerk to make somebody accept blended liquor in place of spiritus fermenti. You are simply conferring upon the drug stores the same rights that are being enjoyed now by all the liquor stores in the District of Columbia, and in view of the fact they have such an investment, why not give them a chance to make out on their investment, the same as anybody else? I think this emphatically disposes of the danger that has been brought up by the gentleman from New York.

Mr. FITZPATRICK. Do any of the business establishments receive doctors' prescriptions except the drug stores?

Mr. DIRKSEN. The gentleman means, do they take prescriptions to some other place?

Mr. FITZPATRICK. I mean do they go into some other kind of liquor store? As I understand it, people do not go with prescriptions to a liquor store.

Mr. DIRKSEN. Perhaps not, and yet the difference in price between blended liquor and spiritus frumenti may persuade the man of slender means to purchase liquor at a liquor store when he should go to a drug store, and under existing law he cannot do so now.

Mr. FITZPATRICK. Would it not be safer if they could not have any of the blended liquor?

Mr. DIRKSEN. The discussion on this matter has been a most futile business. We bring in a bill amending the District liquor law to permit drug stores to sell blended liquor on a physician's prescription where the prescription calls for liquor. It simply confers a right. It enjoins no physician to do so. It empowers no druggist to substitute blend for spiritus frumenti, or aged whisky. Yet for sentimental and unsubstantial reasons you are afraid that a sick person may be poisoned if this authority is conferred upon a druggist. I should rather see a druggist, who is presumed to know something about the composition of liquor, have this right than to permit it to be exercised by a liquor store.

Mr. PALMISANO. Mr. Speaker and fellow Members, this is the first time since I have been a Member of the House and a member of the District Committee that I have taken the floor to ask the House to reject the committee's report.

For the last month or so I have been acting chairman of the committee, because Mrs. NORTON, unfortunately, has had sickness in her family.

On Wednesday last we had a regular hearing. On Thursday, in order to draw some bills, I called a special session of the committee. The gentleman who represented chain drug stores requested me particularly on Wednesday not to bring the bill up before the committee on Thursday.

On Thursday, unfortunately, I was 15 seconds late and missed the train. On that day the House met at 11 o'clock a.m. Mrs. NORTON came back that day, having been absent about a month, as I say, on account of sickness in her family, and, to my surprise, when I got here I found that the bill had been reported out that morning. In other words, the Representative who asked me not to report the bill took advantage of my absence and had it reported out. I want to say that Mrs. NORTON knew nothing about it.

Mrs. NORTON. What bill is the gentleman discussing? This is not the bill he objects to.

Mr. PALMISANO. Yes. Under the present law no concern except a bona fide hotel, in existence at the time when the liquor bill was passed, can have more than one license. Now, the chain stores in the District of Columbia can obtain only one license. What they want is to have a license in every store so that they may monopolize all liquor business in the District. Now, you want to take this in connection with the bill that will follow this.

Mr. O'CONNOR. The bill that will follow this should stand or fall by this bill, because that permits drug stores to fill prescriptions with blended liquor.

Mr. PALMISANO. I call attention to the two bills. The law provides that the drug stores today can sell straight liquor on prescription with a $25 license. If they do not prefer that license, they can obtain a regular liquor license to sell blended liquor or anything they please. Now, the bill that will follow this will permit them to fill prescriptions of blended liquor on a $25 license.

I want to call attention to the testimony of a gentleman who appeared before our committee. His name was Hege. I quote from the hearings:

Mr. WEIDEMAN. Don't you think that some of these blends they are selling are terrible?

Mr. HEGE. I do; I heard Dr. Linder testify in effect at a hearing at the Mayflower Hotel that some of the blended whiskies consisted of the dumping into a 50-gallon barrel of 24 gallons of water, 24 gallons of alcohol, 1 gallon of straight rye whisky, coloring, and flavoring substances.

I say with all due respect that any drug store or any doctor who prescribes liquor of that kind should be put out of business. For years we have had a chain drug store proposition.

Now, the so-called "independent grocers", and the chain drug stores are getting together and want to freeze out the poor little fellow who is not tied up with either of them.

In Baltimore city the Read's Drug Stores have 27 licenses. It is like a gasoline station. They grab up all of the prominent corners of the city and then sell their wares at cut-rate prices. In Baltimore they are putting everyone out of business by selling liquor that the individual dealer must buy at $1.10 per pint for $1.12, which necessarily brings on a violation of the law by the little fellow, who wants to do the right thing and abide by the law. We should let every man who obtains a license, and who will abide by the law, have a chance to make a living, and we should not permit a chain combination to undersell him in any respect. When they put the little fellow out of business, you will find that they will go back to the price and get the profit.

Mr. TRUAX. Mr. Speaker, I move to strike out the last two words. I think a great many people thought as I did when we originally passed the liquor bill for the District of Columbia, that the gentleman from New York [Mr. O'CONNOR] was somewhat visionary when he advocated a tax of $5 a gallon on whisky. I for one have begun to believe that the gentleman from New York was right.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. TRUAX. Yes.

Mr. O'CONNOR. If the gentleman will permit, the net result of the defeat of my amendment has been that the Government has lost some money and the distillers have it in their pockets.

Mr. TRUAX. Quite true, and today you have to pay $3 and $3.50, $4 and $4.50 for a pint of good bonded whisky, which means $8 and $9 a quart, or $32 and $36 a gallon. You could buy this same brand of goods before we repealed prohibition on a prescription from a drug store for from $2.50 to $3 and $3.50 a pint. There is one thing clearly evident, and that is there is a Whisky Trust in this country, that is receiving millions and millions of dollars every week that we sell liquor.

Mrs. NORTON. Mr. Speaker, will the gentleman yield?

Mr. TRUAX. Yes.

Mrs. NORTON. Does the gentleman not think that by allowing whisky to be sold freely as in the chain stores and drug stores, the competition that would ensue would naturally bring down the price of liquor? I believe that a great deal of what the gentleman says is true. I think the American people have been put in a very strange position by the Whisky Trust in this country, but does the gentleman not think that allowing it to be sold in chain stores and drug stores will help that situation?

Mr. TRUAX. In my judgment it would not, because of the fact that the food chains today, the A. & P. and Kroger stores, of which we have 7,000 in Ohio and Indiana, operate without any competition between them at all. They have agreements, they have fixed price schedules, and when you consider the short weights and the short measures that they use in many instances the price of their food is no lower than that which is retailed by the home merchants. It would only fortify and make stronger the trust that is now handling the liquor of this country.

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

Mr. TRUAX. Yes.

Mr. FITZPATRICK. The bootleggers before the repeal of prohibition were mere pikers as compared with the Whisky Trust today.

Mr. TRUAX. That is true. We all said that we were going to free this country from the bootlegger, that we were going to bring down the price of liquor and make it easy and possible for every one who wanted a drink to buy good liquor cheaply. I repeat the statement I made when we passed that bill, that our New Straitsville moonshine liquor in Ohio is better liquor today than you can obtain for twice the price here.

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. TRUAX. Yes.

Mr. O'MALLEY. It has been suggested that perhaps by letting this liquor into chain stores it would bring down the price by competition. A price war is illegal under the N.R.A. How, then, could that be accomplished?

Mr. TRUAX. It would only make it possible to maintain these present high prices, and to send all the money derived from liquor sales into Wall Street. Your A. & P. stores are owned by Wall Street capital, and the Kroger stores are owned by Lehman Bros., Wall Street bankers in New York.

Mr. O'CONNOR. And the headquarters of the Whisky Trust is at no. 52 Williams Street, in Kuhn-Loeb's building.

Mr. TRUAX. I thank the gentleman for that information. These are some of the rich income-tax evaders that ought to be strung up and 90 percent of their wealth taken away from them.

Now, there is no competition in the liquor trade. Let us not be fooled by anyone on that. Whether you buy blended liquor in the drug store or the liquor store, the price is the same. Whether you buy bonded whisky in the drug store or the liquor store, the price is the same. When you go to get liquor you pay the same price no matter where you go. I speak not from my own experience, but from what I have learned from listening to the gentleman from New York on the floor of this House. Really good imported liquors, such as Haig & Haig and Johnny Walker are beyond the reach of the average man's purse. It is a most distressing situation today, Mr. Speaker, that the great American people, who were led into repealing prohibition by their votes, first, cannot buy liquor at a reasonable price. The American people were the first to repeal prohibition and then Congress came to see the light, and repealed it. Now we have given the American people what? We have given them a sham and a fraud, and we are giving the real benefits and the real revenues to the giants of finance down in New York, who have grabbed off everything we eat, who have grabbed off everything we wear, and who are now grabbing off everything that we drink.

I am heartily in accord with the amendment offered by the gentleman from New York [Mr. O'CONNOR] and I want to praise the gentlewoman from New Jersey [Mrs. NORTON] for accepting the amendment. I hope it will be passed by the Members of this House without a dissenting vote.

I want to say a word for my friend from Illinois [Mr. DIRKSEN]. From my personal knowledge I will say to the gentleman from New York that they do sell down here what is known as straight 100-percent proof Bourbon, distilled in Peoria, Ill., and it is not bad, and you can buy a fifth for $1.75.

Mr. KRAMER. Will the gentleman yield?

Mr. TRUAX. I yield.

Mr. KRAMER. The gentleman means the label reads "100 percent"?

Mr. TRUAX. The label reads "100 percent."

Mr. KRAMER. But the liquor is not 100 percent?

Mr. TRUAX. I would not be too sure about that.

Mr. DIRKSEN. Will the gentleman yield?

Mr. TRUAX. I yield.

Mr. DIRKSEN. The gentleman speaks constantly of the Whisky Trust. Is the gentleman familiar with the fact that the code for the distillers makes it impossible to enlarge the distilling capacity of this country beyond what it was on the 5th day of December 1933? You stopped them from making whisky so that the price would go up. Your administration, the Democratic administration, has brought that about, and has placed the stamp of approval upon a code that seeks to keep intact only those distillery properties that were in operation or under the process of construction on the 5th of December 1933.

Mr. TRUAX. Oh, we might stop them from distilling it, but we did not stop them from blending this rotten stuff that they are racketeering with. [Applause.]

The SPEAKER. The time of the gentleman from Ohio [Mr. TRUAX] has expired.

The pro forma amendments were withdrawn.

The SPEAKER. The question is on the amendment offered by the gentleman from New York [Mr. O'CONNOR].

The amendment was agreed to.

The Clerk read as follows:

SEC. 4. Section 36 of such act is hereby repealed.

Mr. O'CONNOR. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. O'CONNOR: Page 2, line 14, strike out section 4.

The amendment was agreed to.

Mr. DIRKSEN. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DIRKSEN: Page 2, line 13, after the word "act" add: "Except that insofar as said section affects retailer's license, class B, it shall become effective upon the approval of this act."

Mr. O'CONNOR. Mr. Speaker, I rise in opposition to the amendment to ask an explanation of it.

Mr. DIRKSEN. Simply that it makes the provision effective, insofar as beer is concerned, immediately, and as far as the other licenses are concerned, it does not become effective.

Mr. BLANTON. When the gentleman refers to "we", to whom does he refer?

Mr. DIRKSEN. I must have been speaking editorially. I am sorry.

Mr. BLANTON. The gentleman said "as far as we are concerned."

Mr. DIRKSEN. I said "as far as beer is concerned."

Mr. O'CONNOR. The proviso is that section 12 shall become effective 90 days after the approval of the act. What is the gentleman from Illinois trying to do?

Mr. DIRKSEN. The gentleman from Illinois is not trying to put anything over. He is simply trying to make this effective, as far as beer is concerned, at once, because it will give the brewers a chance to sell their wares during the summer season. Otherwise it would not become effective for 90

days, and the good beer season at that time would be at an end.

Mr. O'CONNOR. Well, I do not know about the reason for this great interest in the brewers. I would call the gentleman's attention to the history of the patriotism of the Brewers during the World War.

Mr. DIRKSEN. I presume next I will be hearing of a Brewers Trust in my district.

Mr. KRAMER. I do not believe it will have any effect in California, because we have warm weather there all the year round.

Mr. BLACK. This bill is not for California.

The SPEAKER. The question is on the amendment offered by the gentleman from Illinois [Mr. DIRKSEN].

The question was taken; and on a division (demanded by Mr. DIRKSEN) there were ayes 3 and noes 23.

So the amendment was rejected.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Horne, its enrolling clerk, announced that the Senate insists upon its amendments to the bill (H.R. 8471) entitled "An act making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1935, and for other purposes", disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. COPELAND, Mr. HAYDEN, Mr. SHEPPARD, Mr. STEPHENS, Mr. TOWNSEND, and Mr. CAREY to be the conferees on the part of the Senate.

B STREET SW., DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I call up the bill (S. 194) to change the name of B Street SW. in the District of Columbia, and ask its immediate consideration.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

The Clerk read the bill as follows:

Be it enacted, etc., That in honor of the Declaration of Independence of the United States of America, the thoroughfare now known as "B Street southwest", running west from South Capitol Street in the District of Columbia, and as it may at any time be extended, widened, or otherwise changed, shall hereafter bear the name "Independence Avenue."

Passed the Senate February 6, 1934.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EMPLOYERS' LIABILITY INSURANCE

Mrs. NORTON. Mr. Speaker, I call up the bill (S. 1820) to amend the Code of Law for the District of Columbia, and ask its immediate consideration.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

The Clerk read the bill as follows:

Be it enacted, etc., That subchapter 5 of chapter XVIII of the Code of Law for the District of Columbia be amended by adding thereto a new paragraph reading as follows:

"Every insurance corporation or association authorized to transact business in the District of Columbia, which insures employers against liability for compensation under the Employees' Compensation Act, shall file with the Superintendent of Insurance its manual of classifications and underwriting rules, together with basic rates for each class, and also merit rating plans designed to modify the class rates, none of which shall take effect until the Superintendent of Insurance shall have approved the same as adequate and reasonable for the group of risks to which they respectively apply. The Superintendent of Insurance may withdraw his approval of any premium rate or schedule made by any insurance corporation or association, if, in his judgment, such premium rate or schedule is inadequate or unreasonable: *Provided*, That upon petition of the company or association or any other party aggrieved the opinion of the Superintendent of Insurance shall be subject to review by the Supreme Court of the District of Columbia: *Provided further*, That any petition for review shall be filed with said court within 30 days after the rendition of opinion by the Superintendent of Insurance."

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

A motion to reconsider was laid on the table.

DEGREE-CONFERRING INSTITUTIONS

Mrs. NORTON. Mr. Speaker, I call up the bill (S. 193) to amend section 586c of the act entitled "An act to amend subchapter 1 of chapter 18 of the Code of Laws for the District of Columbia relating to degree-conferring institutions", approved March 2, 1929, and ask its immediate consideration.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 586c of the act entitled "An act to amend subchapter 1 of chapter 18 of the Code of Laws for the District of Columbia relating to degree-conferring institutions", approved March 2, 1929, be, and the same is hereby, amended by adding at the end of such section the following: "*Provided*, That no institution heretofore incorporated under the provisions of this act, and carrying on its work exclusively in any foreign country with the consent and approval of the government thereof, shall if otherwise entitled to be licensed by the board of education, be denied the same solely because of the inclusion in its name and as descriptive of its origin of any of the specific words the use of which is by this section forbidden to incorporations under the provisions of this act."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MUTUAL FIRE INSURANCE CO. OF THE DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I call up the bill (H.R. 7090) to amend an act to incorporate the Mutual Fire Insurance Co. of the District of Columbia, as amended, and ask unanimous consent that it be considered in the House as in Committee of the Whole.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

Mrs. NORTON. Mr. Speaker, I ask unanimous consent to substitute for the House bill, Senate bill S. 2857, to amend an act entitled "An act to incorporate the Mutual Fire Insurance Co. of the District of Columbia", as amended.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That sections 2 to 9 of the act entitled "An act to incorporate the Mutual Fire Insurance Co. of the District of Columbia", approved January 10, 1855 (10 Stat. 836), as amended April 12, 1866 (14 Stat. 32, ch. 41), March 25, 1870 (16 Stat. 80, ch. 35), June 14, 1878 (20 Stat. 132, ch. 195), and July 5, 1884 (23 Stat. 155, ch. 233), are hereby amended to read as follows:

"SEC. 2. The purpose and designs of this corporation shall be to insure the property of the members thereof against loss or damage by fire, lightning, sprinkler leakage, cyclone, tornado, windstorm, and hail; to insure glass against breakage; to insure the loss of use and occupancy and rents of buildings when such loss is caused by fire, lightning, cyclone, tornado, windstorm, and hail; to insure automobiles and other vehicles, and other property, against loss or damage by fire, theft, transportation, explosion, and collision; to insure against the loss of property by burglary, theft, robbery, larceny, and forgery; to insure against loss or damage by any other hazard upon any risk which is not prohibited by statute or at common law from being the subject of insurance by a fire-insurance company but not including loss or damage by reason of bodily injury to the person, nor shall such corporation do a life-insurance or fidelity or surety business; and to cede and accept reinsurance upon the whole or any part of any risk; and to have and exercise all the general powers of corporations organized under the laws of the District of Columbia, insofar as they relate to mutual fire-insurance companies: *Provided, however*, That said corporation shall forever be conducted for the mutual benefit of its members, and not for profit; and, as to its business transacted in the District of Columbia or in any State or other jurisdiction in which it is licensed, shall be subject to all laws of such District, State, or other jurisdiction governing mutual fire-insurance companies.

"SEC. 3. The policies hereafter issued by said corporation shall provide for a premium or premium deposit payable in cash with-

out premium note, and, except as herein provided, for a contingent premium at least equal to the premium or premium deposit: *Provided*, That said corporation may issue policies without additional contingent liability of its members whenever it has a surplus of assets over all its liabilities of $100,000, or more.

"SEC. 4. All persons who shall hereafter insure with said corporation; and their heirs, executors, administrators, and assigns continuing to be insured by said corporation, shall thereby become members thereof during the period they shall remain insured by said corporation and no longer. Any public or private corporation, board, association, or estate may hold policies in the corporation. Any officer, director, trustee, or legal representative of such corporation, board, association, or estate may be recognized as acting for or on its behalf for the purpose of membership in this corporation, but shall not be personally liable upon such contract of insurance by reason of acting in such representative capacity. The right of any corporation, board, association, or estate to participate as a member of this corporation is hereby declared to be incidental to the purpose for which such corporation, board, association, or estate is organized and as much granted as the rights and powers expressly conferred.

"SEC. 5. The annual meeting of the members of said corporation shall be held at such time and place as provided in the bylaws. It shall be the duty of the president to call a special meeting of the corporation upon the written request of 20 members. Each member shall have 1 vote for each risk held by him on all matters properly before any meeting of the members.

"SEC. 6. The affairs of said corporation shall be conducted by a board consisting of seven directors or such greater number as may be authorized by the bylaws, selected from the members, to be elected by ballot at annual meetings of the members, for terms not exceeding 3 years, as fixed by the bylaws, and to continue in office until their successors are chosen. The board of directors shall have full power to make and prescribe such bylaws, rules, and regulations as they shall deem needful and proper for the elections herein provided and for the conduct and management of the business, funds, property, and effects of the company, not contrary to this act or to the laws of the United States, and they shall have power to alter or amend the same as the interests of the company, in their opinion, may require. Not less than a majority of the directors shall be a quorum to do business, but a less number may adjourn from time to time. Vacancies happening in the board may be filled by the remaining directors for the remainder of the term for which they were elected. The board shall choose one of their number as president, and appoint a secretary and treasurer and such other officers as may be necessary for conducting the affairs of said corporation. The persons now acting as managers shall continue as the board of directors until the next annual meeting after the passage of this act, and thereafter until their successors are duly chosen.

"SEC. 7. It shall be lawful for said company to invest and reinvest all moneys received by it in such manner, consistent with the laws of the District of Columbia relating to mutual fire-insurance companies, as the directors deem best for the interests of the company, and to acquire, hold, and sell real estate necessary or convenient for the transaction of its corporate business.

"SEC. 8. Nothing herein contained shall be construed to affect or impair in any manner whatsoever any vested right or interest in or under any existing contract of the company.

"SEC. 9. The right to alter, amend, or repeal this act is hereby expressly reserved."

SEC. 2. Sections 10 to 16, inclusive, of the said act of January 10, 1855 (10 Stat. 836), as amended April 12, 1866 (14 Stat. 32), March 25, 1870 (16 Stat. 80), June 14, 1878 (20 Stat. 132), and July 5, 1884 (23 Stat. 155), and said Act of July 5, 1884 (23 Stat. 155), are hereby repealed.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill was laid on the table.

DELLA D. LEDENDECKER

Mrs. NORTON. Mr. Speaker, I call up the bill (S. 2006) for the relief of Della D. Ledendecker and ask unanimous consent that it be considered in the House as in Committee of the Whole.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That the Commission on Licensure to Practice the Healing Art in the District of Columbia is hereby authorized to license Della D. Ledendecker to practice chiropractic in said District under the provisions of the act entitled "An act to regulate the practice of the healing art to protect the public health in the District of Columbia", approved February 27, 1929, notwithstanding the provision therein requiring applications from candidates for licenses to practice chiropractic to be filed within 90 days from the date of the approval of said act, and on condition that said Della D. Ledendecker shall otherwise be found by said commission to be qualified to practice under the provisions of said act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMATEUR BOXING

Mrs. NORTON. Mr. Speaker, I call up the bill (S. 328) to prevent professional prize fighting and to authorize amateur boxing in the District of Columbia, and for other purposes, and an amendment will be offered striking out all after the enacting clause and inserting the provisions of the bill H.R. 1607, as amended.

Mr. BLANTON. Mr. Speaker, reserving the right to object, does not this bill create another expensive commission in the District of Columbia?

Mr. BLACK. It is a self-sustaining commission.

Mr. BLANTON. Does it not provide for three high-salaried commissioners and does it not provide for a lot of paid employees?

Mrs. NORTON. I believe the gentleman must be in error, because the bill does not provide for any salaried commission.

Mr. BLANTON. Is not this the bill which provides for a salaried boxing commission?

Mrs. NORTON. This is the bill, H.R. 1607, to permit amateur boxing.

Mr. BLANTON. It is not the one that creates a salaried boxing commission?

Mrs. NORTON. Absolutely not a salaried commission.

Mr. BLANTON. And it creates no salaried offices of any kind?

Mrs. NORTON. None. It creates a boxing commission, but the commissioners serve without salary.

Mr. BLANTON. There is no salary connected with the bill?

Mr. HARTLEY. No salary whatsoever.

Mr. BLANTON. Then the commissioners who are to be appointed under the terms of this bill are to serve without salary?

Mr. HARTLEY. That is right.

The SPEAKER. The Clerk will report the Senate bill.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That whoever shall, in the District of Columbia, voluntarily engage in a pugilistic encounter shall be imprisoned for not more than 5 years. By the term "pugilistic encounter", as herein used, is meant any voluntary fight by blows by means of fists or otherwise, whether with or without gloves, between two or more men for money or anything of value except a suitably inscribed wreath, diploma, banner, badge, medal, or timepiece, not exceeding the value of $35 or upon the result of which any money or anything of value is bet or wagered, or to see which an admission fee of more than $2 is directly or indirectly charged.

SEC. 2. (a) There is hereby created for the District of Columbia a boxing commission, to be composed of three members appointed by the Commissioners of the District of Columbia, one of whom shall be a member of the police department of the District of Columbia. No person shall be eligible for appointment to membership on the commission unless such person at the time of appointment is and for at least 3 years prior thereto has been a resident of the District of Columbia. The terms of office of the members of the commission first taking office after the approval of this act shall expire at the end of 2 years from the date of the approval of this act. A successor to a member of the commission shall be appointed in the same manner as the original members and shall have a term of office expiring 2 years from the date of the expiration of the term for which his predecessor was appointed, except that any person appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term. The members of the commission shall receive no compensation for their services. The Commissioners of the District of Columbia shall furnish to the boxing commission such office space and clerical and other assistance as may be necessary.

(b) Subject to the approval of the Commissioners of the District of Columbia, the commission shall have power (1) to cooperate with organizations engaged in the promotion and control of amateur boxing; (2) to supervise and regulate amateur boxing within the District of Columbia; and (3) to make such orders, rules, and regulations as the commission deems necessary for carrying out the powers herein conferred upon it.

(c) No person shall hold a boxing exhibition in the District of Columbia without a permit from the commission, but the commission shall not issue any such permit except to a club, university, college, school, or other organization or institution which the commission finds is interested in the promotion of amateur ath-

letics. Each such permit shall be limited to a period of 1 day, except that in case of any interscholastic boxing meet or similar contest a permit may be issued for the duration of such meet or contest. No such permit shall be issued to any person unless such person agrees to accord to the commission the right to examine the books of accounts and other records of such person relating to the boxing exhibition for which such permit is issued, and such permit shall so state on its face. A permit may be revoked at any time in the discretion of the commission.

(d) No individual shall engage in any boxing exhibition in the District of Columbia without a license from the commission. Such license shall entitle the licensee to engage in amateur boxing exhibitions in the District of Columbia for the period specified therein, but the commission shall not issue any such license to any individual if the commission finds that such individual has at any time or place engaged in any professional prize fight or in any boxing exhibition for which he received money as compensation or reward, and the commission shall revoke any such license if at any time, after notice and hearing, it makes such finding in respect of the licensee, and may revoke any such license at any time for violation by the licensee of any order, rule, or regulation of the commission, or for other cause.

(e) Any permit or license issued by the board shall not be valid for the purpose of holding or engaging in, respectively, any boxing exhibition which does not conform to the following conditions: (1) Such exhibition may consist of one or more bouts, but no such bout shall continue for more than four rounds; (2) no round shall exceed 3 minutes; (3) there shall be an interval of 1 minute between each round and the succeeding round; and (4) each contestant shall use gloves of not less than 8 ounces each in weight.

(f) The commission may charge for permits and for licenses such fees as will, in its opinion, defray the cost of issuance thereof and other necessary expenses of the commission.

(g) Any person who (1) holds any boxing exhibition in the District of Columbia without a permit valid and effective at the time, or (2) engages in any boxing exhibition in the District of Columbia without a license valid and effective at the time, or (3) violates any lawful order, rule, or regulation of the commission shall, upon conviction thereof, be fined not more than $1,000 or imprisoned not more than 1 year, or both.

(h) The term "person" as used in this act, includes individuals, partnerships, corporations, and associations.

Mr. BLACK. Mr. Speaker, I offer an amendment striking out all after the enacting clause and inserting the House bill, as amended.

The Clerk read as follows:

Amendment offered by Mr. BLACK: Strike out all after the enacting clause and insert the following:

(a) That there is hereby created for the District of Columbia a boxing commission to be composed of three members appointed by the Commissioners of the District of Columbia, one of whom shall be a member of the police department of the District of Columbia. No person shall be eligible for appointment to membership on the commission unless such person at the time of appointment is and for at least 3 years prior thereto has been a resident of the District of Columbia. The terms of office of the members of the commission first taking office after the approval of this act shall expire at the end of 2 years from the date of the approval of this act. A successor to a member of the commission shall be appointed in the same manner as the original members and shall have a term of office expiring 2 years from the date of the expiration of the term for which his predecessor was appointed, except that any person appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term. The members of the commission shall receive no compensation for their services. The Commissioners of the District of Columbia shall furnish to the boxing commission such office space and clerical and other assistance as may be necessary.

(b) Subject to the approval of the Commissioners of the District of Columbia, the commission shall have power (1) to cooperate with organizations engaged in the promotion and control of amateur boxing; (2) to supervise and regulate boxing within the District of Columbia; and (3) to make such orders, rules, and regulations as the commission deems necessary for carrying out the powers herein conferred upon it.

(c) No person shall hold a boxing exhibition in the District of Columbia without a permit from the commission. Each such permit shall be limited to a period of 1 day, except that in case of any interscholastic boxing meet or similar contest a permit may be issued for the duration of such meet or contest. No such permit shall be issued to any person unless such person agrees to accord to the commission the right to examine the books of accounts and other records of such person relating to the boxing exhibition for which such permit is issued, and such permit shall so state on its face. A permit may be revoked at any time in the discretion of the commission.

(d) No individual shall engage in any boxing exhibition in the District of Columbia without a license from the commission. Such license shall entitle the licensee to engage in amateur boxing exhibitions in the District of Columbia for the period specified therein, and the commission may revoke any such license at any time for violation by the licensee of any order, rule, or regulation of the commission, or for other cause.

(e) Any permit or license issued by the board shall not be valid for the purpose of holding or engaging in, respectively, any boxing exhibition which does not conform to the following conditions: (1) Such exhibition may consist of one or more bouts; (2) no round shall exceed 3 minutes; (3) there shall be an interval of 1 minute between each round and the succeeding round; and (4) each contestant shall use gloves of not less than 8 ounces each in weight.

(f) The commission may charge for permits and for licenses such fees as will, in its opinion, defray the cost of issuance thereof and other necessary expenses of the commission.

(g) Any person who (1) holds any boxing exhibition in the District of Columbia without a permit, valid and effective at the time, or (2) engages in any boxing exhibition in the District of Columbia without a license, valid and effective at the time, or (3) violates any lawful order, rule, or regulation of the commission shall, upon conviction thereof, be fined not more than $1,000 or imprisoned not more than 1 year, or both.

(h) The term "person", as used in this act, includes individuals, partnerships, corporations, and associations.

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The title was amended to read as follows: "A bill to authorize boxing in the District of Columbia, and for other purposes."

JENNIE BRUCE GALLAHAN

Mrs. NORTON. Mr. Speaker, I call up the bill (H.R. 2035) for the relief of Jennie Bruce Gallahan and ask that it be considered in the House as in Committee of the Whole.

The Clerk read the title of the bill.

Mr. GOSS. Mr. Speaker, reserving the right to object, may I call the gentlewoman's attention to line 4, where it says that the Secretary of the Treasury is authorized and directed to pay out of any money in the Treasury not otherwise appropriated the sum of $5,000. May I say that the Appropriations Committee are quite jealous.

Mrs. NORTON. This says "authorized."

Mr. GOSS. It says "authorized to pay out any money in the Treasury." I may say that this is a bill to pay a fireman's widow out of Federal money instead of out of District funds.

Mr. BLANTON. Will the gentleman yield?

Mr. GOSS. I yield to the gentleman from Texas.

Mr. BLANTON. This widow is now drawing a pension of $60 a month, and this bill would give her an additional $5,000.

Mr. GOSS. Out of the Federal Treasury.

Mr. BLANTON. This would establish one of the worst precedents that could be brought before this House.

Mr. GOSS. May I say to the gentlewoman that we have discussed this matter in the Appropriations Committee, especially the subcommittee of which I am a member, this morning. We have no objection to the legislative committees' reporting out bills that do not appropriate money, but we do object to the legislative committees' reporting out bills that do appropriate money, and that is why I call this to the gentlewoman's attention. I will have to object to this, but I would not object to an authorization.

Mr. BLANTON. This sets a bad precedent, and the bill should not be passed.

Mr. GOSS. If this is amended to purely an authorization I would not object.

Mr. BLANTON. I hope the distinguished gentlewoman from New Jersey will not call this bill up, because this is the kind of bill that ought to come through another committee. This is going to establish a bad precedent and will harass us hereafter.

Mr. GOSS. May I ask the gentlewoman if there is any good reason why this amount of money should be paid out of the Federal Treasury? Does not the gentlewoman feel this should be confined to District funds?

Mrs. NORTON. I do feel that way.

Mr. GOSS. I would have no objection if it is authorized and tied up in that way although I have not prepared an amendment. I did not know that this was coming up.

Mr. BLANTON. Does not the gentleman from New York want to protect the jurisdiction of his committee? This is a bill that should come through his committee.

Mr. BLACK. We rather came to the conclusion that the bill belonged to the District Committee.

Mr. BLANTON. It ought to come out of the District funds then. It should not come out of Federal funds.

Mrs. NORTON. There is no objection to that suggestion.

Mr. GOSS. I will prepare an amendment. I have not the amendment in front of me. If the gentlewoman will defer for a moment and call this up later, I will prepare an amendment.

Mr. O'CONNOR. Do claim bills of the District of Columbia go to the District of Columbia Committee?

Mr. BLACK. Some of them do and some of them do not. There does not seem to be any fixed rule. I have seen bills in the District Committee that I have met again in the Claims Committee.

Mr. BLANTON. They ought to go to the Claims Committee always.

Mr. BLACK. There was a bill that was taken up in the District Committee and then went to the Claims Committee.

Mrs. NORTON. This bill has been passed by the House on two different occasions.

Mr. O'CONNOR. As I understand the parliamentary situation, this is a private bill. It should have gone to the Claims Committee, but under our rules a Member may refer this type of bill himself. The Member must have referred this to the District of Columbia Committee.

Mr. PALMISANO. This has been considered by the District Committee.

Mrs. NORTON. This bill has been passed by the House on two different occasions.

Mr. GOSS. The bill appropriates Federal funds and not District funds.

Mr. BLANTON. I hope that the bill will not be called up, for I shall be compelled to oppose its passage.

Mrs. NORTON. Mr. Speaker, I withdraw the bill temporarily while an amendment is being prepared.

RACE TRACKS IN THE DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I call up the bill (H.R. 7906) to license race tracks in the District of Columbia and provide for their regulation.

The Clerk read the title of the bill.

Mr. GOSS. Mr. Speaker, reserving the right to object, may I ask the gentlewoman a question? I notice on page 2, lines 15 to 18, these words: "The cost of any bond given by any member of the racing commission shall be taken to be a part of the necessary expenses of said commission and shall be payable by the District of Columbia."

I have taken the trouble to look up the law, and I find that all employees of the Federal Government as well as the District government are required to pay their own bond premiums except in this case. The payment by the Government of premiums on the bonds of Government employees or District employees is setting a new precedent.

Mr. BLACK. Here is a bond of $50,000. The cost of the bond would be as much as the salary.

Mr. GOSS. The gentleman is talking about a penalty.

Mr. BLACK. No. I am talking about the premium on the bond.

Mr. GOSS. This says "The cost of any bond."

Mr. BLACK. This is the only bond required. This is a $50,000 bond.

Mrs. NORTON. To which bill is the gentleman referring?

Mr. GOSS. H.R. 7906. The Appropriations Committee felt that this was an appropriation, because the cost of a bond given by any member of the racing commission was to be payable out of District funds, whereas in all other cases, as I was trying to point out, Federal and District employees who are bonded pay the premiums themselves. The Appropriations Committee felt this was an appropriation and is desirous again of having this bill limited to an authorization only. We are not opposed to these bills except insofar as they appropriate money.

Mr. BLACK. Is the gentleman opposed to the principle of the bill?

Mr. GOSS. No; but, as a matter of fact, I think this is a bill where the Commissioners are opposed to handling the matter in this way, according to the report.

Mr. BLACK. They were against the bill.

Mr. GOSS. Yes; and they were opposed to the provisions of this bill that allowed this bond money to be paid by the District instead of the individual.

Mr. BLACK. No; the District Commissioners believe that all these bonds should be paid out of the public funds, including the District of Columbia bonds.

Mr. GOSS. I may say to the gentleman that there is not a single one of them paid in the way you are suggesting in this bill.

Mr. BLACK. But they believe they should be paid in this way. This is a case of a $50,000 bond, and the premium would be $1,000. The proposed salary is $2,000; and if you make the individual pay for the premium on his bond, you will be giving him a salary of only $1,000.

Mr. GOSS. I have spoken to the Chairman of the District Committee many times about this bill, and your committee has taken the position heretofore that all the power the committee has is to authorize appropriations, and they have always taken the position that these things should go to the Committee on Appropriations.

Mr. BLANTON. Mr. Speaker, reserving the right to object, when this bill was originally drawn it provided that anyone desiring to have races in the District of Columbia should apply to the District Commissioners for a permit. If horse racing is to be permitted, that is as far as this bill should go; yet it has been amended by the committee and provides for an expensive racing commission with a lot of employees, and should not be passed.

Mr. BLACK. That was my idea exactly.

Mr. BLANTON. That is what the Commissioners are for; to pass on and to grant such permits. They are here to attend to the business of the people of the District. This is why they get a basic salary of $9,000, after they have been in office for the required period of time. We should not provide for the establishment of another expensive commission to handle racing, with the members of the commission and numerous employees paid salaries. When you pass such a bill, you are putting the District and the people of the District of Columbia in the racing business, and that ought not to be done.

Mr. BLACK. I introduced this bill, and I was quite satisfied that the District Commissioners have charge of the entire operation, but, to meet the objections of several members of the committee, I had to agree to these amendments.

Mr. BLANTON. There is always an attempt to enlarge personnel and create new positions with new salaries at the expense of the taxpayers here, because they cannot help themselves.

Mr. BLACK. I agree with the gentleman that the simpler we have the structure of government here the better.

Mr. BLANTON. The gentleman from New York wields great influence with this committee, and is he not willing to go back to his own proposition?

Mr. BLACK. Absolutely.

Mr. BLANTON. Is the chairman of the committee willing to do that?

Mrs. NORTON. Yes.

Mr. GOSS. The gentleman from Texas is a member of the Committee on Appropriations, and I am sure he does not want to appropriate the money in this bill.

Mr. BLANTON. Certainly not; and that is what I have arranged with the committee to avoid. We are going to change that and go back to the original Black bill.

Mrs. NORTON. I may say to the gentleman from Texas that the bill that was to be considered, I thought, was the original bill, H.R. 7906. As the gentleman knows, I have been away from the committee for sometime, owing to serious illness in my family. The original bill did not con-

tain all these amendments that the gentleman objects to, and I am perfectly willing to have the original bill considered.

Mr. BLANTON. Then let us call up that bill.

Mrs. NORTON. That is the bill we have called up, but the bill has been amended in my absence. Of course, we can vote down the committee amendments.

Mr. BLANTON. That will be all right.

Mr. BLACK. Except the one about dog races. We will take out the dog races.

Mr. BLANTON. Very well.

Mr. GOSS. Mr. Speaker, under the circumstances, I withdraw my reservation of objection.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the consideration of the bill in the House as in Committee of the Whole?

Mr. PATMAN. Mr. Speaker, reserving the right to object, I should like to ask the chairman of the committee whether any more bills are to be called up this afternoon.

Mrs. NORTON. Just one more bill, and that is the bill having to do with snow removal.

Mr. PATMAN. Mr. Speaker, I withdraw my reservation of objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That any person, persons, association, or corporation desiring to hold horse or dog races at meetings where the pari mutuel or certificate wagering thereon shall be conducted, shall apply to the Commissioners of the District of Columbia for license to do so. Such applications shall be in such form and supply such information and data as the Commissioners shall prescribe.

SEC. 2. The Commissioners may reject any application for any cause which they may deem detrimental to the public interest.

SEC. 3. Any licensee may deduct 8½ percent from the total amount wagered in all pari mutuel pools, which shall include a 2-percent license fee, which shall be payable to the Commissioners after the last race on each and every day of each and every race meeting and shall be made from all contributions to all pari mutuel pools to each and every race of that day.

SEC. 4. There shall also be paid to the Commissioners a sum of 10 percent for each and every person entering the grounds or enclosure of the licensee, on the price on each and every ticket of admission.

SEC. 5. The Commissioners shall have the power to prescribe rules and reguations for race meetings, including the power to fix the amount of the purses to be offered at all contests at such meetings.

Mr. BLACK. Mr. Speaker, I ask unanimous consent to withdraw all committee amendments except the one on page 1, line 4, striking out the words "or dog."

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

There was no objection.

The Clerk reported the committee amendment, as follows:

Page 1, line 4, after the word "horse", strike out the words "or dog."

The committee amendment was agreed to.

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

A motion to reconsider was laid on the table.

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that at the conclusion of the next bill, which the Chairman of the District Committee is to call up, I may be allowed to address the House for 30 minutes.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. Will the gentleman inform us upon what subject?

Mr. PATMAN. On the Federal Reserve System and monetary legislation.

The SPEAKER. Is there objection?

There was no objection.

Mr. McFADDEN. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. McFADDEN. Mr. Speaker, I understand that the special committee authorized and empowered to investigate the charges of Dr. Wirt has agreed upon and adopted the following plan of procedure: They will first call Dr. Wirt to the stand, swear him and demand that he give the name or names of the parties to whom he has referred and then state what it was these parties stated, whereupon the committee will adjourn without giving Dr. Wirt the opportunity to make any statement at that time.

I would like to make the following observation. Should any committee of this House pursue such an extraordinary procedure I feel that Dr. Wirt would be rendering a distinctly patriotic service to his country, regardless of whether he is right or wrong, by remaining silent and refusing to answer. There is no justification in authorizing any investigation upon the part of this House and then circumscribing and crushing a man in this manner. He should be given full opportunity to state his position and any facts that he may have to support it. Voltaire once said, "I do not believe in a word that you say but I will defend with my life, if need be, your right to say it."

Mr. O'CONNER. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. O'CONNOR. Mr. Speaker, the gentleman from Pennsylvania is unduly alarmed. I take the liberty of saying, in the absence of two other majority members of the committee, what I believe that committee proposes to do. If the gentleman from Pennsylvania is advising Dr. Wirt to refuse to answer, I assure him that as far as I am concerned, as one member of that committee, that the committee will take care of Dr. Wirt under the powers of this House and compel him to answer.

All that the resolution of the committee as to procedure at the first meeting does is to prescribe what shall be done at that first meeting; that to wit, Dr. Wirt shall name the people who made these alleged statements to him as read by Mr. James H. Rand, Jr., before the House Committee on Interstate and Foreign Commerce; that he shall state what they, those alleged "brain trusters", said to him; that he shall state the occasions on which the said statements were made; and that he shall state who else was present. The resolution as to procedure does not foreclose the committee from going further at that meeting or a meeting called 5 minutes later or any other meeting. But the committee does not propose in the first instance to have Dr. Wirt appear before it and deliver a long academic treatise on some alleged revolutionary movement in the United States.

Dr. Wirt is not called before the committee as a defendant. He is being subpenaed as a witness. He will take the oath, and he will answer questions put to him by the members of the committee, but he will not be permitted to make a speech, unless the committee sees fit to permit him to make certain statements. So the gentleman from Pennsylvania need not be alarmed as to what the committee proposes to do. It is going to find out what truth or falsity exists behind the statements made by Dr. Wirt, who, if anybody, made such statements to him, and if nobody did make any such statements, the committee proposes to call his bluff.

Mr. TRUAX. Will the gentleman yield? I wonder if the fact that Dr. Wirt is a Republican, and has been for years under the influence and environment of the United States Steel Corporation, had anything to do with the statement of our friend from Pennsylvania.

Mr. O'CONNOR. The committee does not care whether he is a Republican, a Democrat, a Communist, or a Socialist. The committee will handle him just the same as they propose to handle him, even if he is a regularly, duly registered organization Democrat.

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

Mr. O'CONNOR. For a brief question.

Mr. McFADDEN. I resent the statement made by the gentleman from Ohio [Mr. TRUAX]. I am not playing politics nor do I know Dr. Wirt, nor do I know of any connection between him and the Steel Corporation, but Dr. Wirt is making serious charges that certain people are conniving to break down our form of government.

Mr. TRUAX. And I expect to show that he is connected with the Steel Trust.

Mr. O'CONNOR. The only reason I rose was to assure the gentleman from Pennsylvania [Mr. McFADDEN] that the committee proposes to proceed without partisanship, and to maintain at the same time the right of the House of Representatives to examine the witness as it sees fit, and not to permit stump speeches by some one who may want to gain notoriety or publicity.

REMOVAL OF SNOW AND ICE

Mrs. NORTON. Mr. Speaker, I call up the bill (H.R. 8281) to amend the act entitled "An act providing for the removal of snow and ice from the paved sidewalks of the District of Columbia", which I send to the desk.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 4 of the act entitled "An act providing for the removal of snow and ice from the paved sidewalks of the District of Columbia", approved September 16, 1922, is hereby amended to read as follows:

"In each and every case wherein the occupant of a residence, or the person in charge of a building other than a residence, or in the case that the premises as a whole or in part are vacant, then the owner, agent, or person in charge, and the owner or agent or person in charge of any unimproved lot, shall remove such snow or sleet from such sidewalk within the first 8 hours of daylight after the ceasing to fall of any such snow or sleet."

SEC. 2. Section 5 of such act is hereby amended to read as follows:

"Failure to comply with the provisions of this act shall be punishable by a fine of not more than $5 for each and every offense, and each day of 24 hours after the first 8 hours mentioned that said snow or sleet be not removed shall constitute a distinct and separate offense."

SEC. 3. Section 6 of such act is hereby amended to read as follows:

"All prosecutions under this act shall be on information filed in the police court by the corporation counsel or any of his assistants."

Mr. BLANTON. Mr. Speaker, there should be an amendment offered to this bill providing that where the premises are occupied by a tenant, the tenant shall remove the snow and ice.

Mrs. NORTON. I should be very glad to accept that amendment.

Mr. BLANTON. Because sometimes there might be an owner of a residence who lives in New Jersey who might be renting the property to someone in Washington. He would not know when it snows in Washington.

Mrs. NORTON. I ask the gentleman to submit his amendment.

Mr. FITZPATRICK. Is there anything in this bill to compel the owners and the lessees to clear the sidewalks in front of their houses?

Mrs. NORTON. Yes.

Mr. FITZPATRICK. Such a law should be enforced. It is the only city in the United States where owners and tenants are not compelled to clean the sidewalks in front of their houses.

Mr. BLANTON. There is a regulation here that requires it, but it is not enforced. This bill is to remedy the situation.

Mr. Speaker, I offer the following amendment as a new section at the end of the bill, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. BLANTON: At the end of the bill insert a new section as follows:

SEC. 4. When the premises are occupied by tenants the snow shall be removed by such tenants.

Mr. BLANTON. Mr. Speaker, I do not care to take any time. I happen to know from my experience in Washington that there are many residences here owned by people who live all over the country, in New York, New Jersey, Ohio, Pennsylvania, Maryland, and other States, and unless this amendment be adopted they could be fined.

Mrs. NORTON. The committee will accept the amendment.

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

Mr. BLANTON. Yes.

Mr. MILLARD. Is it a fact that the city of Washington owns the fee to the sidewalks, and, therefore, we cannot compel the tenants and property owners to remove the snow?

Mr. BLANTON. We can compel them if we pass this bill.

Mr. MILLARD. This will remedy that?

Mr. BLANTON. Yes.

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to; and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

MEMORIAL EXERCISES

Mr. MOREHEAD. Mr. Speaker, I send to the Clerk's desk a resolution, which I ask to have considered at this time.

The Clerk read as follows:

House Resolution 327

Resolved, That on Friday, April 27, immediately after the approval of the Journal, the House shall stand at recess for the purpose of holding memorial services as arranged by the Committee on Memorials under the provisions of clause 40a of rule XI. The order of exercises and the proceedings of the services shall be printed in the CONGRESSIONAL RECORD, and all persons shall be given the privilege of extending their remarks in the CONGRESSIONAL RECORD.

At the conclusion of the proceedings the Speaker shall call the House to order, and then, as a further mark of respect to the memories of the deceased, he shall declare the House adjourned.

The SPEAKER. The question is on the adoption of the resolution.

Mr. WEIDEMAN. Mr. Speaker, I rise in opposition to the resolution and ask unanimous consent to proceed out of order and ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

Mr. WEIDEMAN. Mr. Speaker, I ask to speak out of order at this time to bring to the attention of the Members of the House the fact that there has been placed upon the Speaker's table today a petition asking to bring the McLeod bill—that is, the bank pay-off bill—out of committee for consideration by the House. I have filed this petition, not only to bring the bill out but due to the fact that if it is not brought out in this way we will not have time at this session, I fear, to consider this bill.

Due to the drive now under way to adjourn the Congress by May 15, we find that regardless of the favorable sentiment which may exist in both the subcommittee holding hearings on the bank depositors' 100 percent pay-off bill and the full Banking and Currency Committee, the remaining time is far from sufficient to permit the passage of the bill through the regular procedure.

If the subcommittee reports the bill on the 12th, it will take 3 days before the report can be written and filed in the House. Sunday being the 15th, it will be the 16th before the report of the subcommittee can be filed in the basket, and it will be the 17th before it can be printed in the RECORD. Then it has to remain in that status until the chairman of the full committee calls a meeting for consideration of this particular bill. Until then this bill cannot be considered by the full committee.

You can count on a week before the full committee is called for consideration of this bill. That brings the date to April 24. If the bill is reported on the 24th or 25th, which is not likely, because the full committee has already stated it will hold hearings which will last at least 2 or 3 days, that makes it the 26th or 27th. If the report of the bill is made on the 26th or 27th, you have got to allow at least 3 days before the report of the full committee can be written and dropped in the basket. That means at least the 29th or 30th, and April being a 30-day month cuts us down to only 15 days remaining before the adjournment date.

After the report of the full committee has been printed, even though this bill is favorably reported, it goes on the calendar in the regular course of procedure and takes its regular place on such calendar and is subject to call only in such regular course of procedure. In other words, not until the next Banking and Currency Committee day is reached on the House Calendar.

If, however, the leadership and administration in Congress can be construed to be in favor of this bill, then the next

step is for the leadership and the chairman of the full committee, Congressman STEAGALL, of Alabama, to ask the Rules Committee for a hearing on obtaining a rule for this bill to come before the House under a special rule. If the Rules Committee and the administration are favorable—and the majority members of the Rules Committee are selected for that committee only because they are strictly administration men—then it is up to the Rules Committee to grant a hearing to the Chairman of the full Banking and Currency Committee.

This procedure should take at least 3 or 4 days. Then, according to the rules of the House, the ordinary procedure is that it would be at least 1 or 2 days before the rule is printed and came before the House for a vote on such rule. This would bring the date somewhere—say, for sake of argument, May 7. Therefore, if the Rules Committee, after the rule is granted on May 7, permits this bill to come before the House for action under a special rule—for instance, on May 9—we have only 6 days remaining in which to pass this bill, not only through the House but through the Senate, and have it signed and enacted into law before May 15, which, as said before, is the date set by the leadership of the House, at least according to all the rumor prevailing here, for adjournment.

The fact that this bill is so vital to hundreds of thousands of substantial, hard-working citizens makes it imperative that this bill pass at this session of Congress.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

Mr. WHITE. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. WHITE. Mr. Speaker, I am in receipt of a communication from Idaho which I think will interest the Members of this House:

Whereas in order to keep thousands of American citizens from starving through the different governmental agencies through the last several months the United States of America has increased its public debt in a staggering amount, it would seem that a point is rapidly approaching where the credit of our Government must necessarily break unless the wisdom of our President and the Congress of the United States are brought into play to the end that a wise monetary policy may be adopted. It must be apparent to all that our monetary base must be broadened. We believe in a sound monetary system. In order to establish this and to curb the present pyramiding of tax-free interest-bearing paper credit issues we urge the restoration of silver to the time-honored position it occupied for thousands of years prior to its ruthless demonetization by this country in 1873 and the assaults made upon it by European nations prior to that time. For thousands of years silver was the money of the people and was sound and would be so today if given an opportunity. It seems to us to longer postpone this matter is the continuation of an almost criminal neglect to an open avenue of relief where an open avenue is so readily available. We urge that a ratio be established between gold and silver conformable to the production ratio between gold and silver throughout all mining history.

EXECUTIVE COMMITTEE IDAHO MINING ASSOCIATION.

The SPEAKER. The gentleman from Texas [Mr. PATMAN] is recognized for 30 minutes.

GET GOVERNMENT OUT OF PRIVATE BUSINESS AND GET PRIVATE CORPORATIONS OUT OF GOVERNMENT BUSINESS

Mr. PATMAN. Mr. Speaker, I asked for this time in order to talk about the monetary situation. I believe that the issuance and distribution of money is a governmental function. I think that the Government should, as quickly as possible, get out of all private business, but on the other hand I think the Government, as quickly as possible, should take over its own business.

The Constitution says that Congress shall coin money and regulate its value. I do not blame the bankers for the present credit and monetary conditions as much as I blame Congress. The banking laws are responsible. Therefore it is not the bankers so much as it is our own Congress, and we are Members of one branch of the Congress. If we fail to do our duty I think the people should blame us.

FEDERAL RESERVE BANKS HAVE FAILED TO HELP PEOPLE

The Federal Reserve banks have not been doing what Congress contemplated that they should do when they were created. They were created for the purpose of giving the country an elastic currency, to help commerce, industry, and agriculture. The country was divided up into 12 regions or divisions. In each area there is a Federal Reserve bank that has a monopoly on the use of the Government credit in that particular area. In the area in which I live is the Federal Reserve Bank of Dallas, Tex. It is district no. 11. That bank has $114,000,000 in cash in its vaults and has actually let industry and agriculture and commerce have this time not over $100,000 out of the $114,000,000. It is just as I heard a Member of Congress, the Hon. MARVIN JONES, describe it the other night. The money set-up that we have is like the power for an automobile. When it goes down hill we have plenty of gas, and we have plenty of power, but as we start up hill on the other side we have no power, no gas. Our financial system is that way. When we have plenty of money, credit, and prosperity, we have plenty offered to us by the Federal Reserve banks, but when we actually need money, and when we actually need credit they are putting on the brakes. They order deflation. We are going up hill. We need that power which the Federal Reserve can supply, and we cannot possibly get it.

MONEY MONOPOLY OF FEDERAL RESERVE

A Federal Reserve bank has a great privilege. It has the right to issue a blanket mortgage on all the property of all the people of this country. It is called a Federal Reserve note. For that privilege section 16 of the act provides that when the Government prints a Federal Reserve note and guarantees to pay that note and delivers it to a Federal Reserve bank, that Federal Reserve bank shall pay—it seems to be mandatory—the rate of interest that is set by the Federal Reserve Board. The law has never been put into effect. The Federal Reserve Board sets the zero rate. Instead of charging an interest rate which the law says they shall charge, they set no rate at all.

Therefore, for the use of this great Government credit, these blanket mortgages that are issued against all the property of all the people of this Nation and against the incomes of all the people of this Nation, they do not pay one penny. Not one penny of the stock of the Federal Reserve banks is owned by the Government or the people, but it is owned by private banks exclusively. They do not pay one penny for the use of that great privilege, to the people or to the Government.

SO-CALLED "PERFECTING AMENDMENTS"

It was contemplated that they should pay for the use of the Government's credit. The Board said, "Well, the law is that when they make so much money all above that is excess profit and will go over into the United States Treasury." When those profits commenced to accumulate they got so-called "perfecting amendments" passed by Congress, providing that until this surplus was up to a certain amount none of the profit should go into the Treasury. Then as the surplus piled up they kept increasing it by other perfecting amendments, and, finally, last session when the Glass-Steagall bill was passed there was a provision that all profits, instead of going into the Treasury as contemplated by the Federal Reserve Act, should go into the surplus fund of each Federal Reserve bank. Eventually they expect to distribute these profits. Another perfecting amendment will be proposed for that purpose.

Therefore, not one penny is paid to the Government, to the people, by these private banking institutions for the use of this blanket mortgage upon the property and the income of the people.

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

Mr. PATMAN. I yield.

Mr. McFADDEN. Will the gentleman inform the House how many Members knew such a provision was in the bill, and was it discussed to any degree whatsoever?

Mr. PATMAN. I may say to the gentleman from Pennsylvania that when the Glass-Steagall Act of 1933 came over from the Senate and came on the floor of the House I offered an amendment to strike out that section. I considered it a joker in the bill, and after full and deliberate consideration the House voted almost unanimously to strike that section

from the bill which would have caused all excess profits to go into the United States Treasury, as contemplated by the original act.

Then when the bill went to conference and the House wanted certain concessions and the Senate wanted certain concessions, the Senate conferees refused to yield on that point and said, "We will not let you have guarantee of bank deposits unless you leave that provision giving the profits to the banks instead of the Government in the bill." In order to get guarantee of bank deposits the House had to agree to that section remaining in the bill. Of course, I did not agree to it, but there was no way of getting guarantee of bank deposits without permitting that provision to remain.

Mr. McFARLANE. Was it not section 3 that was stricken out by the gentleman's amendment?

Mr. PATMAN. I believe it was section 3; I am not sure.

Mr. McFARLANE. Did the conferees of the House call to our attention the matters the gentleman has just mentioned?

Mr. PATMAN. I do not recall. It was at the end of the session and we were all anxious to get some kind of Federal deposit insurance, and the conferees, I think, lost sight of that part of it, but it was very material.

Mr. McFARLANE. They did not call it to our attention.

GOVERNMENT SHOULD OWN FEDERAL RESERVE SYSTEM

Mr. PATMAN. There is one way we can bring back to the people of this country that great privilege and right, and that is to do something about the Federal Reserve banks. The banks of the country have invested $140,000,000 in the Federal Reserve banks. That is all they have invested in these 12 great institutions. With this small, insignificant capital of $140,000,000 they have been doing business aggregating as high as $100,000,000,000 a year. Do you think they can do it on that capital? We know they cannot do it on that capital and are not attempting to do it on that capital. They are doing that enormous business on the credit of this Nation. They are doing it by issuing these blanket mortgages that are liens upon your homes and my home, and upon our incomes until they are paid.

I hold in my hand a Federal Reserve note issued by the Federal Reserve Bank of Philadelphia. The Federal Reserve Bank of Philadelphia does not agree to redeem this note. None of these banks agrees to redeem them. This Federal Reserve note reads:

The United States of America will pay to the bearer on demand $5.

The United States guarantees all the paper money that is issued by the Federal Reserve banks. The Federal Reserve banks do not issue this money upon their financial responsibility. Therefore they are enabled to do $100,000,000,000 a year business on $140,000,000 capital investment.

GOVERNMENT PAYS BONDS AND CONTINUES TO PAY INTEREST ON THEM

I have before me a copy of the report of the Federal Reserve Bulletin for March 1934. I notice that the 12 Federal Reserve banks at the end of February 1934 owned $2,431,951,000 of Government bonds. What did they pay for these Government bonds? Did they pay money; did they pay credit; did they give the member banks credit on their books for them? The credit of this Nation was used by these banks to acquire these Government bonds. Suppose you owed $3,000 on your home, the remainder due on your mortgage, and you gave me $3,000 to pay the holder of that mortgage and I gave the holder of the mortgage the $3,000 and had the mortgage transferred to me, and at the end of 6 months or a year I came to you and said, "Pay me interest on that mortgage"; you would say to me, "Why, I gave you the money to pay that mortgage, to liquidate it! Why, you are foolish to come to me and ask me to continue to pay interest on an obligation I have liquidated with my money." I would not be any more foolish than the Federal Reserve banks that buy Government bonds on Government credit and then continue to call upon the Government for interest on those bonds; and, remember, about 60 percent of the Government bonds that are outstanding today, Government securities, are owned by banking institutions. The banks have plenty of Government bonds; they are in a liquid condition. There is not much incentive to them to lend money out to private industry because the Government has gone into the business of subsidizing the banks and keeping them up. The bankers are no longer restless or uneasy at night because the Government of the United States is behind them subsidizing them, paying them plenty of money to operate, to run no risk; and the banks are ceasing to function as they should function.

EXPENSES OF FEDERAL RESERVE BANKS

Last year the expenses of the Federal Reserve banks were $29,220,000, total current expenses for the year. How much did they collect from the Government? They collected interest on Government securities for that year amounting to $37,529,000.

In other words, they collected $8,000,000 more in interest from the Government during that year 1933 than their total operating expenses for the year by using the credit of this Nation free of charge and charging the Government interest on obligations which they purchased with Government credit.

Mr. McFADDEN. Will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Pennsylvania.

Mr. McFADDEN. Will the gentleman tell us how much profit they made from their transit department in collection charges which they exacted from the banks in addition to the amount the gentleman has mentioned?

Mr. PATMAN. The losses ought to be determined. They had some losses. They have a bookkeeping system in the Federal Reserve banks that I have not been able to follow, and I have not seen any one able to comprehend the bookkeeping system of the Federal Reserve banks. That is no reflection on the system. It would have to be very plain and simple for me to understand it. I do not know how much they had in losses on the transactions to which the gentleman refers.

Mr. McFADDEN. The gentleman is making an interesting statement and is calling attention to matters which I have repeatedly called the attention of the House to and I may say to the gentleman that this matter can be corrected if this side of the House will cooperate and see that the resolution I have before the Judiciary Committee of the House is acted upon. That is an impeachment of the Federal Reserve System.

Mr. PATMAN. We have worked together on this for 3 or 4 years and the gentleman's party was in power when I started. I was not able to get any cooperation from them and I believe the gentleman also appeared before the Rules Committee several times when I appeared. We both appeared for the same purpose, namely, getting an investigation of the United States Treasury and of the Federal Reserve System.

Mr. McFADDEN. This is not a political matter.

GET THE TRUTH TO THE PEOPLE

Mr. PATMAN. This is not a political matter and I think the first thing to do is to give the people the truth about the situation. When you get the truth to the people you will not have to worry about action. They will see that Congress takes action. Congress is responsible, and we as Members of Congress are responsible. We as a body, the House of Representatives, are sitting idly by when we know that the greatest privilege on earth has been farmed out to special interests to issue blanket mortgages on all our property in order to make money for themselves and to charge interest rates to people who obtain this money.

WHAT IS REMEDY?

With regard to the remedy, may I say that the first thing the Government should do is to take over the Federal Reserve banks. Just give the member banks credit on the books of the Federal Reserve for this $140,000,000 and then take them over. When the Government takes over the Federal Reserve banks, the banks can then issue money, extend loans and credit not only to national banks and to the member banks of the Federal Reserve but to State banks as well, to building and loan companies as well, and to

any kind of an organization that needs the credit of this Nation. The profits would go to the Treasury.

Why should a few people have a monopoly on this credit? This is the first step that should be taken by this Government. The Government should take over the Federal Reserve banks and after that there are other steps that should be taken.

FORD-EDISON PLAN

Back in 1922 Henry Ford asked Thomas A. Edison to get up a plan that would help the farmers. Mr. Edison made the following statement, and I will read one short paragraph:

Some months ago Mr. Ford asked me to see if I could not invent some plan for helping the farmers. I have approached the matter in the same way I do with a mechanical or other invention, namely, get all the facts as far as possible and then see what can be done to solve the problem.

After Mr. Edison worked about a year he presented a plan in December 1922, that I feel is up to date now. It received very little consideration then and has received but slight notice or attention since that time. I think this is the proper time to give it some attention. His plan was to let the Government build and operate licensed warehouses where all nonperishable farm products could be stored. I am from a cotton section. Taking cotton for instance, a farmer could take a bale of cotton to the nearest warehouse. This cotton would be graded, weighed, and classed, and placed in the warehouse. If cotton over a period of 25 years has been selling for 12 cents a pound on an average, the Government would advance to the farmer 6 cents a pound, which would be just one half the price of cotton over a 25-year period. The Government would not be running any risk at all, because the price would be based on an average price over 25 years. The amount advanced would be 6 cents a pound or $30 a bale. Mr. Edison said the Government should loan the farmer this credit free of charge and that the Government should issue to him Federal Reserve notes or similar notes that the farmer would not pay one penny's interest on, thereby using free of charge a part of the credit of his Nation that he has helped build. To the extent of that small insignificant amount the farmer will be using the credit of the Nation free. In addition to this $30 the man would be given an equity certificate in the other half of the cotton. He could take the equity certificate to his private banker, merchant, or anyone else and use it as collateral for loans. The man would not be permitted to keep the cotton indefinitely, neither would he be permitted to keep coal which at that time was classed as one of the commodities, neither would he be allowed to keep wheat or anything else except for a period of 6 to 12 months, not long enough to allow him to use it purely for speculation.

If this plan had been adopted, every farmer and many others in the country would have been allowed in a small way to have used the credit of his Nation free of charge up to a reasonable amount.

The same plan could be used to help home owners. Why could there not be some limit placed on security—good security, the best on earth—so that any person could use the credit of his Nation up to a certain amount free of charge, just like the Federal Reserve banks now use the credit of the Nation?

WHAT THOMAS A. EDISON PROPOSED

Construction by the Government of warehouses where certain farm products can be stored.

Immediate loan to the farmer of one half the value of the products stored, value for the purpose to be based on the average price of the products for a 25-year period.

Issuance to the farmer of a certificate for his equity in the stored products, which certificate can be sold or used as bank collateral for an additional loan.

Loans to be made with Federal Reserve notes, the notes to be canceled when the loans are canceled. No interest on the loan.

If the price of the commodity goes up, the farmer will get the benefit. If it goes down, he will stand the loss, through increase or decrease in the value of his equity certificate.

To prevent utilization of the plan for speculative purposes products stored must be withdrawn within 1 year. Unless withdrawn within 1 year, products will be sold at auction, the loan canceled, and the balance delivered to the owner in return for his equity certificate.

Objects: To permit the farmer to sell his product as it is consumed instead of compelling him to glut the market by selling all at once; to permit the farmer immediate cash on his products as the gold miner does; to give the country a nonfluctuating currency.

His plan is entitled "A Proposed Amendment to the Federal Reserve Banking System."

Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD and to insert certain tables and other information and data in regard to the subject matter I am discussing.

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

There was no objection.

$8,000,000,000 NEW MONEY CAN BE ISSUED NOW

Mr. PATMAN. We really need an additional circulating medium.

The following letter and table are self-explanatory:

FEDERAL RESERVE BOARD,
Washington, March 31, 1934.

Hon. ROBERT L. OWEN,
Wardman Park Hotel, Washington, D.C.

DEAR MR. OWEN: Pursuant to your request, I am enclosing a table containing available figures of deposits of all banks in the United States. The figures in the first column include total deposits, exclusive of interbank deposits, for all banks as compiled by the Federal Reserve Board from reports received from the Comptroller of the Currency and from the State banking departments in each State. The figures in the three remaining columns were compiled by the savings division of the American Bankers' Association, and apparently exclude not only interbank deposits but also certified and cashiers' checks, cash letters of credit, travelers' checks outstanding, and deposits of States, counties, municipalities, and of the Federal Government.

It is estimated that total deposits, exclusive of interbank deposits, of all banks in the United States were turned over about 22 or 23 times in 1929 and at present they are being turned over at the rate of about 11 times per annum.

Very truly yours,

CARL E. PARRY,
Assistant Director of Research and Statistics.

Enclosure.

Deposits of all banks in the United States

[In millions of dollars]

June 30, or nearest date	Total, exclusive of interbank deposits [2]	Individual deposits [1]		
		Total	Savings deposits	Demand deposits
1920	37,721	32,361	15,189	17,172
1921	35,742	34,233	16,501	17,732
1922	37,615	36,336	17,579	18,757
1923	40,688	40,491	19,727	20,764
1924	43,405	41,064	21,189	19,875
1925	47,612	45,464	23,134	22,330
1926	49,733	47,472	24,696	22,776
1927	51,662	49,062	26,091	22,971
1928	53,398	51,199	28,413	22,786
1929	53,852	50,789	28,218	22,571
1930	54,954	50,554	28,485	22,069
1931	51,782	47,593	28,215	19,378
1932	41,963	39,306	24,281	15,025
1933	38,011	35,513	21,424	14,089

[1] Compiled by savings division, American Banker's Association.
[2] Compiled by the Federal Reserve Board.
NOTE.—Inclusive of mutual savings banks.

You should multiply the amount of deposits for 1929 by 22 to determine the amount of business done by these deposits in that year. Multiply the deposits for 1933 by 11 and you will determine our business for the year 1933 was short by almost $1,000,000,000. There is one way this condition can be remedied, and that is by putting out some real money. Eight billion dollars can be issued right now on the idle, unencumbered, unobligated gold that is in the Treasury, not counting the gold owned by Federal Reserve banks.

Mention has been made of tax-exempt bonds here today. I would not issue any more tax-exempt bonds, not another penny's worth of them, but I would gradually and eventually pay off every dime of tax-exempt bonds we have out today with new currency. You would not have undue inflation in that way if you changed the banking laws at the same time.

MONEY OR CREDIT

The other day before the Senate Committee on Agriculture the distinguished gentleman who was representing the Federal Reserve Board, Dr. Goldenweiser, the economist, was testifying. The chairman of the committee permitted me to ask him a few questions and I asked him if it would be a helpful condition if the banks of this country were to extend $20,000,000,000 of additional credit within the next 12 months or 2 years and his answer was substantially to the effect that it would be a very helpful condition because it would extend more credit and this credit would turn over, and with the turn-over there would be increased business, and this would be helpful. I said, "All right, Dr. Goldenweiser, suppose we just issue $20,000,000,000 of money; would not that be helpful?" In substance, he said, "No; because each dollar issued would go into the banks and the dollar would be used as a basis for the issuance of 10 additional credit dollars. Therefore we could have $200,000,000,000 in credit, wild inflation, and destruction of our monetary system." I answered Dr. Goldenweiser in this way: I said, "Yes; but you are presupposing that we cannot change our banking laws. Suppose, as we issue this money, we change the reserve requirements of banks and instead of their being able to issue 10 credit dollars for every $1 of reserve, they can only issue $5 or $4 or $3 or $2", and the chairman of the committee, Senator SMITH, said, "Yes; or no credit dollars at all; just be permitted to lend out the actual money they have and nothing more."

This is a complete answer to that argument. You can have this country on a currency basis. There is no question on earth about it. Dr. Goldenweiser later admitted it. You can have a currency basis the same as a credit basis. The only difference is that if you have currency nobody is paying interest on this money that is outstanding. If you have credit, somebody is paying interest on it every day that it is outstanding.

PEOPLE SAVED $11,000,000,000 INTEREST ON SO-CALLED "GREENBACKS"

I was reading the other day the hearings on the Goldsborough bill, and I noticed a statement put in there by Mr. Robert Harris, of New York, in regard to the United States notes that are outstanding.

In 1862 there was issued by this Government between three and four hundred million dollars of United States notes. Not a penny of gold was behind these notes. The credit of the Nation was behind the notes. This was during the War between the States, and when General Early, of Southern Confederacy fame, was about to take Washington and the Union was about to fall, these notes depreciated in value down to about 35 cents on the dollar. They only had the credit of the Government behind them; but when the Union was successful, these notes came back 100 cents on the dollar. The Government did put some gold behind them, but that was not the reason they came back 100 percent. It was because the credit of the Nation was restored. They have remained 100 percent ever since. This money is in circulation today—$346,000,000 of it. The people have been saved more than $11,000,000,000 of interest on that money on the basis of 5 percent, as this table discloses. If the people can save $11,000,000,000 in interest from 1862 to now on $346,000,000, how much will the people be able to pay and how much will they be required to pay on this $25,000,000,000 or $30,000,000,000 debt we have? This is a question we must consider.

IDIOTIC MONEY SYSTEM

So the point is that it is not right for the Government to pay interest upon its own credit. It is an idiotic and imbecilic system that we have that this Government, in order to get $1,000,000, will issue a million dollars in tax-exempt, interest-bearing bonds.

These bonds are sold to a banking institution. The banking institution does not pay money for the bonds. The banking institution gives credit for the bonds on the books of the bank and then if it wants money it will bring the million dollars of bonds back to the Treasury where they were purchased and get $1,000,000 in new money that is printed over here at the Bureau of Engraving and Printing. They leave on deposit only 5 percent as a redemption fund, which is never needed and has never been used. This money is issued upon a Government debt. If the Government can issue, as Thomas Edison said, a dollar bond that is tax-exempt and interest-bearing that is good, that same Government can issue a dollar bill that bears no interest that is just as good.

PEOPLE STUDYING MONEY QUESTION

There is no answer to this argument. Nobody attempts to answer it. They will try to confuse you by saying that this money question is too complicated and too intricate for you to understand and do not try to understand it; but the people of this country are studying it today as they have never studied it before and I believe the time is coming, and not in the far distant future, when we will have some very interesting monetary reforms.

Mr. PARSONS. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. PARSONS. I wonder if the gentleman has compared the operations of the Federal Reserve System with the operations of the Bank of France or the operations of the Bank of England with reference to their policy of handling credit for the government and various banking institutions.

Mr. PATMAN. Take France. Three individuals, in some cases I understand two of proven solvency can take their obligations to the Bank of France and get money. If we had a similar situation over here, you would not have to go to the bank and have the bank go to the Federal Reserve System, but an individual or an industry could go directly to the Federal Reserve bank and get credit.

The time of Mr. PATMAN having expired, he was given 5 minutes more.

Mr. PARSONS. Will the gentleman yield further?

Mr. PATMAN. Yes.

Mr. PARSONS. If the French Government needs $100,000,000 or $200,000,000, it goes immediately to the Bank of France, and the Bank of France issues the currency on the credit of France. The Government takes the currency, uses it, for which it pays the bank one half of 1 percent.

Mr. PATMAN. If you will take the Federal Reserve Bulletin for March, page 86, you will find where the credit has been extended to our Government for as little as 1 cent for a hundred dollars per year. That was last August, when the Government borrowed money for 1 cent for the use of a hundred dollars for 1 year. That was the rate that was paid. It seems small, but do not overlook the fact we were buying our own credit.

FEDERAL RESERVE BANK OF NEW YORK VISITED

The other day a large group of Members of Congress had the privilege of going through the great Federal Reserve Bank of New York. On the tenth floor we were shown the directors' room. I asked the man who was showing us through, "Where is the Federal Reserve agent's room?" He carried us into an adjoining room and said, "Here is the Federal Reserve agent's room. This belongs to the Federal Reserve agent." I said, "Where is the room of the chairman of the board?" He carried me across the hall and said, "Here is the room of the chairman of the board." There was a desk there, and places for two or three assistants. I said, "Why should he have two offices?" There is only one man for both places?" The Federal Reserve agent is the chairman of the board. When he sits across the hall in the Federal Reserve agent's room he is supposed to look out for the protection of the people. When he crosses the hall he becomes chairman of the board of directors, and he is looking out for their interests, the protection of the member banks of the country.

WHAT THE GOOD BOOK SAYS

You know that we are told by the Good Book that no man can serve two masters. The Federal Reserve agent as chairman of the board is serving two masters; he has a dual relationship. He serves two masters, or is supposed to serve two masters.

The point is this: The Federal Reserve agent wants new money—Federal Reserve notes. He wires the Bureau of Engraving and Printing through the United States Treasury

and says, "Print the bank $10,000,000 of new currency." They print it, because he represents the Government. The law says that when this money is printed, which is a blanket mortgage, and is delivered from the Federal Reserve agent to the chairman of the board an interest rate shall be charged, but that interest rate has never been charged. They are using the credit of this Nation free. We would probably not have a deficit today if an interest rate had been charged. There is no reason why the Government should pay a billion dollars a year interest, or even a million dollars a year interest, for that matter, if we will do just what the Constitution of this country says we should do, and that is not to delegate this great authority out to private bankers and to a few individuals for their own profit, to use in any way they choose, but take that power and authority back to ourselves and regulate money as the Constitution says we should regulate it. And I hope that this Congress before it closes will take some long and substantial steps in the direction of bringing us back to the Constitution in that respect. [Applause.]

Mr. FOULKES. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. FOULKES. Mr. Speaker, after all this discussion of the past few days concerning the possibility of a fundamental social change in this country, the Nazi movement, the absurd assertions of Dr. William Wirt, and the habitually emotional and hysterical outbursts of the gentleman from New York [Mr. FISH], I feel that it is entirely in order to make some detailed observations on the whole matter.

As some of you are aware, I received a telegram from Dr. Wirt in which he quoted a statement of Secretary of Agriculture Wallace to the effect that we must "decide which way we want to go" with reference to the economic system. The quotation from Secretary Wallace was made by Dr. Wirt in connection with Dr. Wirt's effort to wriggle out of the debate to which he virtually challenged me in the first place, in which I was willing to participate, and from which he later seemed to shrink. That is not so important. I merely accepted the invitation of the Washington Open Forum to take part in such a debate after Dr. Wirt had issued what amounted to a challenge to me to discuss the whole matter with him. The fact that he later seems to have acquired a case of "cold feet" was, no doubt, fortunate for me. I am busy enough as it is, without engaging in a debate with a school teacher who, as I have pointed out, is really aiding Hitlerism in America, and who, it seems, is so innocent of the implications of his own conduct that he does not realize its consequences.

In quoting Secretary Wallace's statement, however, Dr. Wirt rendered a service, for the Secretary's statement that the American people must decide which way they want to go is entirely correct and very much to the point.

After having lived under a dictatorship of plutocracy that has slowly but steadily grown more cruel, merciless, and intolerable, it is highly proper that we take stock of ourselves and, as Secretary Wallace said, "decide which way we want to go." Millions of people in these United States have already reached the conclusion that we do not want to go further in the old direction. They have had enough of poverty, destitution, and suffering for the many; and luxury, ease, and indolence for the few. They know that we are at the crossroads, the dividing point, the turning of the ways, and that we must soon make the decision as to the future course we shall pursue. [Applause.]

The gentleman from New York [Mr. FISH] has expressed profound concern and wept copious crocodile tears because, in his opinion, the Democratic Party is being used to establish a gradual form of socialism in this country. Although he swears allegiance to the Republican Party and its most reactionary doctrines, he professes deep interest in maintaining the integrity of the Democracy and in keeping it safe from any taint of radicalism. It is too bad about Mr. FISH! I like him personally and I am sorry to see so much time, energy, and talent go to waste, but I suppose his habits are too firmly settled to expect him to reform at this late date.

It has not dawned upon him that the Democratic Party in its origin was a radical party and that the clearest thinkers and finest characters among the founding fathers of this Republic were radicals. It does not occur to him that a courageous radicalism today, instead of being reprehensible, is to be commended and is just what the Nation needs.

As a matter of fact, there is no socialism—much less any communism—in the Roosevelt administration. But if it should, in the course of time, happen that certain members of the official family come to realize that we are on the verge of a vast social change, that we must reorganize our economic structure even if such a reorganization should be considered communistic or socialistic, it would be a very creditable and intelligent attitude. It has frequently been remarked that "wise men change their minds, fools and dead men never." I certainly hope that there are a number of men in the administration who grasp the truth that old things are passing away in the industrial world and that the social structure must be changed from top to bottom. I should dislike to think that our public officials are all so obtuse, blind, and, in ordinary slang, "dumb" as not to realize this. [Applause.]

Instead of being alarmed because several department officials have a social vision and believe that human needs should be supplied even if it is necessary to scrap some of the outworn ideals and statutes of the past, the gentleman from New York should be gratified. So should the gentleman from Texas [Mr. EAGLE], who, in a recent meeting of the dairy bloc, intimated that he was afraid President Roosevelt wanted to sovietize the country. So should the arch defender of protectionism, Dr. CROWTHER, of Schenectady, N.Y. So should the gentleman from New York [Mr. WADSWORTH], the undoubted candidate of reaction for the Presidency in 1936. There has been little enough accomplished in the way of improvement, God knows. Suffering is rampant from coast to coast. The cries of the hungry, the homeless, and the jobless, rise to high heaven in a pitiful chorus of agony. The new deal, after all is said and done, has relieved human suffering in the United States very little. It is well that more attention is being paid to the needs of our people today than was given in the days when heartless Hooverism ruled the land, but the relief rendered has been so slight that any complaint from Mr. FISH and his aristocratic companions is a ghastly joke.

If the Democratic Party should have the wisdom, sagacity, and prophetic vision to espouse the cause of a social order based on cooperation and not on competition and exploitation, it would become the great emancipator of the American people from a slavery as galling and black as that which once held down the Negroes in bitter bondage. [Applause.]

Will the Democratic Party measure up to such an opportunity? Can it meet the occasion? Can it do less? In the light of events of the past few decades it is hard to hope for such a development. When one recalls the prostitution of the Democratic Party to the gold standard, and when one reflects on the vicious Prussianism that prevailed in the name of a pretended "war for democracy", when liberty was throttled from coast to coast and the finest of our citizenship was being jailed, lynched, and tarred and feathered for exposing the mercenary motives back of war, can we hope to see the Democratic Party today become a party of social justice and to free itself from capitalistic control? I am a Democrat, a member of a Democratic family, with a Democratic background, and with deep and strongly established admiration for the Democratic Party. [Applause.]

Yet, fellow Members of the House of Representatives, and fellow Democrats in particular, do we not know that Thomas Jefferson was an uncompromising, unrelenting radical whose fiery statements would, in this corrupt and later day, have caused the gentleman from New York [Mr. FISH], and the

prosperous and astute leader of the minority [Mr. SNELL] to want to lock him in a penitentiary for the rest of his natural life?

Experience—

Said Thomas Jefferson—

declares that man is the only animal which devours his own kind; for I can apply no milder term to the governments of Europe and to the general prey of the rich on the poor.

Now, as I understand it—and in spite of the spasms and tremors of the gentleman from New York and Mr. Ralph Easley, the tiresome gentleman of the National Civic Federation, and Gen. Amos A. Fries, who was so embarrassingly repulsed in a major battle some years ago when he tried to get a Socialist school teacher in Washington fired and failed, and all the others who are either hired tools of Wall Street or fidgety old ladies shivering for fear of "big, bad wolves" and "big red Communists"—as I understand it, intelligent radicals do not advocate armed revolution and never have, but they have a strong suspicion that, if they win elections and get control legally, the profiteers and grafters will precipitate violence by refusing to obey the laws, thereby causing bloodshed. That is, as I am advised, the entire basis of the claim that radicals advocate violence. They do not advocate it at all—none of them have ever done so, except where capitalists have planted stool pigeons and agents in their midst to provoke trouble. They expect trouble, to be sure. They do not intend to start the trouble. They took it for granted that the capitalists will do the starting. If so, they, the radicals, have made it clear that they intend to end the trouble.

For your information, Thomas Jefferson, who in some respects was more radical than the Communists of 1934, made this statement:

The tree of liberty must be refreshed from time to time with the blood of patriots and tyrants.

On one occasion he remarked that a little rebellion, now and then, was a good thing for any people. At another time he declared that no constitution ought to be in effect more than 20 years.

If Foster or Thomas had made such statements in our time, I have no doubt that the gentleman from New York, and others who believe in the inherent virtue of stagnation and dry rot, would have attempted to send them to Fort Leavenworth.

What sickening hypocrisy when the spokesman for reaction talks to us about preserving the integrity of the Democratic Party, utterly unconscious of the splendid assertion of Thomas Jefferson, who said:

And let us reflect that, having banished from our land that religious intolerance under which mankind so long bled and suffered, we have yet gained little if we countenance a political intolerance as despotic, as wicked and capable of as bitter and bloody persecution.

I commend to the thoughtful consideration of my friend Mr. FISH and the minority leader, Mr. SNELL, and the chief champion of the protective tariff, Dr. CROWTHER, this fine statement of the principle of tolerance from the pen of the immortal Jefferson.

And I call to their attention another and even more vigorour statement from this great Democrat—a statement which involves granting to every champion of social change the fullest and freest right to express his opinions even if they should mean the complete overthrow of the present social system and the present system of government. These are the words, and they are the words of Thomas Jefferson, not of William Z. Foster, nor of Norman Thomas, nor of Joseph Stalin, nor of Nicholas Lenin, nor of Karl Marx:

If there be any among us who wish to dissolve this Union or to change its republican form, let them stand undisturbed as monuments of the safety with which error of opinion may be tolerated where reason is left free to combat it.

Such a magnificent expression of the spirit of free speech, freedom of opinion, and freedom of conscience is as contrary to the viciousness of mind that characterizes our red baiters as gorgeous sunlight is contrary to blackest midnight.

So much for freedom of belief, which is guaranteed by the American Constitution and a part of our fundamental law.

Now, for another important point. There is plenty of prevalent nonsense about alien radicalism. Let me disabuse the minds of some good people of the delusion that radicalism is alien. When I use the word "radical" I use it in the correct sense as meaning someone who believes in a change at the base of things, a root change. Those convinced that there must be a root change in the social structure in the United States are by no means altogether aliens—only a minority of them are in this category. Radicalism is as native to American soil as conservatism—more so.

Read the writings of Thomas Jefferson, from whom I have quoted. Read Franklin, Paine, Madison, Henry, and others of the time—many of whom had absorbed the iconoclasm of the Jacobins of the French Revolution. Any public library contains plenty of proof that collectivism was advocated in the United States by able Americans long before Karl Marx and Frederic Engels wrote the Communist Manifesto. The ideal of the social ownership of the means of production and distribution is not confined to thinkers of any one land. Economists, philosophers, and statesmen of all countries have conceived of it. Why not? Did you expect science, truth, and common sense to be limited to one region, one national tract of land, one chunk of soil?

Many men in many lands have reached common conclusions about the multiplication table, the law of gravitation, and the roundness of the earth. Why should they not reach common conclusions about the inefficiency and the injustice of the present social system and the necessity for establishing another? Who cares where an idea originates if it is rational and logical? Who cares whether the Arabs or the Scandinavians or the Fiji Islanders invented the multiplication table? Who cares whether Jews or Gentiles, Protestants or Catholics, or nonchurch members discovered the law of gravitation?

No; radicalism is not alien. It is as much American as it is German or French or Russian or British. And it does not matter what it is, so far as inception is concerned. All that matters is whether it is reasonable, just, and scientific.

The Declaration of Independence was radical and constituted a deliberate defiance of established authority. Obviously, the same was true of the Revolutionary War. Radicalism was the very soul of the Jeffersonianism of 1800 and the years that followed. Andrew Jackson was a radical, and when he was made President of the United States he came into power as the candidate of a Democratic Party backed by primitive labor unions and the angry agrarian elements of the South and West who were desirous of breaking the power of the mercantile and banking interests of the East and North. In a sense, Jackson may be termed the first Farmer-Labor President of the United States. The abolition movement was a radical movement—an assault on the so-called "rights" of private property, a warfare against the legitimate business of owning human beings and peddling them on the auction block. The abolition of slavery, while a step in the right direction, has less value than was expected, since it merely wiped out direct slavery and did not affect the indirect slavery that is inseparable from the capitalist system—the slavery of the man who must work for a capitalist at the capitalist's own terms or starve to death. But the abolition of chattel slavery was unquestionably radical; and I am trying to emphasize that every forward step in human history has been radical in the sense that it meant an important divergence from previous policies.

Let us come to another important point. It is the point that there are many capable and conscientious American Communists and Socialists. The screams and outbursts against alien radicals are without foundation. Truth is international, and it is not required that facts must be

discovered in one's own country in order to gain recognition, but it will probably soothe and relieve certain reactionaries and "Nervous Nellies" if they realize that an American discovered the truth as soon as a native of a foreign land.

These hysterical complainants against the increasing popularity of the idea that government ownership and operation of industries may be a sensible innovation either do not know or pretend that they do not know how natively American is this doctrine of government ownership. If they will consult their American histories, they will find that Horace Greeley, Ralph Waldo Emerson, Albert Brisbane (father of Arthur Brisbane), Nathaniel Hawthorne, James Russell Lowell, and many other brilliant thinkers were interested in Brook Farm, one of the outstanding experiments in American communism, in which the social ownership and management of a community was attempted. I might add that Marx, author of the Communist Manifesto, was foreign correspondent for Horace Greeley's paper, the New York Tribune.

It seems to me a tremendous waste of time and effort to seek to establish the American origin of a fact, a philosophy, or a movement. How much more intelligent to recognize truth wherever it comes from and to realize that merit is what counts, not the color of one's skin or the national label one has attached to him? Yet, since some people are so bothered about the matter of nationality, let us make it clear, once and for all, that the proposal to have the Government own and operate the industries is as natively American as the idea of letting corporations own and operate them. With this point disposed of, perhaps we can consider the question itself. Evidently we cannot do so otherwise. Apparently the gentleman from New York [Mr. FISH] and the rest of the worried defenders of the sacredness of privately owned fortunes, will not permit consideration of any suggestions coming from anybody whose ancestors did not arrive via the *Mayflower*.

Mind you, I am not at this time going into the subject of government ownership. That is sufficiently broad to justify a separate speech. All I wish to do just now is to make it clear to several badly misinformed legislators that communism and socialism are exactly as American as republicanism, democracy, and other political philosophies. Collectivism has had as valiant defenders among native American stock as it ever had among men and women born in other lands. The leaders of the Communist movement in this country—and of the Socialists—are Yankees, with the usual background of American wage workers. Naturally, communism and socialism have their followers in all countries, just as have Christianity, Judaism, and temperance. Why not? What of it?

No more unjust form of prejudice exists than that directed against people because of their complexion, their accent, and their birthplaces.

The Christian religion is international and has followers in all lands. Has anybody suggested prosecuting the followers of Jesus of Nazareth because he was not born on American soil? No doubt Hitler would have recommended his crucifixion because he was a Jew. [Applause.]

Does anybody in his right mind advocate discrimination against musicians whose parentage was not on "the sidewalks of New York" or my own congressional district in Michigan or in the shadow of the General Electric Co. in Schenectady?

Are scientific inventions rejected because the inventor happened to be born in Belgium, Mesopotamia, Turkey, or Madagascar?

Now, if you can eliminate from your mind the objection against new ideas that may not have originated within the bounds of our own realm and proceed to consider these ideas on their merits, you will make a noticeable bit of progress.

This brings us to the question raised by Secretary Wallace in, "America must choose."

In considering it, I hope that we shall not allow extraneous matters to be dragged in.

I have attempted to point out to you that collectivism must be considered per se, free from the prejudice and passion associated with race, creed, color, and nationality. Whatever Dr. Wirt does to focus attention on this matter, is highly commendable. I am glad he has stirred up this discussion of economic problems—of the question whether we can continue along existing lines or must adopt a new program. Such a discussion is bound to prove informing and is to be welcomed. I give Dr. Wirt full credit for starting it. But he is on the wrong side of the fence and he will be disappointed in his hope that the people of the country will be shocked and angry because of progressive tendencies in the administration. What the people want is, not less radicalism, but more. They are not frightened at the prospect of Government interference with business. On the contrary, they are exasperated because the Government did not interfere long before this with the shameful robbery that has impoverished our citizens.

In a country whose Government was established through a revolution, suggestions of change ought not to excite fears. No people should be less reluctant to consider new procedure than the American people. In no spot on the earth should hard-boiled reaction and stubborn attachment to ancient ideas be less liked. The very spirit of America is that of progress, of change, of advancement, "Sail on"—the thought of pioneering into new realms, into uncharted seas, is the very essence of Americanism. [Applause.]

So much is said about things that are "American" and "un-American." Nothing is more un-American than adherence to obsolete opinions and a system that has served its purpose. Instead of shunning innovations and evading the duty of considering reforms, let us look them frankly in the face and give them impartial consideration.

> You cannot salt the eagle's tail,
> Nor limit thought's dominion;
> You cannot put ideas in jail—
> You can't deport opinion.
>
> For though by thumbscrew and by rack,
> By exile and by prison,
> Truth has been crushed and palled in black,
> Yet truth has always risen.

Our beloved Mark Twain in his Connecticut Yankee gave a definition of loyalty that is as far from the Wall Street definition as night from day, and that ought to be an inspiration to all of us:

> You see, my kind of loyalty was loyalty to one's country, not to institutions or its officeholders. The country is the real thing; it is the thing to watch over and care for and be loyal to; institutions are extraneous, they are its mere clothing, and clothing can wear out, become ragged, cease to be comfortable, cease to protect the body from winter, disease, and death. To be loyal to rags, to shout for rags, to worship rags, to die for rags—that is a loyalty of unreason; it is pure animal; it belongs to monarchy; was invented by monarchy; let monarchy keep it. I was from Connecticut, whose constitution declared "That all political power is inherent in the people, and all free governments are founded on their authority and instituted for their benefit, and that they have at all times an undeniable and indefensible right to alter their form of government in such a manner as they think expedient." Under that gospel, the citizen who thinks that the Commonwealth's political clothes are worn out and yet holds his peace and does not agitate for a new suit, is disloyal; he is a traitor. That he may be the only one who thinks he sees this decay does not excuse him; it is his duty to agitate, anyway, and it is the duty of others to vote him down if they do not see the matter as he does.

And if you are not willing to accept the advice and viewpoint of Mark Twain, perhaps you will agree with that of Abraham Lincoln, whose ringing words should have the reverent respect of every lover of liberty throughout all the ages:

> This country, with its institutions, belongs to the people who inhabit it. When they shall grow weary of the existing government, they can exercise their constitutional right of amending it or their revolutionary right to dismember or overthrow it!

[Applause.]

DISCONTINUE ADMINISTRATIVE FURLOUGHS IN THE POSTAL SERVICE

Mr. BEITER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. BEITER. Mr. Speaker—

The postal employee is an anarchist whose sole aim is the crushing of the objects of the National Economy League.

Such is the accusation hurled against the postal employees by special corporate interests which grow fat on the heart's blood of the underpaid. Each side makes its complaints, but the plaints of the postal employees are the saddest of all.

With a long series of developments, culminating in service conditions so serious as to now hamper the efficiency of the Post Office Department, through the infliction of salary cuts, compulsory furloughs, the suspension of promotions, and the filling of vacancies, the wage income of postal workers has been sharply reduced. That life for most of the postal substitutes is a hand-to-mouth existence is acknowledged by the Post Office Department through its official order under date of March 30, 1934, over the signature of the Postmaster General. The order reads as follows:

In any cases where substitute employees are in need of this relief (referring to C.W.A.) and the local agencies refuse to grant proper consideration, the matter should first be taken up personally with the officer in charge of the local agency, and if the employee's efforts are without avail a report thereof should be submitted to the Department.

Charity in any form has always seemed an abhorrent thing, and it must be so especially to the postal substitutes.

The nature of the furlough order throwing 26,000 postal substitutes out of employment and curtailing the income of all others in the Postal Service on the very day when President Roosevelt called upon private employers to employ more at higher wages and shorter hours and "do it now" is increased to the point of irony by this frank admission that the situation of those most severely affected by the order is sufficiently desperate to be the subject of specific orders of the Department. How much better, more logical, and humane, then, to completely revocate orders issued March 2 by the Postmaster General.

Certainly, to my mind, the response given by the postal employees to the announced policy of placing the Post Office Department on a self-sustaining basis has been most gratifying and has been consistently observed. A further application of additional economies during the next 4 months, through the 4-day furlough of all postal officials and employees in the field service and the elimination of substitute employment, as well as the reduction of city deliveries to one a day and other far-reaching service changes would be imposing added pay cuts upon the postal workers.

Mr. Speaker, no one can quarrel with Government economies that reduce waste and curtail needless services. However, the post-office economies lower the employees' living standards, inconvenience the public, and add to the public relief burden. It is interesting to note that the administration itself finds it necessary to deal more realistically with hours and wages of certain groups of its own employees, while General Johnson appeals to employers to shorten working hours, increase wages, and hire more workers—exactly the opposite direction.

But what should be done to remedy existing evils? Some advocate the Golden Rule as a remedy capable of producing an effect. No doubt its application would be of immense benefit. But since the suggestions as to the adoption of the Golden Rule come mostly from the administration, we have good reasons to assume that the postal employee would be the fellow who would be expected to follow it, especially when it comes to dealing with Postmaster General's orders. The latter would scarcely consider himself bound by its precepts. At any rate, as long as such orders are issued as 1-day payless furlough every month and the elimination of substitute employment and other far-reaching service changes, we cannot believe the Post Office Department would be inclined to follow the dictates of the Golden Rule.

Someone once said, "There will be no industrial peace until every industrial worker receives an adequate share of the profits of his labor. It is unjust that the lion's share should be swallowed up by capital, while labor, the equal producer, should content itself with the leavings."

Mr. Speaker, the postal employee must eat, pay house rent, feed and clothe and rear his children just as an industrial worker must do. He must be guaranteed hours of toil that will not impair his health and undermine his strength. He must be given the opportunity to reap the benefits of the new deal just as the industrial worker has been given that opportunity through the National Recovery Administration. Industries and business houses of all classes report conditions are improving because public confidence is improving. The following Good Business News Notes were taken from a recent local publication:

One corporation increases, 2 vote extras, 1 pays initial and 1 accumulated dividends in day. Hard-coal output the past 2 months best for any like period in 8 years. January exports of automobiles highest of any month since August 1931. Atlantic Pacific sales rise 5.2 percent in latest 4-week period. United States Rubber Co. cuts 1933 loss to $606,337, from $10,358,374 in 1932. Class 1 railroads report $30,931,205 net operating earnings in January, comparing with $13,585,010 in like 1932 month. Dun & Bradstreet, Inc., reports long awaited upswing started in heavy industries, with wholesale and retail merchandising lines booming.

Why not elaborate on these flashes of good news by adding: "Post Office Department rescinds order dated March 2, 1934, with reference to payless furlough order"? Why should the regular employees—men and women who have given their life to public service at salaries small enough at any time—be subject to further reductions through the recent "furlough order"?

It inflicts harsh and unwarranted burdens on postal employees, and revocation should be made at once.

AIRCRAFT PROCUREMENT AND INCOME TAXES

Mr. McFARLANE. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes and to revise and extend my remarks by the insertion of certain statistical matter.

The SPEAKER. Is there objection?

There was no objection.

Mr. McFARLANE. Mr. Speaker, I rise to address the House at this time in regard to aircraft procurement, also particularly as it deals with the income-tax phases of the different aircraft companies selling equipment to our Government.

On March 29 I introduced a bill (H.R. 8891) that amends our income-tax laws in certain particulars, as follows:

Be it enacted, etc., That section 13 (a) of the Revenue Act of 1932 is amended to read as follows:

"(a) Rate of tax: There shall be levied, collected, and paid for each taxable year upon the net income of every corporation a tax of 13¾ percent of the amount of the net income: *Provided*, That the tax levied, collected, and paid in the case of a corporation which derives, within the taxable year, income from a Government contract or contracts shall be the sum of (1) 13¾ percent of the net income attributable to such Government contract or contracts, and (2) 13¾ percent of the net income from other sources.

"For the purposes of this section the net income attributable to such Government contract or contracts shall be the gross amount of the income received within the taxable year from such Government contract or contracts less the deductions allowed by section 23 and properly allocable to such Government contract or contracts. The allocation of the deductions with respect to gross income derived from such Government contract or contracts and from other sources, respectively, shall be determined under rules and regulations prescribed by the Commissioner with the approval of the Secretary."

SEC. 2. Section 141 (d) of the Revenue Act of 1932 is amended to read as follows:

"(d) Definition of 'affiliated group': As used in this section an 'affiliated group' means one or more chains of corporations connected through stock ownership with a common parent corporation if—

"(1) At least 90 percent of the stock of each of the corporations (except the common parent corporation) is owned directly by one or more of the other corporations; and

"(2) The common parent corporation owns directly at least 90 percent of the stock of at least one of the other corporations.

"The term 'affiliated group' does not include a corporation which derived, within the taxable year, income from a Government contract or contracts. As used in this subsection the term 'stock' does not include nonvoting stock which is limited and preferred as to dividends."

SEC. 3. Section 1111 (a) of the Revenue Act of 1932 is amended by adding a new paragraph to read as follows:

"(15) The term 'Government contract' means (a) a contract made with the United States, or with any department, bureau, officer, commission, board, or agency, under the United States and acting in its behalf, or with any agency controlled by any of the above if the contract is for the benefit of the United States; or (b) a subcontract made with a contractor performing such a contract if the products or services to be furnished under the subcontract are for the benefit of the United States."

SEC. 4. The provisions of this act shall apply only to taxable years beginning after December 31, 1933.

This bill was introduced as a result of the study that I have made of the income-tax returns of the different companies selling the Navy aircraft equipment. I have in my office at this time a complete take-off of those income-tax figures relating to each company from 1929 to 1932, inclusive. I have in my hand a summary of the information contained in those returns, and it is about that information that I desire to speak to you at this time. There are four large holding companies controlling very largely the air industry today in this country, in all its different ramifications—transportation, manufacture, mail, local, and abroad. It may be of interest to you to know some of the salaries that have been paid by the Air Trust to some of their officers as shown by the income-tax returns filed by them insofar as the information is available at this time, as follows:

EXHIBIT A

	1928	1929	1930	1931	1932
NORTH AMERICAN AVIATION, INC.					
Directors' fees	$2,000	$7,150.00	(1)	(1)	(1)
Vice president		1,458.31	$1,666.64		$15,999.96
Secretary-treasurer		14,416.64	4,999.92	$4,999.92	3,666.64
Assistant secretary-treasurer		3,391.66	2,038.32	6,312.50	4,962.50
Chairman		(1)	(1)	(1)	46,666.65
President		(1)	(1)	(1)	2,333.32
Sperry Gyro Scope Co., Inc.:					
President			20,000.00	9,999.96	14,300.00
Vice president			17,000.00	22,711.55	7,600.00
Treasurer			3,000.00	3,000.00	2,250.00
Secretary			9,000.00	9,000.00	8,580.00
Assistant treasurer			6,000.00	11,700.00	9,084.00
Assistant treasurer and auditor			(1)	(1)	5,595.00
Treasurer and assistant secretary			(1)	(1)	1,500.00
Chairman			(1)	(1)	4,500.00
Eastern Air Transport:					
President			10,000.00	15,000.00	13,000.00
Vice president			10,999.98	15,000.00	13,000.00
Assistant secretary and treasurer			4,660.02	5,500.02	5,600.00
Vice chairman of board			(1)	(1)	1,333.33
Ford Instrument Co.:					
Secretary treasurer			3,000.00	9,000.00	6,500.00
President			94,241.39	75,516.92	37,500.00
Assistant secretary-treasurer			16,898.52	5,200.00	4,435.64
Vice presidents			(1)	21,800.00	16,500.00
B/J Aircraft Co.:					
Vice president			5,555.58	10,187.50	9,546.88
Assistant secretary			(1)	716.62	2,624.98
Secretary-treasurer			(1)	(1)	2,170.46
Assistant secretary-treasurer			(1)	(1)	2,362.50
President			(1)	(1)	9,062.46
Condor Corporation:					
Treasurer					2,666.56
Assistant treasurer					1,600.00
BENDIX AVIATION CORPORATION					
President			50,000.00	50,000.00	45,520.84
Vice president			15,000.00	3,750.00	16,875.00
Treasurer			19,800.00	16,750.00	(1)
Secretary			6,000.00	6,000.00	5,757.50
Assistant treasurer			(1)	4,400.00	4,568.44
Bendix Brake Co.:					
All		17,034.08			
Vice president			21,999.96	25,749.99	4,500.00
Delco Aviation Corporation:					
All		4,227.00			
President			7,500.00	7,500.00	937.50
Assistant secretary			(1)	(1)	786.54
American Propeller Co.:					
All		4,000.00			
Vice president			8,000.00	(1)	(1)
Pioneer Instrument Co.:					
All		19,450.00			
President			24,000.00	24,000.00	(1)

[1] Salary not shown on income-tax return.

EXHIBIT A—Continued

	1928	1929	1930	1931	1932
BENDIX AVIATION CORPORATION—continued					
Pioneer Instrument Co.—Con.					
Vice president			$6,800.00	$8,675.00	$8,958.24
Treasurer			4,900.00	5,099.64	(1)
Secretary			4,272.50	1,976.00	(1)
Secretary-assistant treasurer			(1)	175.00	(1)
Assistant treasurer-secretary			(1)	(1)	5,758.70
Chairmen			(1)	(1)	7,000.00
Scintilla Magneto Co.:					
All		$21,375.23			
Vice president			21,500.00	21,166.64	18,833.28
Secretary-treasurer			6,600.00	6,600.00	5,912.50
Eclipse Machine Co.:					
All		47,399.94			
President			36,999.96	36,999.96	31,604.16
Vice president			31,999.92	31,999.92	27,333.33
Secretary-treasurer			17,916.66	9,999.96	9,999.96
Bendix Cowdrey Brake Tester, Inc.: Vice president			8,617.50	8,220.00	1,270.00
Bendix Stromberg Carburetor Co.:					
President			34,999.92	8,749.98	(1)
Vice president			25,250.00	28,500.00	5,000.00
Secretary			2,187.50	(1)	(1)
Assistant secretary			4,400.00	4,800.00	800.00
Bragg Kliesrath Corporation:					
Vice president			14,454.00	15,600.00	2,600.00
Assistant treasurer			4,820.00	4,680.00	740.00
Chas. Cory Corporation:					
Vice president			4,800.00	(1)	(1)
Treasurer			2,520.00	(1)	(1)
Assistant treasurer			(1)	3,600.00	3,225.00
Aircraft Control Corporation:					
President			4,999.98	9,615.50	833.34
Vice president			4,999.98	9,615.50	(1)
Eclipse Aviation Corporation:					
President			25,000.00	25,000.00	24,635.50
Vice president			15,000.00	15,000.00	14,812.50
Treasurer			6,883.34	6,937.50	7,421.88
Hydrolic Brake Co.:					
President			11,550.00	15,000.00	13,125.00
Vice president			2,465.00	15,000.00	13,125.00
Assistant treasurer			(1)	4,480.00	3,665.00
Julian P. Frieze & Sons, Inc.:					
President			5,000.00	9,589.99	1,812.48
Vice president			5,000.00	10,000.00	9,046.53
Assistant secretary			(1)	(1)	1,436.50
Brandis & Sons, Inc.: President				817.29	
Bendix Service Corporation:					
Secretary				3,192.00	
Assistant treasurer				3,375.00	
Bendix Products Corporation:					
Vice president					32,206.25
Molded Insulation Co.: President					1,817.36
UNITED AIRCRAFT & TRANSPORT CORPORATION					
Chairman		37,500.07	(1)	(1)	(1)
President		35,000.07	216,122.27	98,750.10	80,416.78
Secretary-treasurer		4,375.03	5,000.04	4,937.70	4,750.32
Comptroller		8,200.03	16,500.03	27,250.20	23,583.39
Vice president		14,000.00	9,166.68		
Assistant comptroller		(1)	(1)	7,887.34	8,008.38
United Aircraft & Transport of Connecticut:					
Vice president			14,000.02	24,725.10	49,466.87
President			(1)	146,025.49	47,500.32
Pratt-Whitney Aircraft Co.:					
President		380,668.04	30,000.04	79,080.90	35,333.40
Secretary-treasurer		78,582.74	34,600.00	39,435.36	23,000.00
Vice president		191,081.43	112,230.96	13,500.00	(1)
Assistant secretary-treasurer		7,020.00			
Chairman		(1)	(1)	(1)	50,000.13
Boeing Airplane Co.:					
Chairman		27,000.00	26,000.00	(1)	(1)
President		12,500.00	27,538.42	39,200.44	28,000.00
Vice president		20,000.00	23,657.24	30,263.09	20,000.00
Treasurer		5,000.00	7,785.52	4,695.55	6,000.00
Chief engineer		7,000.00	(1)	(1)	(1)
Assistant to president		7,500.00	(1)	(1)	(1)
Secretary		(1)	900.00	3,750.00	2,100.00
Chance Vaught Corporation:					
President		52,981.12	(1)	12,500.00	33,500.00
Vice president		22,331.45	38,100.00	20,066.72	10,200.00
Secretary		3,500.07	2,000.04	(1)	2,800.00
Assistant secretary		(1)	(1)	4,566.70	(1)
Assistant treasurer		(1)	(1)	5,400.00	5,400.00
Chairman		(1)	(1)	(1)	14,583.38
Sikorsky Aviation Corporation:					
President		6,602.40	16,416.61	14,975.00	9,000.00
Vice president		12,153.65	48,550.00	13,500.00	9,000.00
Secretary-treasurer		(1)	11,500.00	(1)	(1)
Assistant secretary		(1)	(1)	6,390.00	5,400.00
Northrot Aircraft Corporation, Ltd.:					
President		2,234.90	5,100.00	8,000.00	
Vice president		2,234.90	5,100.00	8,000.00	

[1] Salary not shown on income-tax return.

EXHIBIT A—Continued

	1928	1929	1930	1931	1932
UNITED AIR CORPS & TRANSPORT CORPORATION—con.					
Starman Aircraft Co.:					
President		$1,500.00	$6,000.00	$6,000.00	$1,500.00
Vice president		1,500.00	6,000.00	11,499.98	4,200.00
Treasurer		900.00	6,000.00	(1)	4,650.00
Secretary		(1)	5,000.00	(1)	(1)
Hamilton Standard Propeller Corporation:					
President		3,856.00	16,559.27	13,353.75	10,000.00
Vice president		186.00	9,528.56	15,299.96	3,500.00
Chairman		6,500.01	9,999.96	11,853.76	(1)
Secretary		(1)	6,669.94	4,499.94	3,958.30
Treasurer		(1)	4,945.25	4,499.94	2,083.30
Hamilton Manufacturing Co.:					
President		17,470.84			
Secretary		180.00			
Boeing Air Transport Inc.:					
President		12,500.00	12,000.00	19,875.00	19,496.98
Vice president		10,000.00	11,000.00	18,500.00	26,000.04
Secretary		695.19	900.00	3,317.50	225.00
Treasurer		2,500.00	3,000.00	4,624.98	5,625.00
Chairman		27,000.00	2,600.00	(1)	(1)
Assistant treasurer		(1)	(1)	2,962.50	5,171.86
Assistant Secretary		(1)	(1)	(1)	2,250.00
Stout Air Service, Inc.:					
Vice president		5,100.00	6,800.00		
Secretary		250.00	2,675.00		
United Aircraft Exports, Inc.:					
President		14,836.66	34,873.46	25,687.60	21,114.67
Vice president		(1)	(1)	7,400.09	5,700.06
Treasurer		(1)	2,000.04	(1)	(1)
Assistant comptroller		(1)	(1)	2,000.16	1,100.08
Assistant to president		(1)	(1)	(1)	3,229.96
National Air Transport:					
President			16,666.70	7,875.00	19,496.98
Vice president			11,250.00	37,900.00	25,499.99
Secretary-treasurer			(1)	2,625.00	5,950.00
Assistant secretary			(1)	787.50	2,250.00
Assistant treasurer			(1)	7,400.00	5,171.87
Varney Airlines Inc.:					
President			12,500.00	2,625.00	6,498.99
Vice president			4,150.00	35,900.00	13,400.00
Secretary-treasurer			(1)	875.00	1,950.00
Assistant secretary			(1)	262.50	750.00
Assistant treasurer			(1)	850.00	1,723.96
Chairman			(1)	(1)	24,999.95
United Airports of California, Ltd.:					
President			9,999.97	4,999.98	(1)
Vice president			(1)	3,350.00	4,200.00
Secretary			(1)	(1)	2,700.00
United Airports of Connecticut, Inc.: All			4,750.06		
Pacific Air Transport:					
President				8,625.00	6,498.99
Vice president				10,000.00	12,500.00
Secretary-treasurer				3,624.98	1,950.00
Assistant secretary				1,102.50	750.00
Assistant treasurer				3,962.44	1,733.96
Hamilton Standard Propeller Co.:					
Chairman				3,750.00	
President				3,000.00	
Vice president				2,100.00	
Secretary				1,249.98	
Treasurer				1,249.98	
CURTISS-WRIGHT CORPORATION					
Chairman			89,940.00	(1)	(1)
President			10,050.00	(1)	(1)
Vice president and executive secretary			25,613.33	(1)	(1)
Vice president			45,553.35	(1)	(1)
Secretary			7,000.00	(1)	(1)
Treasurer			11,300.00	(1)	(1)
Assistant treasurer			7,349.00	(1)	(1)
Curtiss Airplane & Motor Co., Inc.:					
Vice president			14,750.00	(1)	(1)
Vice president and chief engineer			14,750.00	(1)	(1)
Vice president and treasurer			11,800.00	(1)	(1)
Assistant secretary and treasurer			7,375.00	(1)	(1)
Vice president and secretary			3,750.00	(1)	(1)
Wright Aeronautical Corporation:					
President			18,339.20	(1)	(1)
Vice president			10,416.00	(1)	(1)
Treasurer			8,800.00	(1)	(1)
Assistant treasurer			4,048.00	(1)	(1)
Assistant secretary			1,518.00	(1)	(1)
Keystone Aircraft Corporation:					
President			15,000.00	(1)	(1)
Vice president			15,833.36	(1)	(1)
Treasurer			9,000.00	(1)	(1)
Curtiss-Wright Airplane Co. of Delaware:					
President			2,416.64	(1)	(1)
Vice president			3,425.00	(1)	(1)
Assistant treasurer			5,666.70	(1)	(1)
Factory manager			3,850.00	(1)	(1)

[1] Salary not shown on income-tax return.

EXHIBIT A—Continued

	1928	1929	1930	1931	1932
CURTISS-WRIGHT CORPORATION—con.					
Curtiss-Wright Airplane Co., Missouri:					
President			$7,416.56	(1)	(1)
Vice president			3,425.00	(1)	(1)
Treasurer			6,874.98	(1)	(1)
Moth Aircraft Corporation:					
President			1,000.00	(1)	(1)
Vice president			625.00	(1)	(1)
Curtiss-Wright Airports Corporation:					
Vice president			6,583.28	(1)	(1)
Treasurer			875.00	(1)	(1)
Assistant treasurer			875.00	(1)	(1)
New York Air Terminals, Inc.: Assistant treasurer and manager			3,000.00	(1)	(1)
New York & Suburban Air Lines, Inc.: Vice president			3,333.32	(1)	(1)

[1] Salary not shown on income-tax return.

	Tax assessed consolidated returns	Approximate tax separate returns	Difference	Loss to United States due to consolidated returns
Bendix Aviation Corporation:				
1929	$388,298.43	$429,949.83	$41,645.40	
1930	103,264.18	339,183.00	235,918.82	
1931	None	281,433.30	281,433.30	
1932	None	66,865.97	66,865.97	
Total				$625,863.49
Curtiss-Wright Corporation:				
1930	None	51,815.90	51,815.90	
1931	None	None		
1932	None	49,893.41	49,893.41	
Total				101,709.31
North American Aviation Inc.:				
None consolidated:				
1928	798.90	798.90		
1929	148,074.20	148,074.20		
Consolidated:				
1930	115,119.54	184,949.86	69,830.32	
1931	None	68,330.37	68,330.37	
1932	None	12,820.06	12,820.06	
Total				150,980.75
United Aircraft & Transport Corporation:				
1929	1,027,501.56	1,069,436.39	41,943.83	
1930	378,866.32	678,326.71	299,460.39	
1931	262,282.32	608,212.54	345,930.22	
1932	315,105.84	482,730.69	167,624.85	
Total				854,959.29
Aviation Corporation:				
1929	None	142,645.36	142,645.36	
1930	None	99,144.96	99,144.96	
1931	None	71,664.12	71,664.12	
Total				313,454.44
Total loss of revenue to Government due to companies having Government contracts filing consolidated income-tax returns (the 1918 law required separate return and payment of tax on all Government contracts)				2,046,967.28

Total compensation to officers as shown by the income-tax returns

Bendix Aviation Corporation:	
1929	$115,486.25
1930	466,176.30
1931	543,414.87
1932	322,496.85
North American Aviation, Inc.:	
1928	2,000.00
1929	26,416.61
1930	214,760.35
1931	215,444.99
1932	254,940.83
Curtiss-Wright Corporation:	
1930	289,576.72
1931	(1)
1932	(1)

[1] Not shown.

Total compensation to officers as shown by the income-tax returns—Continued

United Aircraft & Transport Corporation:	
1929	1,042,441.41
1930	879,536.07
1931	906,489.71
1932	725,662.91

It may be especially of interest to some of the new Members to go into this matter just a little bit, to understand how this aircraft racket has worked in this country. The same crowd, very largely, that is in the saddle in the air industry today were in control of this industry during the war, and a study of the set-up of the personnel will convince you that that is true. Col. E. A. Deeds and H. E. Talbott, George B. Smith, Charles F. Kettering, and the others were connected directly or indirectly in the sale of aircraft equipment to the Government during the war, and they sold quite a lot of equipment and experience to the Government for which they and their friends collected more than a billion and a half of dollars, and according to the investigations and the records that have been made by Chief Justice Hughes, who at that time made a personal investigation at the request of the President, there were something like 100 observation planes being used on the front in France at the signing of the Armistice. There were something like 215 or 220 more such planes at the front subject to being used. That is what the United States realized out of an investment of more than a billion and a half dollars.

Studying the air industry from that time down to date, we learn quite a lot of interesting things about the maneuvers and the activities of this group. They have not been interested in developing aircraft equipment and warplane engines to improve the efficiency of our national defense. They have been interested only in one thing, and that is selling the Government equipment for the best price obtainable, and they have gone into this matter with that primarily in view. We find these holding corporations paying their officers large salaries as shown by the above tables.

You will notice that in 1929 the Pratt Whitney Aircraft Co. paid its president, Mr. Fred Rentsler, $380,668.04 and the same year he received $35,000.07 as president of the United Aircraft & Transportation Corporation and quite a few of the officers of the subsidiaries of this and other holding corporations were drawing similar salaries from the subsidiaries and the holding corporations through such manipulations.

AIRPLANE-ENGINE MANUFACTURERS

We find that in 1926 there was but one large airplane-engine manufacturing concern in this country, Wright Aeronautical Co., and during 1926 we find Colonel Deeds, Rentsler, and others organizing the Pratt Whitney Aircraft Corporation to manufacture airplane engines. Testimony before our committee showed the stock of this concern on organization had no value; however, shortly thereafter, when they had secured enormous Government contracts, their stock was placed on the board at $97 per share, and within a short period of time increased to $336 per share. This company and the Wright Aeronautical Corporation comprise the two principal airplane-engine manufacturing concerns in the United States, and, according to the testimony before our committee, there is very little competition between them in the different categories in the sale of their equipment to the Navy Department.

We find them making enormous profits. We find that when the different investigation committees were checking them a little too closely they then organized holding corporations.

The SPEAKER. The time of the gentleman from Texas [Mr. McFARLANE] has expired.

Mr. McFARLANE. I ask unanimous consent, Mr. Speaker, to proceed for 5 additional minutes.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. McFARLANE. Under the law which they and others succeeded in having passed permitting them to file consolidated returns, they have defrauded our Government out of millions of dollars.

Mr. GOSS. Will the gentleman yield?

Mr. McFARLANE. I yield.

Mr. GOSS. Will the gentleman be good enough, having made these accusations, to tell us where they have defrauded the Government?

Mr. McFARLANE. I am going to put these charts in the RECORD.

Mr. GOSS. Will the gentleman tell us now? I am interested. As the gentleman knows, I am a member of a committee which is studying that question now.

Mr. McFARLANE. Very well. I will give the gentleman the information right now.

Mr. GOSS. I say that, because the Government is supposed to audit these concerns.

Mr. McFARLANE. That is true. The hearings before the Naval Affairs Committee show that they wrote letters to these different concerns, telling them they were going to come up there and check their books, and they came up there and they looked over their books, made their examination. They did not call it an audit. They called it an examination of their books. Then they returned to Washington. That is the only audit that we have. We do not have men located in their plants particularly checking the overhead, as to what officials are working on Government contracts and what are working on commercial contracts. We have no one checking the accuracy of their accounts. And according to their own books and figures they are making enormous profits.

Mr. GOSS. Now, I have been over some of the audits personally. I am not particularly taking the floor to defend those, because we are in the midst of our investigation, but I want to say that they have separated out the overheads on what has been spent on Army and Navy contracts versus commercial contracts.

Mr. McFARLANE. Answering the gentleman, I will say that I will furnish the gentleman with a copy of the hearings before the Committee on Naval Affairs. As to the break-down for Army, Navy, and commercial, yes; those three are separated, but the point I am making is that there was not any Government official present at any of their plants making that separation and checking the personnel to see that the division of labor, as to the kind and character of work being performed, the wages paid, and so forth, was fair to the Government, and we simply took their ipse dixit as to what the separation was.

Mr. GOSS. We had an auditor from the War Department testify before the Military Affairs Committee under oath that he did make the separation.

Mr. McFARLANE. If they had that in the Military Affairs Committee, and you check them closely, I imagine you will find they did the same as they did in the Naval Affairs Committee. It is not their fault. It is the fault of Congress, because we have not enacted laws and made appropriations requiring those things. They took their own audit, their own figures.

They have a right to require further information if they want it, but on particular questioning of the gentleman who makes these audits for the Bureau of Supplies and Accounts for the Navy, it was shown that they did not maintain any personnel in any one of these plants for the purpose of checking these things over, as to what part of the personnel is being used in commercial phases, as to what personnel is being used in Army or Navy contracts or in other Government contracts.

Mr. GOSS. I do not want to interrupt the gentleman, but I hope he will confine his remarks to the investigation before the Naval Affairs Committee, because I do not know anything about the Navy. I am on the Military Affairs Committee, and the gentleman has not attended the meetings before that committee. We are going to make a full report, and I do not think the gentleman should confuse the two Departments.

Mr. McFARLANE. We brought out all this information in the Naval Affairs Committee and the complete breakdown as it was furnished by these concerns to the Navy Department are in the record of our hearings. Of course, the gentleman's committee will make their own report.

Mr. DONDERO. Will the gentleman yield?

Mr. McFARLANE. I yield.

Mr. DONDERO. The gentleman made an interesting statement, in that all that the Government got for over a billion dollars was 300 airplanes.

Mr. McFARLANE. That much in use at the front. We got a lot of experience, and some planes that were considered obsolete that were delivered later on, but that is all that we received at the time of the signing of the armistice.

Mr. DONDERO. A rather expensive investment.

Mr. McFARLANE. A rather expensive investment, and we ought to profit by it. We ought to change a system of Government aircraft procurement that allows that to go on and continue, such as we are having today.

NO COMPETITION IN AIRCRAFT PROCUREMENT

It was the clearly expressed intention of the Aircraft Act of 1926 to permit procurement of experimental aircraft without competitive bidding. This act gave to the Secretary of War and the Secretary of the Navy special privileges in this regard not allowed even other branches of the Government in the procurement of their aircraft. Their interpretation of Government contract was to prevail instead of the Comptroller's Department having the final say, as is the case of procurement of aircraft for the other six or seven departments of Government purchasing the same, and in this regard it may be pointed out that these other departments have been able to purchase their aircraft through competition considerably cheaper than have the Army and Navy where little or no competition has been had in such purchases.

It was the expressed intention of the Aircraft Act after the experimental stage had been passed to require open competitive bidding in the procurement of production contract. The negotiation stage had passed. The Government had decided what aircraft it wanted. Then in all fairness the act clearly specifies open competition must be had, but the records of the Comptroller's office show that both departments have continued to disregard the law and purchase a large part of their aircraft without open competitive bidding on production contracts. The law is plain and the legal staffs of both the Army and the Navy have clearly construed it as it is written, that the act requires open competitive bidding on production contracts. A bill to nullify this law was offered by Hon. CARL VINSON in January 1928, H.R. 9359, to permit procurement of production contracts without open competitive bidding, and this measure was not reported out of the Military Affairs Committee. This Congress should not adjourn until this matter is fully and completely gone into and the parties disregarding the clearly expressed intention of Congress dealt with accordingly.

INCOME TAX

Now, with regard to the income-tax phase of this question, I have before me here charts I have inserted in the RECORD, that shows how much these different aircraft concerns have saved for themselves through being allowed to file consolidated returns instead of being required to file separate returns on all Government contracts as required under the law of 1918.

The SPEAKER. The time of the gentleman from Texas [Mr. McFARLANE] has again expired.

Mr. McFARLANE. Mr. Speaker, I ask unanimous consent to proceed for 5 additional minutes.

Mr. TABER. Mr. Speaker, reserving the right to object, it seems to me the gentleman should conclude in less time than that.

Mr. McFARLANE. I think I can conclude before that, but I would like to get as much as possible of this information before you.

Mr. TABER. If the gentleman would make it 3 minutes and then extend it in the RECORD.

Mr. McFARLANE. All right.

The SPEAKER. Without objection, the gentleman from Texas is recognized for 3 additional minutes.

Mr. McFARLANE. We find that the Bendix Aviation Corporation has saved, through the filing of consolidated returns, and in the change of income-tax laws which have been changed since the law of 1918, the sum of $625,863.49 in money they would have been required to pay to the Government had the law not been changed and had they been required to file separate returns rather than consolidated returns.

The Curtiss-Wright Corporation saved $101,709.31 in the same way. The North American, or the General Motors Corporation, has saved $150,980.75. United Aircraft & Transport Corporation has saved $854,959.29. The Aviation Corporation of America has saved $313,454.44. These five holding corporations have saved primarily on Government contracts through the filing of consolidated returns $2,046,967.28.

This should be very significant to Congress as indicative of what is being saved by different corporations throughout the United States. In other words through the filing of consolidated returns they are depriving the Government of this amount of taxes. Reasoning the thing out a little further let us consider a family of 10 children, all of age and making good income. Is there any reason why these 10 separate families should be allowed to file a consolidated return and in this way deprive the Government of the tax it would receive did each of them file a separate return? Under existing law, however, the corporations are depriving this Government of millions of dollars through the filing of consolidated returns. It is not right; it is not fair; it is not just to the Government that this situation be allowed to continue.

We should speedily reenact into law the above measure which is in keeping with the same provision during the World War. If there ever was a time in the history of our country when we were at war it is now. We are in the midst of the greatest of all wars—to end the depression. We need more revenue from those most able to pay. If this measure was right during the World War, it is right now and should be enacted to raise more revenue for our badly depleted Treasury. [Applause.]

Mr. MARTIN of Massachusetts. Mr. Speaker, I make the point of order that a quorum is not present.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. ZIONCHECK, for today, on account of official business.

To Mr. RAMSPECK, for 5 days, on account of death in family.

To Mr. CROSBY, for 5 days, on account of important business.

To Mr. HESS, indefinitely, on account of illness.

PAYMENT OF BONUS

Mr. THOM. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. THOM. Mr. Speaker, in casting my vote against the immediate payment of the soldiers' bonus, I was controlled by the following considerations:

While business is showing remarkable improvement over the black conditions of a year ago, the volume of unemployment is still such that I feel our governmental borrowing and spending power should be chiefly employed until the end of this critical period to accomplish these objects:

First to insure that no person in the whole United States shall lack food; second, to furnish jobs at fair wages to as many able-bodied persons as possible through soundly conceived work programs in lieu of direct money or food grants.

Recognizing that there is a limit to our spending power unless we want to resort to printing-press money that would invite financial chaos such as we have just emerged from, after taking care of the objects enumerated above, I should

be disposed if compatible with preserving the national credit to extend loans to our collapsing school system where such loans are imperative for its continuance and to hospitals in financial straits that minister to those who are in even more distress than the unemployed.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 2729. An act to repeal an act of Congress entitled "An act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes", approved February 14, 1917, and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H.R. 305. An act for the relief of Ernest B. Butte;

H.R. 469. An act for the relief of Lucy Murphy;

H.R. 881. An act for the relief of Primo Tiburzio;

H.R. 1403. An act for the relief of David I. Brown;

H.R. 2342. An act for the relief of Lota Tidwell, the widow of Chambliss L. Tidwell;

H.R. 2509. An act for the relief of John Newman;

H.R. 2639. An act for the relief of Charles J. Eisenhauer;

H.R. 2990. An act for the relief of George G. Slonaker;

H.R. 3521. An act to reduce certain fees in naturalization proceedings, and for other purposes;

H.R. 3997. An act for the relief of Erney S. Blazer;

H.R. 4056. An act for the relief of Emma F. Taber;

H.R. 4252. An act for the relief of Mary Elizabeth O'Brien;

H.R. 4268. An act for the relief of Joe Setton;

H.R. 5007. An act for the relief of Lissie Maud Green;

H.R. 6084. An act for the relief of Lottie W. McCaskill;

H.R. 6525. An act to amend the act known as the "Perishable Agricultural Commodities Act, 1930", approved June 10, 1930;

H.R. 6822. An act for the relief of Warren F. Avery;

H.R. 7599. An act authorizing the Reconstruction Finance Corporation to make loans to nonprofit corporations for the repair of damages caused by floods or other catastrophes, and for other purposes; and

H.R. 8046. An act to provide a penalty for the knowing or willful presentation of any false written instrument relating to any matter within the jurisdiction of any Department or agency of the Government with intent to defraud the United States.

ADJOURNMENT

Mr. O'CONNOR. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 35 minutes p.m.) the House adjourned until tomorrow, Tuesday, April 10, 1934, at 12 o'clock noon.

COMMITTEE HEARING

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Tuesday, April 10, 10 a.m.)

Hearings on H.R. 8301—communications.

EXECUTIVE COMMUNICATIONS, ETC.

403. Under clause 2 of rule XXIV a letter from the Secretary of War, transmitting draft of a proposed joint resolution providing that the provisions of section 23 of the Independent Offices Appropriation Act for the fiscal year 1935, passed March 28, 1934, shall not be applied to employees of the Panama Canal on the Isthmus of Panama, was taken from the Speaker's table and referred to the Committee on the Civil Service.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. LANHAM: Committee on Public Buildings and Grounds. H.R. 8889. A bill to provide for the custody and maintenance of the United States Supreme Court Building and the equipment and grounds thereof; without amendment (Rept. No. 1150). Referred to the Committee of the Whole House on the state of the Union.

Mr. KELLER: Committee on the Library. Senate Joint Resolution 70. A joint resolution to provide for the reappointment of John C. Merriam as a member of the Board of Regents of the Smithsonian Institution; without amendment (Rept. No. 1151). Referred to the House Calendar.

Mr. KELLER: Committee on the Library. House Joint Resolution 302. A joint resolution authorizing the creation of a Federal Memorial Commission to consider and formulate plans for the construction, on the western bank of the Mississippi River, at or near the site of old St. Louis, Mo., of a permanent memorial to the men who made possible the territorial expansion of the United States, particularly President Thomas Jefferson and his aides, Livingston and Monroe, who negotiated the Louisiana Purchase, and to the great explorers Lewis and Clark, and the hardy hunters, trappers, frontiersmen, and pioneers and others who contributed to the territorial expansion and development of the United States of America; without amendment (Rept. No. 1152). Referred to the House Calendar.

Mr. DIMOND: Committee on the Territories. S. 2811. An act to authorize the incorporated city of Juneau, Alaska, to issue bonds in any sum not exceeding $100,000 for municipal public works, including regrading and paving of streets and sidewalks, installation of sewer and water pipe, construction of bridges, construction of concrete bulkheads, and construction of refuse incinerator; with amendment (Rept. No. 1153). Referred to the House Calendar.

Mr. DIMOND: Committee on the Territories. S. 2812. An act to authorize the incorporated city of Skagway, Alaska, to issue bonds in any sum not exceeding $40,000, to be used for the construction, reconstruction, replacing, and installation of a water-distribution system; with amendment (Rept. No. 1154). Referred to the House Calendar.

Mr. DIMOND: Committee on the Territories. S. 2813. An act to authorize the incorporated town of Wrangell, Alaska, to issue bonds in any sum not exceeding $47,000 for municipal public works, including enlargement, extension, construction, and reconstruction of water-supply system; extension, construction, and reconstruction of retaining wall and filling, and paving streets and sidewalks; and extension, construction, and reconstruction of sewers in said town of Wrangell; with amendment (Rept. No. 1155). Referred to the House Calendar.

Mr. KELLER: Committee on the Library. H.R. 8910. A bill to establish a National Archives of the United States Government, and for other purposes; with amendment (Rept. No. 1156). Referred to the Committee of the Whole House on the state of the Union.

Mr. KELLER: Committee on the Library. House Joint Resolution 19. A joint resolution to make available to Congress the services and data of the Interstate Legislative Reference Bureau; without amendment (Rept. No. 1157). Referred to the Committee of the Whole House on the state of the Union.

Mr. KELLER: Committee on the Library. House Joint Resolution 248. A joint resolution to authorize the erection on public grounds in the District of Columbia of a stone marker designating the zero milestone of the Jefferson Davis National Highway; without amendment (Rept. No. 1158). Referred to the Committee of the Whole House on the state of the Union.

Mr. KELLER: Committee on the Library. Senate Joint Resolution 21—Authorizing the erection in Washington, D.C., of a monument in memory of Col. Robert Ingersoll; without amendment (Rept. No. 1159). Referred to the Committee of the Whole House on the state of the Union.

Mr. DARDEN: Committee on Naval Affairs. H.R. 8865. A bill to amend section 1 of the act approved May 6, 1932 (47 Stat. 149; U.S.C., supp. VII, title 34, sec. 12); without amendment (Rept. No. 1164). Referred to the Committee of the Whole House on the state of the Union.

Mr. JEFFERS: Committee on the Civil Service. H.R. 1613. A bill to amend the act of May 29, 1930, for the

retirement of employees in the classified civil service; without amendment (Rept. No. 1173). Referred to the Committee of the Whole House on the state of the Union.

Mr. SWEENEY: Committee on the Post Office and Post Roads. H.R. 8919. A bill to adjust the salaries of rural letter carriers, and for other purposes; with amendment (Rept. No. 1174). Referred to the Committee of the Whole House on the state of the Union.

Mr. STUDLEY: Committee on the Post Office and Post Roads. H.R. 7340. A bill to authorize the Post Office Department to hold contractors or carriers transporting the mails by air or water on routes extending beyond the borders of the United States responsible in damages for the loss, rifling, damage, wrong delivery, depredations upon, or other mistreatment of mail matter due to fault or negligence of the contractor or carrier, or an agent or employee thereof; without amendment (Rept. No. 1175). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. ELTSE of California: Committee on Naval Affairs. House Joint Resolution 108. A joint resolution authorizing the President of the United States to present the Distinguished Flying Cross to Emory B. Bronte; without amendment (Rept. No. 1160). Referred to the Committee of the Whole House.

Mr. BURNHAM: Committee on Naval Affairs. H.R. 4151. A bill correcting date of enlistment of Elza Bennett in the United States Navy; without amendment (Rept. No. 1161). Referred to the Committee of the Whole House.

Mr. SUTPHIN: Committee on Naval Affairs. H.R. 5057. A bill for the relief of John E. Fondahl; without amendment (Rept. No. 1162). Referred to the Committee of the Whole House.

Mr. KNIFFIN: Committee on Naval Affairs. H.R. 5794. A bill for the relief of Carl A. Butler; without amendment (Rept. No. 1163). Referred to the Committee of the Whole House.

Mr. DUNCAN of Missouri: Committee on Military Affairs. S. 1288. An act for the relief of Otto Christian; without amendment (Rept. No. 1165). Referred to the Committee of the Whole House.

Mr. DUNCAN of Missouri: Committee on Military Affairs. H.R. 6580. A bill for the relief of Joseph J. McMahon; without amendment (Rept. No. 1166). Referred to the Committee of the Whole House.

Mr. DUNCAN of Missouri: Committee on Military Affairs. H.R. 5341. A bill for the relief of Harrison Brainard, alias Harry White; without amendment (Rept. No. 1167). Referred to the Committee of the Whole House.

Mr. DUNCAN of Missouri: Committee on Military Affairs. H.R. 4213. A bill for the relief of George McCourt; without amendment (Rept. No. 1168). Referred to the Committee of the Whole House.

Mr. MAY: Committee on Military Affairs. H.R. 3015. A bill for the relief of Daniel W. Seal; without amendment (Rept. No. 1169). Referred to the Committee of the Whole House.

Mr. MAY: Committee on Military Affairs. S. 1287. An act for the relief of Leonard Theodore Boice; without amendment (Rept. No. 1170). Referred to the Committee of the Whole House.

Mr. MAY: Committee on Military Affairs. H.R. 2030. A bill for the relief of John H. LaFitte; without amendment (Rept. No. 1171). Referred to the Committee of the Whole House.

Mr. MAY: Committee on Military Affairs. H.R. 7365. A bill to correct and complete the military record of Carl Lindow, known also as "Carl Lindo"; without amendment (Rept. No. 1172). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. FERNANDEZ: A bill (H.R. 8997) to provide for the examination and survey of Bayou St. John in the State of Louisiana, and for other purposes; to the Committee on Rivers and Harbors.

By Mr. DISNEY: A bill (H.R. 8998) to regulate the manufacture and sale of stamped envelops; to the Committee on the Post Office and Post Roads.

By Mr. FOSS: A bill (H.R. 8999) to amend the postal laws relating to the appointment of acting postmasters; to the Committee on the Post Office and Post Roads.

By Mr. HAINES: A bill (H.R. 9000) granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a toll bridge across the Susquehanna River at or near Holtwood, Lancaster County; to the Committee on Interstate and Foreign Commerce.

By Mr. KINZER: A bill (H.R. 9001) granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a toll bridge across the Susquehanna River at or near Bainbridge, Lancaster County, and Manchester, York County; to the Committee on Interstate and Foreign Commerce.

By Mr. SUMNERS of Texas: A bill (H.R. 9002) to provide relief to Government contractors whose costs of performance were increased as a result of compliance with the act approved June 16, 1933, and for other purposes; to the Committee on the Judiciary.

By Mr. KELLER: A bill (H.R. 9003) to purchase and erect in the city of Washington the group of statuary known as the "Indian Buffalo Hunt"; to the Committee on the Library.

By Mr. ELLENBOGEN: A bill (H.R. 9004) to increase the fee for jurors, to provide additional fees for lodging and subsistence expenses for those residing outside the city or municipality where the court is sitting, and for other purposes; to the Committee on the Judiciary.

By Mr. CARTER of California: A bill (H.R. 9005) to amend Public Law No. 249, Seventy-first Congress, entitled "An act to authorize the Secretary of the Navy to dispose of material no longer needed by the Navy; to the Committee on Naval Affairs.

By Mr. WHITE: A bill (H.R. 9006) to provide for the development of hydroelectric power at Cabinet Gorge on the Clark Fork of the Columbia River in the proximity of the Montana-Idaho State line and for the rehabilitation of irrigation districts, and for other purposes; to the Committee on Irrigation and Reclamation.

By Mr. PALMISANO: A bill (H.R. 9007) to amend section 11 of the District of Columbia Alcoholic Beverage Control Act; to the Committee on the District of Columbia.

By Mr. PIERCE: A bill (H.R. 9008) providing for a reimbursable loan to the Klamath and Modoc Tribe of Indians and the Yahooskin Band of Snake Indians, State of Oregon; to the Committee on Indian Affairs.

By Mr. DONDERO: A bill (H.R. 9009) to permit the making of loans under the Home Owners' Loan Act of 1933 on homes having a value not exceeding $30,000, and for other purposes; to the Committee on Banking and Currency.

By Mr. GOLDSBOROUGH: A bill (H.R. 9010) to provide for a survey of the waters of the Chesapeake Bay and its tributaries with reference to depletion of the supply of certain fish; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. HILL of Alabama: A bill (H.R. 9011) to facilitate purchases of forest lands under the act approved March 1, 1911; to the Committee on Agriculture.

By Mr. BLAND: A bill (H.R. 9012) providing for preliminary examination and survey of waters connecting Cherrystone Channel with Cape Charles, Va., with a view to establishing a harbor of refuge at Cape Charles, Va., with a minimum depth of 10 feet; to the Committee on Rivers and Harbors.

By Mr. McFARLANE: A bill (H.R. 9013) to adjust the interest rate of loans secured by adjusted-service certificates; to the Committee on Ways and Means.

By Mr. COFFIN: A bill (H.R. 9014) for the relief of the owners of lots in the unflooded portion of the old town site at American Falls, Idaho; to the Committee on the Public Lands.

By Mr. BLAND: A bill (H.R. 9015) for the relief of persons engaged in the fishing industry; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. SUMNERS of Texas: A bill (H.R. 9016) to provide for the expeditious condemnation and taking of possession of land by officers, agencies, or corporations of the United States authorized to acquire real estate by condemnation in the name of or for the use of the United States for the construction of public works now or hereafter authorized by Congress; to the Committee on the Judiciary.

Also, a bill (H.R. 9017) providing for the appointment and meeting of the electors of President and Vice President, for the regulation of the counting of the votes for President and Vice President, for the Presidential succession, and for other purposes; to the Committee on Election of President, Vice President, and Representatives in Congress.

By Mr. GREEN: A bill (H.R. 9018) to promote resumption of industrial activity, increase employment, and restore confidence by fulfillment of the implied guaranty by the United States Government of deposit safety in national banks and State banks, to the Committee on Banking and Currency.

By Mr. DIRKSEN: Resolution (H.Res. 325) to create a select committee to conduct an investigation of the administration of the Home Owners' Loan Act of 1933 in the State of Illinois; to the Committee on Rules.

Also, a resolution (H.Res. 326) to provide for the expenses of House Resolution 325; to the Committee on Accounts.

By Mr. PARKER: Resolution (H.Res. 328) to create a select committee to investigate the manner in which the Crop Production Loan Act is being administered; to the Committee on Rules.

By Mr. LUCE: Joint Resolution (H.J.Res. 316) authorizing the erection of a memorial to J. J. Jusserand; to the Committee on the Library.

MEMORIALS

Under clause 3 of rule XXII,

By the SPEAKER: Memorial of the Legislature of the State of New Jersey, memorializing Congress to protect the people against lynch law and mob violence; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. BURCH: A bill (H.R. 9019) granting a pension to Keith B. Wilborn; to the Committee on Pensions.

Also, a bill (H.R. 9020) granting a pension to Ozro McKnight; to the Committee on Pensions.

Also, a bill (H.R. 9021) for the relief of the heirs of Reuben Ragland; to the Committee on Claims.

By Mr. CHAPMAN: A bill (H.R. 9022) granting a pension to Mrs. Lou A. Strother; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9023) granting a pension to Jessie Adams; to the Committee on Pensions.

Also, a bill (H.R. 9024) granting a pension to Parish Graham; to the Committee on Pensions.

Also, a bill (H.R. 9025) granting a pension to Frank Raisle; to the Committee on Pensions.

By Mr. CHAVEZ: A bill (H.R. 9026) authorizing the reimbursement of Edward B. Wheeler and the State Investment Co. for the loss of certain lands in the Mora Grant, N.Mex.; to the Committee on Claims.

By Mr. COLLINS of California: A bill (H.R. 9027) for the relief of Oscar J. Rosell; to the Committee on Military Affairs.

By Mr. FERNANDEZ: A bill (H.R. 9028) for the settlement of claim of the heirs of Richard H. Mahan and Eliza J. Mahan, his wife, formerly Eliza J. Nicholls, arising out of the confiscation of cotton during the Civil War, and for other purposes; to the Committee on Claims.

By Mr. JOHNSON of Texas: A bill (H.R. 9029) for the relief of J. Frank Williams; to the Committee on Claims.

By Mr. LARRABEE: A bill (H.R. 9030) granting a pension to Mary A. Hart; to the Committee on Invalid Pensions.

By Mr. McMILLAN: A bill (H.R. 9031) to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the Hampton & Branchville Railroad Co.; to the Committee on Claims.

By Mr. OWEN: A bill (H.R. 9032) for the relief of Mary F. Crim; to the Committee on Claims.

Also, a bill (H.R. 9033) for the relief of Ralph W. Pennington; to the Committee on Claims.

By Mr. REECE: A bill (H.R. 9034) granting a pension to Herthe L. R. Whitney; to the Committee on Invalid Pensions.

By Mr. SCRUGHAM: A bill (H.R. 9035) for the relief of the Western Bands of the Shoshone Nation of Indians; to the Committee on Indian Affairs.

Also, a bill (H.R. 9036) for the relief of the Crystal Land Co.; to the Committee on Indian Affairs.

By Mr. VINSON of Georgia: A bill (H.R. 9037) for the relief of Abe Wolfe; to the Committee on Military Affairs.

By Mr. WOODRUM: A bill (H.R. 9038) for the relief of C. H. Beasley & Bro., Inc.; 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:

3667. By Mr. BLANCHARD: Petition of 286 residents of Rock County, Wis., in opposition to the so-called "sugar bill"; to the Committee on Agriculture.

3668. By Mr. BLOOM: Petition of New York Typographical Union No. 6, urging the immediate enactment of House bill 7598 into law; to the Committee on Labor.

3669. Also, petition of the Senate of the State of New York, urging Congress to enact such measures as will prohibit all public restaurants under its control and management from discriminating against patrons thereof because of race, creed, or color; to the Committee on the Judiciary.

3670. Also, petition of the Allied Printing Trades Council of Greater New York, representing the members of the 19 trades unions in New York City, urging that favorable consideration be given to the Connery 30-hour work bill; to the Committee on Labor.

3671. By Mr. BOYLAN: Petition signed by residents of New York City, asking an increase of broadcasting time for Station WLWL, New York City, and favoring Father Harney's amendment to section 301 of Senate bill 2910; to the Committee on Interstate and Foreign Commerce.

3672. Also, resolutions adopted at the monthly meeting of the New York Chapter Knights of Columbus, representing 40 individual councils in the Borough of Manhattan and Bronx, New York City, urging an increase of broadcasting time for Station WLWL, and favoring section 301 of Senate bill 2910; to the Committee on Interstate and Foreign Commerce.

3673. Also, letter from the Automobile and Vehicle Workers Local Union, No. 18065, New York City, favoring the Wagner bill and the 30-hour week; to the Committee on Labor.

3674. Also, resolution adopted by the Standard Statistics Chapel, protesting against inclusion in the Fletcher-Rayburn bill of all sections that will result in decreased volume of printing and consequent loss of employment to its members; to the Committee on Interstate and Foreign Commerce.

3675. By Mr. DONDERO: Petition of citizens of Detroit, Mich., and employees of the W. E. Hutton & Co., of that city, protesting against the drastic form of the stock-exchange regulation bill; to the Committee on Interstate and Foreign Commerce.

3676. By Mr. FITZPATRICK: Petition of the Mount Vernon Branch, N.A.A.C.P., advocating the passage of House

resolution introduced by Congressman OSCAR DE PRIEST; to the Committee on Rules.

3677. Also, petition of several hundred citizens of Bronx County, N.Y., favoring the discontinuing immediately, of the payless furlough of postal employees; to the Committee on the Post Office and Post Roads.

3678. By Mr. FORD: Resolution adopted by the Woman's Missionary Council of the Methodist Episcopal Church South, in recent session, urging passage of the Costigan-Wagner antilynching bill; to the Committee on the Judiciary.

3679. By Mr. GOLDSBOROUGH: Petition of G. D. Williams, Jr., and 1,710 other employees of financial institutions of the city of Baltimore, upon whom 3,044 are dependent, requesting such modification of the National Securities Exchange Act of 1934 as will assure the continuation of an orderly and well-regulated security business without involving the hardships which the act as now drawn will unquestionably precipitate; to the Committee on Interstate and Foreign Commerce.

3680. By Mr. GOODWIN: Petition of W. E. McQuade and others, employees of the New York Telephone Co., employed in Ulster and Greene Counties, N.Y., taking exception to paragraph 4, section 5, title I, of the Labor Disputes Act as proposed in the Wagner bill, believing it to be an infringement upon their rights to choose a form of organization for collective bargaining; to the Committee on Labor.

3681. By Mr. HOIDALE: Petition of Fariboult County (Minn.) Farm Bureau Association; to the Committee on Agriculture.

3682. By Mr. LINDSAY: Petition of Associated Industries of Missouri, St. Louis, opposing the passage of the Wagner-Connery bills, Senate bill 2926 and House bill 8423; to the Committee on Labor.

3683. Also, petition of Cushman & Wakefield, Inc., New York City, opposing the Fletcher-Rayburn bill in its present form; to the Committee on Interstate and Foreign Commerce.

3684. Also, petition of National Automobile Chamber of Commerce, Washington, D.C., suggesting certain amendments to sections in the National Securities Exchange Act; to the Committee on Interstate and Foreign Commerce.

3685. Also, petition of the National Rural Letter Carriers Association, Washington, D.C., favoring support of House bill 8919; to the Committee on the Post Office and Post Roads.

3686. Also, petition of Richey, Browne & Donald, Inc., Maspeth, N.Y., opposing the passage of Senate bill 2616 and House bill 6759, the unemployment insurance bills; to the Committee on Ways and Means.

3687. Also, petition of the Brooklyn Chamber of Commerce, Brooklyn, N.Y., opposing Senate bill 2926 and House bill 8423, the Wagner-Connery bills; to the Committee on Labor.

3688. Also, petition of the Associated Highway Fence Builders, Buffalo, N.Y., favoring the Whittington bill for highway work; to the Committee on Roads.

3689. Also, petition of the Aerovox Corporation, Brooklyn, N.Y., opposing the Wagner bill; to the Committee on Labor.

3690. Also, petition of the Chamber of Commerce of the State of New York, New York City, opposing foreign trade zone in the port of New York, House bill 3657; to the Committee on Foreign Affairs.

3691. Also, petition of the Chamber of Commerce of the State of New York, New York City, favoring House bill 6038; to the Committee on Expenditures in the Executive Departments.

3692. Also, petition of the Chamber of Commerce of the State of New York, New York City, favoring modification of the Federal securities bill; to the Committee on Interstate and Foreign Commerce.

3693. Also, petition of the Chamber of Commerce of the State of New York, New York City, endorsing Senate bill 2841; to the Committee on the Judiciary.

3694. Also, petition of the National Retail Lumber Dealers Association, Washington, D.C., concerning home building through the aid of Federal financing for a temporary period; to the Committee on Banking and Currency.

3695. Also, petition of Chester S. Breining, New York City, opposing certain parts of the Fletcher-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3696. Also, petition of the Athenia Steel Co., New York City, urging modification of the Fletcher-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3697. Also, petition of Standard Statistics Chapel, New York City, protesting against the Fletcher-Rayburn bill in its present form; to the Committee on Interstate and Foreign Commerce.

3698. Also, petition of the New York State Association of Highway Engineers, Albany, N.Y., favoring increased appropriation for highway construction and maintenance; to the Committee on Banking and Currency.

3699. Also, petition of the Chamber of Commerce of the State of New York, New York City, favoring legislation to promote safety of life at sea; to the Committee on the Merchant Marine, Radio, and Fisheries.

3700. Also, petition of Brooklyn Eastern District Terminal, Brooklyn and Long Island City, N.Y., opposing the Wagner labor dispute bill, the unemployment insurance bill, and the stock-exchange regulation bill, and favoring Coordinator Eastman's proposed bill for the regulation of motor and water carriers; to the Committee on Labor.

3701. Also, petition of the American Agricultural Chemical Co., New York City, opposing the Wagner Labor Disputes Act (S. 2926 and H.R. 8423); to the Committee on Labor.

3702. Also, petition of the Commercial Credit Co., Baltimore, Md., opposing the Wagner, bonus, and stock-exchange bills; to the Committee on Labor.

3703. Also, petition of Bluff City Marine Engineers Beneficial Association, No. 20, Memphis, Tenn., favoring support of House bill 7979; to the Committee on the Merchant Marine, Radio, and Fisheries.

3704. Also, petition of Melville Shoe Corporation, New York City, concerning the national securities exchange bill; to the Committee on Interstate and Foreign Commerce.

3705. Also, petition of the Port Jefferson Chamber of Commerce, Inc., Port Jefferson, N.Y., providing for additional ice breakers to be assigned to Long Island Sound; to the Committee on Merchant Marine, Radio, and Fisheries.

3706. By Mr. O'CONNELL: Resolution of the General Assembly of the State of Rhode Island, expressing approval of the proposed tax of 5 percent per pound upon coconut and sesame oils; to the Committee on Ways and Means.

3707. Also, resolution of the General Assembly of the State of Rhode Island, recommending to Congress passage of a resolution expressing the hope that the German Reich will alter its policy toward its minority groups; to the Committee on Foreign Affairs.

3708. Also, resolution of the General Assembly of the State of Rhode Island, urging the President of the United States, as Commander in Chief of the armed forces, to order the training of naval recruits at the United States Naval Station at Newport, R.I.; to the Committee on Naval Affairs.

3709. Also, resolution of the General Assembly of the State of Rhode Island, requesting Congress to investigate, through a specially designated committee thereof, certain activities of the Administrator of Veterans' Affairs; to the Committee on World War Veterans' Legislation.

3710. By Mr. PERKINS: Petition of the Assembly of the State of New Jersey, memorializing the Congress of the United States to protect the people against lynch law and mob violence; to the Committee on the Judiciary.

3711. By Mr. RUDD: Petition of H. J. Baitinger, New York City, opposing the passage of the Wagner-Connery bills; to the Committee on Labor.

3712. Also, petition of Richey, Browne & Donald, New York City, opposing the passage of Senate bill 2616 and House bill 7659, unemployment insurance; to the Committee on Labor.

3713. Also, petition of Gleason-Tiebout Glass Co., Brooklyn, N.Y., opposing the passage of the Wagner-Lewis bills; to the Committee on Labor.

3714. Also, petition of the Athenia Steel Co., New York City, opposing the passage of the Fletcher-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3715. Also, petition of Chester G. Breining, 17 Battery Place, New York City, opposing the passage of the Fletcher-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3716. Also, petition of the National Retail Lumber Dealers' Association, favoring legislation to rehabilitate the home-building industry through the aid of Federal financing for a temporary period; to the Committee on Banking and Currency.

3717. Also, petition of the Chamber of Commerce of the State of New York, favoring the passage of Senate bill 2841, for Federal authority over crimes against banks; to the Committee on the Judiciary.

3718. Also, petition of the Chamber of Commerce of the State of New York, favoring recommendation on Federal Securities Act; to the Committee on Interstate and Foreign Commerce.

3719. Also, petition of the Chamber of Commerce of the State of New York, opposing the foreign trade zone in the Port of New York; to the Committee on Interstate and Foreign Commerce.

3720. Also, petition of the Chamber of Commerce of the State of New York, advocating modern Government cost accounting as contained in House bill 6038; to the Committee on Expenditures in the Executive Departments.

3721. Also, petition of the Standard Statistics Chapel, opposing the passage of the Fletcher-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3722. Also, petition of the New York State Association of Highway Engineers, favoring the passage of the Whittington bill appropriating additional moneys for the Public Works Administration; to the Committee on Roads.

3723. Also, petition of the Brooklyn Chamber of Commerce, Brooklyn, N.Y., opposing the passage of the Wagner-Connery bills (S. 2926 and H.R. 8423); to the Committee on Labor.

3724. Also, petition of the Aerovox Corporation, Brooklyn, N.Y., opposing the passage of the Wagner bill; to the Committee on Labor.

3725. Also, petition of the Associated Highway Fence Builders of New York State, Buffalo, N.Y., favoring the passage of the Whittington bill; to the Committee on Roads.

3726. Also, petition of the American Agricultural Chemical Co., New York City, opposing the passage of the Wagner-Connery bills; to the Committee on Labor.

3727. Also, petition of the Port Jefferson Chamber of Commerce, Inc., Port Jefferson, Long Island, N.Y., favoring the necessary appropriation for the building of additional new ice breakers to be assigned to Long Island Sound; to the Committee on Appropriations.

3728. By Mr. STRONG of Pennsylvania: Petition of citizens of Shelocta, Pa., and vicinity, opposing any legislation placing a tax on natural gas; to the Committee on Ways and Means.

3729. By the SPEAKER: Petition of J. H. Cyclone Davis and others; to the Committee on Ways and Means.

3730. Also, petition of W. P. Deppe; to the Committee on Patents.

3731. Also, petition of the Medical Round Table of Chicago, Ill.; to the Committee on Banking and Currency.

3732. Also, petition of the citizens of Scotland, La.; to the Committee on Ways and Means.

3733. Also, petition of the municipal government of Looc, Romblon, P.I.; to the Committee on Ways and Means.

3734. Also, petition of C. T. Salisbury and others; to the Committee on Interstate and Foreign Commerce.

3735. Also, petition of the employees of the Chicago & Great Northern Railway Co. in the State of Illinois; to the Committee on Interstate and Foreign Commerce.

3736. Also, petition of the National Live Stock Commission Co., Chicago, Ill.; to the Committee on Agriculture.

SENATE

TUESDAY, APRIL 10, 1934

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

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

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days of Thursday, April 5, Friday, April 6, and Monday, April 9, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 2006. An act for the relief of Della D. Ledendecker; and

S. 2857. An act to amend an act entitled "An act to incorporate the Mutual Fire Insurance Co. of the District of Columbia", as amended.

The message also announced that the House had passed the bill (S. 828) to prevent professional prize fighting and to authorize amateur boxing in the District of Columbia, and for other purposes, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 7906. An act to license race tracks in the District of Columbia and provide for their regulation;

H.R. 8281. An act to amend the act entitled "An act providing for the removal of snow and ice from the paved sidewalks of the District of Columbia";

H.R. 8519. An act to amend sections 5, 9, and 12 and repeal section 36 of the District of Columbia Alcoholic Beverage Control Act;

H.R. 8525. An act 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; and

H.R. 8854. An act to amend the District of Columbia Alcoholic Beverage Control Act by amending sections 11, 22, 23, and 24.

AMATEUR BOXING IN THE DISTRICT OF COLUMBIA

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 828) to prevent professional prize fighting and to authorize amateur boxing in the District of Columbia, and for other purposes, which were to strike out all after the enacting clause and to insert:

That (a) there is hereby created for the District of Columbia a boxing commission, to be composed of three members appointed by the Commissioners of the District of Columbia, one of whom shall be a member of the police department of the District of Columbia. No person shall be eligible for appointment to membership on the commission unless such person at the time of appointment is, and for at least 3 years prior thereto has been, a resident of the District of Columbia. The terms of office of the members of the commission first taking office after the approval of this act shall expire at the end of 2 years from the date of the approval of this act. A successor to a member of the commission shall be appointed in the same manner as the original members and shall have a term of office expiring 2 years from the date of the expiration of the term for which his predecessor was appointed, except that any person appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term. The members of the commission shall receive no compensation for their services. The Commissioners of the District of Columbia shall furnish to the boxing commission such office space and clerical and other assistance as may be necessary.

(b) Subject to the approval of the Commissioners of the District of Columbia, the commission shall have power (1) to cooperate with organizations engaged in the promotion and control of amateur boxing; (2) to supervise and regulate boxing within the District of Columbia; and (3) to make such orders, rules, and regulations as the commission deems necessary for carrying out the powers herein conferred upon it.