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.

(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 effectve 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.

And to amend the title so as to read: "A bill to authorize boxing in the District of Columbia, and for other purposes."

Mr. KING. I move that the Senate disagree to the amendments of the House of Representatives, ask a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. KING, Mr. COPELAND, and Mr. CAPPER conferees on the part of the Senate.

CALL OF THE ROLL

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

The VICE PRESIDENT. The clerk will call the roll.

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

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

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Montana [Mr. WHEELER] is detained from the Senate on account of a severe cold, and that the Senator from Florida [Mr. TRAMMELL] and the Senator from Illinois [Mr. DIETERICH] are necessarily detained from the Senate.

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

PETITIONS AND MEMORIALS

Mr. ASHURST presented a petition of sundry citizens of Donora, Pa., praying for the passage of the so-called "Costigan-Wagner antilynching bill", which was referred to the Committee on the Judiciary, and the body of the petition was ordered to be printed in the RECORD, without the signatures, as follows:

DONORA, PA., *March 15, 1934.*

Senator ASHURST,
Senate Office Building, Washington, D.C.

HONORABLE SIR: We, the undersigned, as citizens and voters of Donora, Pa., petition your honor to report favorably on the bill now in the hands of your committee, known as the "Costigan-Wagner antilynching bill." We also ask that you use your influence to have it acted on as promptly as possible.

We thank you in advance for whatever you can do for us.

Yours respectfully,

——— ———.

Mr. FESS presented petitions and papers in the nature of petitions of sundry citizens of the State of Ohio, praying for the passage of legislation granting Federal aid to public education, which were referred to the Committee on Education and Labor.

Mr. COPELAND presented the petition of Gilbert A. Chase and other citizens of Brooklyn, and of members of Columbus Council, No. 126, and the Columbus Women's Club, Knights of Columbus, all of Brooklyn, N.Y., praying for amendment of Senate bill 2910, the communications commission bill, so as to secure radio facilities for responsible religious, educational, cultural, etc., agencies, which were referred to the Committee on Interstate Commerce.

Mr. CAPPER presented a petition of sundry citizens of Gueda Springs, Kans., praying for the passage of legislation providing old-age pensions, which was referred to the Committee on Education and Labor.

He also presented petitions, numerously signed, of sundry citizens of Oswego and Larned, in the State of Kansas, praying for the passage of the bill (S. 2926) to equalize the bargaining power of employers and employees, to encourage the amicable settlement of disputes between employers and employees, to create a National Labor Board, and for other purposes, which were referred to the Committee on Education and Labor.

He also presented a petition, numerously signed, of sundry citizens of Atchison, Kans., praying for the prompt passage of legislation providing payment of the so-called "soldiers' bonus", which was referred to the Committee on Finance.

Mr. TYDINGS presented a resolution adopted by the West Baltimore (Md.) Business Men's Association, favoring the passage of legislation providing for the granting of Federal commercial and industrial loans to small industries, which was referred to the Committee on Banking and Currency.

He also presented a memorial of members of the Book Binders Association of Baltimore, Md., protesting against the passage of the bill (S. 2926) to equalize the bargaining power of employers and employees, to encourage the amicable settlement of disputes between employers and employees, to create a National Labor Board, and for other purposes, which was referred to the Committee on Education and Labor.

He also presented memorials of sundry citizens and associations of the State of Maryland, remonstrating against the passage of the so-called "Fletcher-Rayburn bill" providing regulation of stock exchanges, which were referred to the Committee on Banking and Currency.

LOANS TO INDUSTRY BY RECONSTRUCTION FINANCE CORPORATION

Mr. WALSH. Mr. President, I present and ask to have printed in full in the RECORD resolutions of the Massachusetts General Court memorializing Congress in favor of direct loans to industry by the Reconstruction Finance Corporation.

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

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

Resolutions memorializing Congress in favor of direct loans to industry by the Reconstruction Finance Corporation

Whereas it is of vital importance that industry be enabled to secure without unnecessary delay the financial benefits provided by the National Industrial Recovery Act; and

Whereas the direct and principal cause of the delay in enabling industry to secure said benefits appears to be the unnecessary requirement that loans to industry by the Reconstruction Finance Corporation be obtained through the agency of mortgage loan companies: Therefore be it

Resolved, That the General Court of Massachusetts hereby records itself in favor of the making of loans by the Reconstruction Finance Corporation directly to industry instead of through the agency of mortgage loan companies; and be it further

Resolved, That the secretary of the Commonwealth forthwith forward copies of these resolutions to the President of the United States, to the Presiding Officers of both branches of Congress, and to the Members thereof from this Commonwealth.

In house of representatives, adopted March 20, 1934.

In senate, adopted, in concurrence, April 4, 1934.

A true copy.

Attest:

[SEAL] F. W. COOK,
Secretary of the Commonwealth.

THE WORLD COURT

Mr. BROWN. Mr. President, I present and ask that there be printed in full in the CONGRESSIONAL RECORD resolutions adopted by the New Hampshire Bar Association calling upon the Senate to complete the adherence of this country to the World Court.

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

Whereas the Senate of the United States voted in January 1926 by a vote of 76 to 17 for the adherence of the United States to the World Court if five conditions were met; and

Whereas these conditions are now fully met, in the judgment of the Department of State and of such competent bodies as the American Bar Association and many State and local bar associations, by the three protocols now awaiting the Senate's consent to ratification; and

Whereas both the Democratic and Republican national platforms endorsed the completion of our adherence to the Court; and

Whereas the United States might notably aid in world-wide economic recovery by completing its adherence to the Court at an early date, and thus by formally recording its support of the principle of using judicial methods for settling those international disputes to which judicial methods are applicable, increase the sense of international confidence in the possibility of avoiding war: Therefore be it

Resolved, That the New Hampshire Bar Association calls upon the Senate of the United States to complete the adherence of this country to the World Court at the earliest practicable time, through ratification of the pending protocols, without additional conditions or reservations of any kind; and be it further

Resolved, That this resolution be forwarded to Senator HENRY W. KEYES and to Senator FRED H. BROWN with a respectful request that they hasten by their interest and support favorable action on the three World Court treaties; and be it further

Resolved, That Senator BROWN be requested to have this resolution spread on the CONGRESSIONAL RECORD.

CHARGES OF DR. WIRT

Mr. ROBINSON of Indiana. Mr. President, I have just received from the Gary W.C.T.U. a copy of resolutions urging support in securing for Dr. William A. Wirt a full, complete, and impartial public hearing at the investigation now taking place. I ask that the resolutions may be printed in the RECORD and lie on the table.

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

Resolutions

Whereas the widely published statements recently made by Dr. William A. Wirt, superintendent of Gary public schools, charging certain unnamed Government officials with engaging in activities tending to overthrow our constitutional Government, the same to be replaced with a Socialist or Communist form of government, have created Nation-wide interest; and

Whereas Dr. Wirt for many years has been well known to the Woman's Christian Temperance Union of Gary as a man of high honor and a serious student who would not lightly make such serious charges: Therefore be it

Resolved, That the Gary W.C.T.U. beg your support in securing for Dr. Wirt a full, complete, and impartial public hearing at the coming congressional investigation; be it further

Resolved, That copies of these resolutions be sent to Senators ARTHUR R. ROBINSON and FREDERICK VAN NUYS and to Congressman WILLIAM T. SCHULTE and Chairman ALFRED BULWINKLE.

MRS. CHAS. M. SWISHER, *President*,
637 Jefferson Street, Gary, Ind.

Mr. COUZENS. Mr. President, I send to the desk and ask to have inserted in the RECORD an editorial appearing in the Washington News of yesterday entitled "Page Dr. Wirt."

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

[From the Washington Daily News, Monday, Apr. 9, 1934]

PAGE DR. WIRT

For fear Dr. Wirt and the Bulwinkle committee tomorrow will overlook some of the really dangerous influences in Washington, we propose a thoroughgoing probe into the "brain trusters" not only of this but of past new-deal administrations.

The patrioteers will find less to shock them in the modest reformers of the Roosevelt regime than in the subversive utterances of American revolutionists that have slipped into history books and even now are being read by our youth in schools and libraries. For instance:

"Labor is superior to capital and deserves much higher consideration."—Lincoln.

"None shall rule but the humble, and none but toil shall have."—Emerson.

"Thunder on! Stride on democracy! Strike with vengeful stroke."—Whitman.

"Labor in this country is independent and proud. It has not to ask the patronage of capital."—Webster.

"Is life so dear or peace so sweet as to be purchased at the price of chains and slavery? Forbid it, Almighty God!"—Patrick Henry.

"They are slaves who fear to speak for the fallen and the weak."—Lowell.

"A little rebellion now and then is a good thing. It is a medicine necessary for the sound health of government."—Jefferson.

REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Commerce, to which was referred the bill (H.R. 8834) 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, reported it without amendment and submitted a report (No. 694) thereon.

Mr. GEORGE, from the Committee on Foreign Relations, to which was referred the bill (S. 3026) for the relief of Lucy Cobb Stewart, reported it without amendment and submitted a report (No. 695) thereon.

Mr. NORRIS, from the Committee on the Judiciary, to which was referred the bill (S. 3303) 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, reported it without amendment and submitted a report (No. 696) thereon.

Mr. CAREY, from the Committee on Military Affairs, to which was referred the bill (S. 2130) to authorize an appropriation for the purchase of land in Wyoming for use as rifle ranges for the Army of the United States, reported it with amendments and submitted a report (No. 698) thereon.

Mr. THOMAS of Oklahoma, from the Committee on Agriculture and Forestry, to which was referred the bill (H.R. 7581) to authorize a board composed of the President, the Secretary of the Treasury, the Secretary of Commerce, and the Secretary of Agriculture to negotiate with foreign buyers with the view of selling American agricultural surplus products at the world market price and to accept in payment therefor silver coin or bullion at such value as may be agreed upon which shall not exceed 25 percent above the world market price of silver, and to authorize the Secretary of the Treasury to issue silver certificates based upon the agreed value of such silver bullion or coin in payment for the products sold, and for other purposes, reported it with amendments and submitted a report (No. 697) thereon.

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. AUSTIN:

A bill (S. 3330) granting a pension to Ella W. Cleveland; to the Committee on Pensions.

By Mr. WHITE:

A bill (S. 3331) to provide for the creation of the St. Croix Island National Monument, located near the mouth of the St. Croix River, in the State of Maine, and for other purposes; to the Committee on Public Lands and Surveys.

By Mr. KING:

A bill (S. 3332) to amend an act entitled "An act to provide full and fair disclosure of the character of securities sold in interstate and foreign commerce and through the mails, and to prevent frauds in the sale thereof, and for

other purposes", approved May 27, 1933; to the Committee on Banking and Currency.

By Mr. FRAZIER:

A bill (S. 3333) to provide for the purchase and sale of farm products; to the Committee on Agriculture and Forestry; and

A bill (S. 3334) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mr. WALSH:

A bill (S. 3335) for the relief of Joanna A. Sheehan; to the Committee on Claims; and

A bill (S. 3336) to authorize the presentation of the Congressional Medal of Honor to Timothy Sullivan; to the Committee on Naval Affairs.

By Mr. NORBECK:

A bill (S. 3337) for the relief of R. G. Andis (with accompanying papers); to the Committee on Claims.

By Mr. BYRD:

A bill (S. 3338) authorizing the President to appoint Henry Beckwith Taliaferro, formerly an ensign, United States Navy, to his former rank as ensign, United States Navy; to the Committee on Naval Affairs.

By Mr. LEWIS:

A bill (S. 3339) to provide for the payment of compensation to George E. Q. Johnson; to the Committee on the Judiciary.

By Mr. CAPPER:

A joint resolution (S.J.Res. 102) authorizing and directing the Comptroller General of the United States to certify for payment certain claims of grain elevators and grain firms to cover insurance and interest on wheat during the years 1919 and 1920 as per a certain contract authorized by the President; to the Committee on Agriculture and Forestry.

ANALYTICAL REGISTER OF REGULAR ARMY OFFICERS AND SECURITY STATISTICS

Mr. NYE. Mr. President, I introduce a joint resolution for reference to the Committee on Military Affairs. Accompanying the resolution is a brief prepared by Mr. John J. Lenney, which I ask to have referred to the same committee, with the request that if that committee deems it worthy it may be printed later in the RECORD.

The VICE PRESIDENT. The joint resolution and brief will be referred as requested.

The joint resolution (S.J.Res. 101) authorizing the publication as a public document of America Secure—Analytical Register of Regular Army Officers and Security Statistics with graphs, 1775–1934, was read twice by its title, and, with the accompanying paper, referred to the Committee on Military Affairs.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred to the Committee on the District of Columbia:

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.

INTERNAL REVENUE TAXATION—AMENDMENT RELATIVE TO JEWELRY TAX, ETC.

Mr. BARKLEY submitted an amendment intended to be proposed by him to House bill 7835, the revenue bill, which was ordered to lie on the table and to be printed.

CANCELATION OF CONTRACT WITH BOSTON IRON & METAL CO.

Mr. TYDINGS. Mr. President, I submit a short resolution requesting the Secretary of Commerce to furnish some information with reference to the cancelation of a contract. I ask unanimous consent for immediate consideration of the resolution.

The VICE PRESIDENT. The resolution will be read.

The Chief Clerk read the resolution (S.Res. 221), as follows:

Resolved, That the Secretary of Commerce is requested to furnish to the Senate the reasons for the abrogation of a contract dated November 25, 1932, between the Government of the United States and the Boston Iron & Metal Co., Baltimore, Md., for the sale and scrapping of 124 vessels belonging to the United States Shipping Board, declared by the Shippping Board as obsolete and surplus, of the terms of which contract there appears to be no violation by the Boston Iron & Metal Co.; and to advise the Senate why the rights under this contract should not be immediately restored in accordance with the obligations of the Government of the United States.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. TYDINGS. Mr. President, I ask to have inserted in the RECORD at this point a short statement explaining the reasons for the adoption of the resolution.

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

THE MATTER OF THE CONTRACT BETWEEN THE BOSTON IRON & METAL CO. AND THE UNITED STATES OF AMERICA

1. Contract signed November 5, 1932, for the sale of 124 vessels. Price, $1.51 per ton for metal derived. Contract to be performed by purchaser within 3 years; 39 vessels received; 87 vessels undelivered (2 extra vessels having been purchased under a supplemental agreement, after Nov. 5, 1932).

September 8, 1933, check for four vessels sent to Shipping Board. These vessels undelivered.

October 13, 1933, Secretary Roper sent notice that all vessels remaining undelivered were withdrawn from the contract.

2. These vessels had been declared by the Shipping Board, after a survey of them sometime in the early part of 1932, as obsolete and surplus vessels. Vessels needed by the Army and Navy had been allocated by the Shipping Board and the vessels sold to purchaser were surplus. Bids were invited by the Shipping Board and all people in the country who could possibly bid on these vessels were notified of the contemplated sale. Four or five bids were received, the Boston's bid being the highest. The next highest was the Union Shipbuilding Co. (a Mellon company), who bid $1.06 per ton, to which might be added mothering of the ships, which was considered to be 15 cents per ton additional, would bring their bid to $1.21. Our bid, therefore, 30 cents higher. Our bid accepted.

3. These vessels were constructed for war purposes under the stress of war, and have outlived their usefulness. They were constructed in 1917 and 1918. Some of them have never been used and, as a matter of fact, some never completed. Life of ordinary ship approximately 20 years. These ships are now 16 and 17 years old.

4. When war over, United States had on hand considerable shipping materials of all kinds, including docks, yards, buildings, houses, etc., and about 1,250 steel cargo vessels, in addition to vessels of other variety such as wooden, tankers, and foreign vessels, which probably brought the total fleet up to 2,500 units.

In 1923 the Shipping Board found that of the 1,250 steel cargo vessels on hand, 355 were operated, and 885 were laid up. They determined that the laid-up fleet cost the Government $2,588,000 annually to care for the same, besides what additional work might be necessary to keep them. They determined that of the laid-up fleet there were approximately 400 vessels which were not required in the promotion and maintenance of the American merchant marine. They determined further that they were spending a lot of money on ships that they would never use. That these vessels were actually a menace by their mere existence, in fictitiously accrediting the market with 400 additional ships and thereby affecting the sale of the balance.

Shipping Board then appointed a committee, and this committee determined on the policy of scrapping surplus and obsolete vessels. From that time on the Shipping Board has continuously sold vessels and compelled the purchaser to scrap the same.

In 1926 the Shipping Board entered into a contract with the Ford Motor Co., wherein they sold that company 200 cargo vessels known as "lakers." (They were called this because they were built on the Great Lakes.) The matter was referred to the Attorney General's Office for the purpose of investigating the legality of the contract and to determine the right of the Shipping Board to sell ships for scrapping, and the Honorable John G. Sargeant, who was the Attorney General at that time, after reviewing the entire matter, upheld the Shipping Board in its legal right to make the sale and scrap the vessels.

The Senate of the United States was asked to investigate this matter, and in 1926 passed a resolution referring the matter to the Senate Committee on Commerce, and the committee held a hearing on February 11, 1926, and issued a pamphlet. This happened in the Sixty-ninth Congress, first session, Senate Resolution 135.

Ford bought practically the same kind of vessels which we bought, and the sale sustained by the Attorney General.

Sometime last December, for the purpose of determining the value of these vessels, the Department of Commerce advertised a ship, *Eastern Craig*, for sale without any restrictions, and received four bids, the highest of which, the Secretary informs us, was $7,700. Our price per vessel is approximately $4,500.

On November 5, 1932, the steel market, in accordance with the magazine known as the Iron Age, was around $7 per ton.

We entered into a contract with the Sun Shipbuilding Co., of Chester, Pa., to break up some of these vessels for us, at $5 per metal-ton recovered. We were unable to do it as cheap in our plant. For the sake of the discussion, we will add $1.51 (cost of metal to the Boston Iron), and $5 per ton break-up, makes $6.51, before other expenses can be added. In order to obtain a quantity price, the metal had to be sold less than market price, and contracts, as of the date of the sale—that is, November 5, 1932—were entered into at $6.60 per ton. This covers the nonferrous metals, which are iron and steel, etc. Now, we have figures to prove that three fourths of 1 percent, on the average, of a vessel is ferrous metals, such as copper, brass, etc. The average recoverable metal of a ship is 3,000 tons. Of this approximately 20 tons are nonferrous metals, which, at time of contract, were worth about $60 to $75 per ton. About 400 men were employed on this job in Chester and about the same amount at Baltimore, and, through the action of the Government, these men have become disemployed by us.

Shipping Board removed these vessels from the World's Shipping Registry, and they were no longer ships when we bought them but were just so much scrap. They cannot now be used from a practical standpoint because it would cost too much to repair them, and from the standpoint of their possible future life this would not be a reasonable thing to do, and, furthermore, these ships are, for the most part, 10-knot ships; their engines are obsolete in design and from every standpoint they have no place in the shipping world. Particularly is this true when the Department of Commerce has determined to encourage the building of new vessels and modernize the fleet.

5. United States had the right to withdraw the vessels whenever it desired these ships for operation, or for sale for operation, or in the event of a national emergency, declared by the Secretary of War. This did not mean that they could withdraw these vessels at any time that a whim or a wish moved them but that they must have had, at such notice of withdrawal, a sale for operation of the vessels, or, at least, had a plan for the operation of the same.

Six months have expired since notice of withdrawal received. They do not have any sale for operation of these vessels, and absolutely have no definite plan of what to do with them. Of course, as you know, no national emergency, which has been so declared by the Secretary of War, exists.

6. After notice of withdrawal received, we immediately dispatched a letter of Secretary Roper, requesting him to tell us under what portion of article 3 of our contract the vessels were being withdrawn. To this he has never replied, but simply stated that the matter was being reviewed. We have continuously contacted the Department of Commerce and the Shipping Board, but up to now, as you know, we have never received any word from anybody as to just exactly why these ships were withdrawn from us, which action actually nullified and abrogated our contract.

The matter was placed in the hands of South Trimble, Jr., Esq., Solicitor for the Department of Commerce, and he passed upon the question of whether the Shipping Board had a right to sell the vessels and scrap the same; whether they received an adequate consideration for the sale; what rights the Government had under the contract to withdraw the same, and if they did not have such right, what damages must they respond to. We have requested to be shown this opinion, but, of course, we have never seen it. We, accordingly, filed briefs with the Solicitor for the Commerce Department on the first question; that is, the right of the Shipping Board to sell these vessels and scrap them, and when the matter got into the hands of the Attorney General's Office, we submitted briefs on the other questions, except the question of damages which we did not address ourselves to. The Department of Justice never rendered an opinion. They have told the Secretary of Commerce repeatedly that they would not render an opinion, that he had taken his action without first consulting them and they would not now intervene. They are, however, investigating the matter for the purpose of being in a position to defend any action which we take.

The Army and the Navy have repeatedly been asked if they needed these vessels, and I understand that a committee was appointed, consisting of a representative of the Shipping Board and the Army and Navy, and it was decided that neither of these branches needed the vessels in question.

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

The resolution was agreed to.

CARRIAGE OF THE AIR MAIL—ADDRESS BY SENATOR AUSTIN

Mr. BARBOUR. Mr. President, I hold in my hand a radio address entitled "The Current Chapter of the Air-Mail Tragedy", delivered last night over the National Broadcasting Co. network by the senior Senator from Vermont [Mr. AUSTIN]. I ask unanimous consent that the address may be printed in full in the RECORD.

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

The present status of the defense by the Postmaster General for cancelation of the air-mail contracts, and placing the risk, burden, and tragic penalty of transportation upon Army pilots, can be understood best if the principal facts leading to this new deal are reviewed. Graphically stated, they are as follows:

The Government engaged in flying its own mail until 1925, when this practice was abandoned.

Preceding the adoption of the McNary-Watres Act two substantial through routes were created; but generally over the country there sprang up an illogical, sporadic mushroom-like growth of numerous short, weak, inefficient, disconnected mail and passenger routes. The outstanding exception to the general situation, namely: United Air Lines, which was a through transcontinental route from the Atlantic to the Pacific, had been established. The beneficial operation of this route emphasized the wisdom and economic need for extensions and consolidations of short lines into other independent competitive transcontinental routes for the good of the Air Mail Service, for the encouragement of development of aeronautics, for the invention and use of multimotored planes, for increased number of seats for passengers, for safety devices in flying by night and in storms, and for the promotion of the national defense.

On April 29, 1930, Congress passed the McNary-Watres Act for the purpose of creating a logical air-mail map with great systems of transportation to supplant the scattered and disconnected routes.

In May 1930, Postmaster General Brown exercised the powers vested in him by the McNary-Watres Act. Two different methods for creation of air-mail systems were contained in the act. One was by extensions and consolidations, and the other was by competitive bidding.

The first-mentioned method was tried out and failed. That method involved increasing or diminishing existing routes, taking from one contractor part of a route and transferring it to another, elongating or coupling up disconnected routes, adding feeders thereto, and consolidating the whole into transcontinental trunk lines, from East to West, with suitable North and South laterals. Procedure under this power necessitated meeting with the contractors to obtain the necessary modifications of their contracts for this purpose. The logical scheme of air-mail routes intended by Congress required agreement upon the pioneering equities and rights of operators. These meetings were not clandestine, but were published through releases by the Post Office Department to the newspapers of the country. They were contemplated by law. Similar meetings had been held before then, and similar meetings have been held since by the Democratic administration.

Mr. Crowley, the present Solicitor of the Post Office Department, testifying before the special Senate committee, admitted that a Postmaster General needs the knowledge of operators to determine questions regarding transportation of air mail.

The meetings held by Postmaster General Brown resulted in agreement upon the least controversial routes, but there was a total disagreement regarding routes where several operators claimed the pioneering equities on the same lines.

A law question was raised regarding the authority of the Postmaster General to create these lines by this method of extension and consolidation. The question was submitted to the Comptroller General, and his opinion, rendered July 24, 1930 (as well as the disagreement of operators to which I have referred), terminated the effort to establish these equities in that manner.

Thereupon the second method was adopted, namely: Competitive bidding. Bids were publicly called for, and those qualified by the law were competent to bid. The law limited the class who could bid to those who had a certain specified experience and who were found by the Postmaster General to be responsible bidders. The words of the law made bidding rather futile. The policy of the Government to have these lines independent of each other and evenly competitive excluded bona fide qualified bidders for one line from competing with bona fide bidders for another line. No collusion or agreement or conspiracy could exist under these conditions, because the interest of each bidder impelled him to devote all his energy to obtaining the line he sought. The result of operating under this method was the creation of the midtranscontinental route and the southern transcontinental route.

The fact that there was a joint bid for each of these routes which was not opposed by any other qualified bidder was the result of the disqualification and economic incapacity of any other person to bid thereon.

As a result of the vigorous insistence by Postmaster General Brown that all and every entangling alliance between these three great trunk lines should be discontinued, and of his insistence upon economic responsibility and skilled personnel in operation for each route, there was created in a remarkably short time the most efficient, safe, and progressive system of transportation of mail and passengers in the world.

To illustrate the acceleration thereby of the speed of business transactions, two letters might be dropped in the mail chute of a New York skyscraper at the close of a business day, one addressed to a person in that same building, the other air mailed to Omaha. Both letters would be delivered at the same time.

Immediately after the election in November 1932, those who did not have air-mail contracts formed a society for the purpose of securing cancelations of the contracts and the opening of them to competitive bidding for the purpose of taking away from those who had contracts and letting to those who did not have contracts.

Propaganda and lobbying by the members of this organization and their attorney resulted in the appointing of a special Senate investigating committee and in the enactment of a resolution authorizing the President to cancel contracts upon 60 days' notice, public hearing, and the awarding and payment of damages therefor. It should be noted that these cancelations were not made under this law.

Then began hearings by the special committee. Members of that society participated in the hearings. The meetings of May 1930 were characterized publicly as "spoils conferences" on the theory, of course, that approbrious epithets have an effect of proof with those who are uninformed. They also tend to give bad repute to the subject to which they are applied. A camouflage of the operations of this society consisted in the pretense that their objective was to fly the mail for less money than the Government was paying. This sham is exposed by pointing out that the Postmaster General had arbitrary power given him in the law to fix the price from time to time as he saw fit. The insincerity of it as a defense by the Postmaster General is exposed by the fact that he had used this power. Moreover, he had asked Congress for an appropriation increased by $1,000,000. Not a word of evidence of fraud was introduced. Indeed, there appeared such a lack of agreement, such an utter absence of collusion that the Solicitor of the Post Office Department finally charged that the Postmaster General had blackmailed the contractors into obedience and conformity with the "vision splendid" that he had of a great air transportation system. It is my opinion that the charge of fraud was trumped up as a smoke barrage to conceal operations under the plot of the society referred to and certain members of the Post Office Department to cancel these contracts for the benefit of the members of that society. The character played in this tragedy by politics will undoubtedly later enter upon the stage.

January 30, 1934, Postmaster General Farley admitted on oath before the special Senate committee that he had not discovered anything fundamentally wrong about these contracts, and that his conduct concerning them might be considered as an approval up to that date.

Yet 7 days later—on February 6, 1934—the project to cancel all of the contracts was submitted to the President and the Attorney General by the Postmaster General. In this short time a determination by the Postmaster General had been made to cancel the contracts.

It should be remembered that the transcontinental line of the United Airways and the National Parks Airways were established before the McNary-Watres Act was adopted, and they obtained nothing from the conference. Nevertheless, their contracts were canceled. The significance of this submission of the case to the President and the Attorney General for cancelation before termination of the investigation by the committee is that those who sought cancelation could not afford to wait for the fact to come out, because the facts in possession of the President and of the public would then block the cancelation.

On February 9, 1934, all of the contracts were canceled effective as of February 19.

Then followed the ill-considered use of the Army to fly the mail with its ghastly loss of human life.

Next came retreat from that blunder.

Shortly after, service by the Army on a curtailed basis was resumed, which resulted in further loss of human life.

Thereupon, Congress adopted a temporary air mail bill authorizing the Army to fly mail subject to conditions relating to safety.

The President was misled by representations in writing made by the Solicitor of the Post Office Department and an attorney of the Department of Justice. It is safe to assume that the oral representations made to the President were of like character to the written ones. These written representations give the false impression that certain contracts were extended in time for 6 months without authority of law and without readvertising for bids, whereas the basic law granted authority to do this. They allege that the route certificates were granted without authority of law, whereas the McNary-Watres Act expressly provided for an exchange which was made to the great benefit of the Government in securing complete control by the Government over routes, compensation, and conditions for safety and efficiency which did not exist under the old contracts for which they were exchanged. These lawful and beneficial acts were represented to the President to have been done in conspiracy. If this were true then Congress was a conspirator. A flagrant misrepresentation was made that "the entire system of the United Air Ways was built up by the certificate or extension method." On the contrary, the fact is that it was built up by the competitive bid method. Only two extensions were ever made and they were obvious and logical ones which came too long after the meetings to have been related to them.

These written representations did not inform the President that the transactions at the meetings held were done under provisions of the act and a declared policy of the Government which required such meetings. Ascertaining equities, laying out routes, creating an air-mail map, and such vital matters relating to the terrain of an airway could not be intelligently handled by an official behind a desk, but necessitated conferences with operators whose actual experience was indispensable. The representations gave the false impression that all extensions made were agreed upon at these meetings, whereas some of them were not even mentioned.

The statement was made that the National Parks Airways, Inc., route "was the result of a certificate issued after the 'spoils conference' on July 29, 1930", which carried the innuendo that this was done as a result of a collusive agreement at the meeting, whereas there was no party interested in that route other than National Parks Airways, Inc. The President was not told that this route was established by a contract let by bidding. The presentation of the situation with respect to Eastern Air Transport and American Airways was not frankly stated, but the President was shown only that certificates to these companies were granted after the "spoils conference." A representation was made that carried the implication that every holder of an air-mail contract obtained his contract by virtue of the conference in May. Moreover, this written representation characterized extensions as a "subterfuge", whereas they were the declared policy of the Congress.

These writings also gave the impression that cost to the Government required cancelation of the contracts and letting of new ones by bids, whereas the fact is that the cost not only could be, but must be, fixed arbitrarily by the Postmaster General. Certainly this representation must rebound with great force upon Postmaster General Farley, who not only justified the cost before the Appropriations Committee of the House, but asked for additional funds. The effect of these representations was to condemn the performance, separately and jointly, of every function of Postmaster General Brown under the law, although all of them had been sustained by the Comptroller General in making payments under the contract, all had been carefully considered from time to time by committees of Congress, and had been ratified by Postmaster General Farley up to January 30, 1934, 6 days before.

On March 8, 1934, the President sent a letter to the Chairman of the Committee on Post Offices and Post Roads recommending a law which would reverse every feature of the McNary-Watres Act and make permanent, not only the cancelation of contracts, but the disqualification of the contractors.

Bad faith and conflict with public policy were doubtless predicated on the representations. No provision for testing such questions in a judicial manner and ascertaining qualifications of bidders before the bidding was suggested. If enacted into law this policy would set back the aeronautical industry many years and confirm the fear of the people of these United States that their Government has become arbitrary and unjust.

This was followed on March 9, 1934, by the McKellar-Black bill to revise air mails, which carried out every feature of the recommendation and included the following language:

"* * * and no person shall be eligible to bid for or hold an air-mail contract if it or its predecessor is asserting or has any claim against the United States because of a prior annulment of any contract by the Postmaster General. * * *"

The protests of the people of this country against this ruthless destruction of property, and against this impetuous condemnation, without trial, and attempt at attainder by legislation, as well as the withering criticism of every expert called before the Committee on Post Offices and Post Roads, excited the reporting of a substitute bill phrased to give the impression that the destructive elements of the first bill were eliminated.

But the proponent of the bill stated in the Senate that the inhibitions of the measure were substantially the same as those of the Postmaster General's advertisements for bids, which I now speak of.

On March 28, 1934, the Postmaster General announced that temporary contracts with commercial aviation companies for transporting air mail would be made within the next 3 weeks, and advertised for bids containing the following inhibition:

"No bids shall be considered or received from any company which previously had a contract for the carriage of air mail and whose contract was annulled under Revised Statutes, section 3950, * * *."

All of the cancelations were expressly claimed to have been made under that section.

Other bills have been introduced relating to the subject. The current chapter in the air-mail tragedy to which I invite attention now follows:

Today there was ordered printed a bill, proposed by Senators AUSTIN, of Vermont, DAVIS, of Pennsylvania, and BARBOUR, of New Jersey, as an amendment in the nature of a substitute for the McKellar and Black bill. This measure is designed to preserve the remarkable development of the art of aeronautics to compel the Postmaster General to issue a route warrant to any carrier who held a route certificate which was canceled unless upon fair trial, by a three-judge court, the applicant has been found to be disqualified under section 3950 of the Revised Statutes. This bill prohibits the attainder of any person by refusing him a route warrant on the ground that he has a claim against the United

States because of a prior annulment of contract. This bill prohibits the Postmaster General from presuming disqualification and requires him to raise that question by complaint presented to a district judge of the United States in the district wherein is the residence of such person sought to be disqualified.

This bill makes the Postmaster General the agent of Congress to carry out provisions for extending, consolidating, or creating new air-mail routes, upon such a basis that monopoly will be prevented and balanced competition will be maintained.

This bill does away with the fallacious doctrine of competitive bidding which was exposed in the language of Captain Rickenbacker as follows:

"Asking 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."

On the other hand, it authorized the Postmaster General to place mail for air transportation on any route operating aircraft on a fixed daily schedule under the authority of the Department of Commerce. The bill fixes compensation on a basis where bidding is inapplicable, namely; 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.

The great underlying stimulus which the McNary-Watres Act furnished for the amazing development of the passenger service is continued in this bill, namely: A frank subsidy 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.

The effect of such a formula has already been tested, and there is no room for doubt that it tends to keen competition and to the exercise of the highest character of service.

Such a formula as was effective from November 1, 1932, to June 30, 1933, offered additional pay for carrying two-way radio, an increased number of passenger seats, employment of a copilot, and other variables which helped toward the creation of an aeronautical industry that could support itself. Obviously, this is superior to a law requiring competitive bidding without subsidy which would reverse the interest of the operator, because he would be tempted to get his cost back, plus a profit, regardless of efficiency and without encouragement to promotion of the service. Under the formula operators inclined to lag behind in economy and efficiency of operation could only make money by raising their standards to meet competition because all would be established on the same basis.

The proposed act requires the Postmaster General to promulgate and execute rules, regulations, and orders establishing standards of qualification of pilots, involving experience and skill in blind flying and other aspects of navigation, providing for working conditions of all employees, with due regard for safety and efficiency, holding up the standard of compensation to that of 1933 unless changed from time to time through the medium of collective or other bargaining, and maintaining the quality of landing fields, lighthouses, radio stations, and other means of communication and aids to navigation, as well as standards of planes and their equipment.

This bill, if enacted into law, would restore a great institution. It would lend encouragement to industry generally by assuring industry that a contract still has value and binding force in this country; that the old-fashioned American idea of trial by due process of law is a certain bulwark of our safety from sudden impetuosity of our Government; that we really have rights as citizens, whether as contractors with the Government or as beneficiaries of contracts with the Government.

The passage of this bill would benefit business generally because it would prevent the chaos in transacting its affairs which necessarily must follow the setting back of the air-mail transportation business and the passenger-transport enterprise 5 or 6 years.

The passage of this bill would save the air-transport industry, because there is an opportunity for 10-year contracts which would permit planning and financing upon a stable basis. This measure would permit warrants for a period not exceeding 10 years from date by contrast with the McKellar-Black bill, which is limited to periods of not exceeding 3 years.

It is apparent that the hampering uncertainty of operators would be alleviated by this measure. The policy of Congress to adhere to the American right of notice, trial, and judgment in case of an intended cancelation was expressed in the McNary-Watres Act, which required 45 days' notice and an opportunity to show cause why the certificate should not be canceled (sec. 6); and in the act of June 16, 1933 (Public, No. 78), which required 60 days' notice to the parties to any contract with the United States which the President might intend to cancel and an opportunity for public hearing.

These great powers were granted by law. The law for cancelation was plain and simple, but was utterly ignored; on the contrary, the parties and the country were startled by a sudden exercise of the might of official position to ruin this great servant of the people—the air-mail transportation system.

By this bill we try to salvage from the wreckage the great airways, the competitive systems, the principle of incentive to individual effort and progress, the financial encouragement for development of safety and efficiency, and better conditions of work, as well as justice in pay for labor, both skilled and unskilled.

The proposed bill offers to the people of the United States the assurance that their Government is honest and honorable as a contractor with them. Our cause is an institution for which intrepid pilots have given their lives and a principle of civilization for which humanity has battled since the birth of Christ. Let not politics interfere with the progress of this cause.

Let this chapter of the air-mail tragedy strike down government by men and uphold government by laws.

COMMENT ON UPTURN OF CONDITIONS

Mr. THOMAS of Utah. Mr. President, I ask unanimous consent to have printed in the RECORD a cross-section of comment on the upturn of conditions, the reports having been taken by careful newspapermen in interviews with some of the leading citizens of various parts of the West, gathered for a conference in Salt Lake City, Utah, and taken from the Deseret News of April 6. The reports come from men who are leaders in the intermountain country. All are presidents of stakes of the Church of Jesus Christ of Latter-day Saints, and all were present at Salt Lake City for the annual conference of that church.

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

[From the Deseret News of April 6, 1934]

PRESIDENTS OF STAKES REPORT BETTER TIMES—CONDITIONS IMPROVE IN DISTRICTS OF CHURCH

A very definite note of optimism regarding improved business and financial conditions and outlook for future improvement in farming, grazing, and mining, is expressed in Salt Lake today by a number of presidents of stakes here attending the one hundred and fourth annual general conference.

Without exception these stake presidents report improvement both in actual conditions and in the attitudes of the people. All report a generally more hopeful feeling prevailing, and many gave definite indications of conditions being much improved.

The stake presidents interviewed are representative of the entire Rocky Mountain region, ranging from Arizona to Colorado, and including Canada and Mexico.

RANGES IMPROVE IN GARFIELD COUNTY

Range conditions in Garfield County are the best they have been for some time, President Thomas A. King, of the Garfield stake, reports. The people are much happier and more settled in mind over the prospects for this year than they have been for a long time. Water conditions are good, and barring a siege of grasshoppers, farming should be much improved this year, he explained.

LYMAN DISTRICT EMPLOYMENT GAINS

President H. Melvin Rollins, of the Lyman stake in Wyoming, can see very definite improvement in several ways. With the water outlook only a very little below normal and grazing conditions of the past winter ideal, the outlook for the farming and cattle-raising industries of Wyoming is excellent.

General conditions, too, are much better, he asserts. In Evanston, he said, there are as many men now employed in the railroad shops as there ever have been; and conditions in the mining towns are also much improved with the providing of more work.

HURRICANE FRUIT ESCAPES FROST

President Claudius Hirschi, of the Zion Park stake, whose home is in Hurricane, said that with the recent danger of frost past without damage, farming prospects, particularly with fruit, are excellent in the southern part of the State. Grazing conditions for the spring are good, although much depends in this industry on later summer rains. Movement of wool in that section is good at a good price, and livestock men are now placing their cattle on the market for fair returns, he said.

President Hirschi stated that the C.W.A. projects greatly aided that section and especially affected the merchants. While things are more or less at a standstill, another boom is expected this year during the fruit season.

UINTAH SELLS WOOL BEFORE PRICES DROP

President Hyrum B. Calder, of the Uintah stake, at Vernal, said business conditions were much better. While the wool prices are now slipping, most of the clips in that section have already been sold at a good price, he said.

The recent storm, he explained, has abated a gloom that was apparent as a result of expected water shortage. It helps conditions. There is plenty of moisture, and although business is quiet, the general outlook is much better, he said.

ARIZONIANS HOPEFUL OF BETTER TIMES

Presidents Harry L. Payne, of the St. Joseph stake, and Levi S. Udall, of the St. Johns stake, can see a definite improvement in Arizona. The State received a great impetus from the C.W.A. and the people are hopeful, they said. President Payne stated the people were more optimistic and improvement was apparent on all hands. He explained that the ideal winter through which they have passed was a great aid to grazing and livestock conditions.

IMPROVED POTATO PRICE AIDS DRIGGS

A fair price for potatoes and considerable road work has been a great factor in improving conditions within the Teton district around Driggs, Idaho, President Albert Choules, of the Teton stake, reports. He said conditions were much better than they have been, and high hopes are held out for the future.

SOUTH SANPETE NEEDS MORE WATER

While financial conditions are somewhat better, crop conditions, owing to a shortage of water, are not as favorable, President Lewis R. Anderson, of the South Sanpete stake, reports. The people there, however, are hopeful and more optimistic than they have been, he said.

GUNNISON HOPEFUL DESPITE REVERSES

Although the water in the Gunnison Reservoir is 3 feet short and prospects on the west side of the valley are rather disappointing, residents of Gunnison are quite optimistic this year, according to Charles S. Hansen, president of the Gunnison stake. Tithing, he said, had increased up to date over last year.

Merchants did better during January and February this year than last, but things were rather quiet in March, President Hansen said. Farmers have been rather worried about beet prospects, but are now preparing to sign up. Wheat acreage will be about the same, he declared, despite the United States reduction, since many of the largest growers did not sign Government contracts.

REDMOND FARMERS TO PLANT MORE BEETS

Farmers of Redmond are preparing to plant more beets this year than for several years past, if present indications prove reliable, Martin Jensen, first counselor in the North Sevier stake presidency, said Friday. Business has picked up a little, so that more tithing is being paid in several of the wards, and the people of Redmond are generally optimistic over the future.

BUSINESS IMPROVES IN SEVIER DISTRICT

The dental profession is much better this year than last, says W. Eugene Poulson, president of Sevier stake. He feels that in general this may be taken as an indication of other business in Sevier County.

Cattlemen are happy over the open winter season on the ranges, and prospects for the sale of marketable livestock seem to be better. Sheepmen are rejoicing over the rise in the price of wool. Those who fed sheep during the past winter were able to make some profit, although not so many tried this form of winter work this year.

CENTRAL COLORADO HAS LITTLE CHANGE

Business in central Colorado is practically the same this year as last, John W. Smith, second counselor of the Colorado Springs branch, Western States mission, said Friday morning. "While there is a slight improvement in the music business—my line of work—it is so slight that we can't continue on this way for very long. Business must improve, or we will have to quit."

CONDITIONS IMPROVE IN KANAB DISTRICT

Things have never been better in and around Kanab, President Charles C. Heaton, of the Kanab stake said. The people are happy, and everyone who wants to work is working.

An unusual amount of road work and forest work, together with improved conditions in livestock, particularly sheep business, are responsible for this healthy condition.

SHELLEY MENACED BY WATER LACK

President Berkley Larson, of the Shelley stake, expressed a fear that a shortage of water might result for the maturing crops, but the people are optimistic through knowledge that crops have frequently been better in dry years than in years of plenty of moisture. The people are more hopeful and conditions are generally much better than for several years.

INCREASES OF VETERANS' COMPENSATION

Mr. COPELAND. Mr. President, in this morning's New York Herald Tribune is a defense of the veterans' increases. It is from the pen of Mr. Anson T. McCook, of Hartford, Conn.

I wish every citizen who is not fully informed on the subject could read this concise, and, I believe, entirely accurate statement. Many who are now unhappy over the veto will have a better understanding of the facts.

Reading the article may not change a conviction, but at least it will make understandable the attitude of those who in all good conscience voted in the majority. I ask that it be printed in the RECORD.

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

DEFENDING THE VETERANS' INCREASES

To the New York Herald Tribune:

Accusations have raged around the veto of the independent offices bill. There has been a wide misunderstanding of vital facts. Having made a special study of disabled veterans' relief for several years, perhaps I can help clear the air.

First of all, the bonus has no connection with this matter whatsoever. The bonus was not even mentioned in the bill which was vetoed. And the Legion at Chicago voted down all resolutions which would have called for its present payment.

Next, this bill did not restore any of those numerous disabilities, classified as not connected with the service, which were cut off by the Economy Act last year; nor did the Legion ask to have them restored. Therefore, that large saving remains exactly where it stood.

As to raiding the Treasury or unbalancing the Budget, the bill provides less than $50,000,000 in payments to disabled World War veterans, and most of this the President himself had already approved. David Lawrence, an impartial observer, puts the difference between Congress and the President as to World War veterans at only $20,000,000. It is probably less than that. The largest part of the appropriation was to restore pay cuts to Federal employees and for Spanish War veterans, but even there the total difference between Congress and the President was comparatively small.

Just what did the bill provide for World War veterans? First, it restored to concededly service-connected cases the cuts which had been made in their compensation as a temporary measure of economy last year. The President himself had favored their restoration as soon as practicable. Therefore, the difference was not one of principle, nor of amount, but simply of time. With wages and costs increasing, Congress thought the time had arrived.

Discussion has chiefly centered about the second class, namely, that especially pathetic group known as "presumptives." There are but 29,000 of them and the number is shrinking by death. It is vitally important to note three things about them. First, they must have broken down before 1925. Next, the break-down must have been a very grave one, such as in mind, lungs, or heart. Finally, up to 1933, they were rated as actually service connected, albeit by presumption, and most had held that honorable status for 10 years. Then, when their lives had become adjusted on that basis, they were deprived of it by a stroke of the pen. In my opinion that was most unjust. If I am right, they had an absolute claim to be restored as a matter of national obligation.

My reasons are these: First, my personal observation, confirmed by no less a medical authority than Gen. Sanford H. Wadhams, deputy chief surgeon of the A.E.F., and many other reliable observers, convinces me that the vast majority of these presumptive break-downs were actually service connected in point of fact. And I am more interested in the fact than in any rating on paper. Next, I would ask this question: How could an insane man after the lapse of 15 years produce evidence to prove that the war caused his insanity even though there was no doubt about it? And yet that is exactly what the 1933 law required. And how is a man flat on his back with tuberculosis to get affidavits from doctors who are now dead and buddies who have disappeared? None of this evidence was required when they broke down before 1925. That is why the review boards' decisions were so necessarily restricted. A perfectly normal person would find it hard to prove an automobile case after 10 years during which he had been lulled into a false sense of security.

To bar 3 out of every 4 because 1 out of 4 might not be service connected seems comparable to convicting 3 out of 4 innocent persons in order to catch the 1-out-of-4 malefactor. The Legion's opinion is that the full burden of proof should rest upon the Government rather than upon the veteran who, after all these years, has lost his ability to prove his case. This is what the new law provides at the same time that it excludes any whose cases were established by fraud or misrepresentation.

Three hundred and seventy-three out of four hundred and seventy-two Senators and Representatives, a majority of each party in each House, believed that to restore these men and women to their honorable status and support was an act of simple justice. Believing this, they had no recourse in good conscience except to override the President's veto.

ANSON T. MCCOOK.

HARTFORD, CONN., *April 9, 1934.*

TARIFF ON LACES

Mr. METCALF. Mr. President, I ask unanimous consent to have printed in the RECORD a very interesting letter written by Lilian F. Thompson, of Woodville, R.I., relating to the tariff on laces.

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

WOODVILLE, R.I., *April 8, 1934.*

The Honorable JESSE H. METCALF,
Senator from the State of Rhode Island, Washington, D.C.

DEAR SENATOR METCALF: I am a lace worker, employed by the Richmond Lace Works at Alton, R.I., and I am taking your words, that workers and investors in the lace industry should "cry out against this tariff bill", literally; and if this letter of mine to you could do any good, I wish that every word of it could be blazoned across the heavens of this country in letters a mile high so that every lace worker might see and read and be made to realize what will happen when Secretary Wallace eliminates what he terms the "inefficient group of industries" in New England.

I wonder if Secretary Wallace and the other men who advocate the passage of this tariff bill have ever given a thought as to what will become of this vast army of lace workers when they are deprived of a means of livelihood. Evidently they haven't, and it is quite probable that they do not care. I know lots of little children, and grown-ups, too, who, during the past winter, would have often gone cold and hungry if it hadn't been for the work given to the wives and mothers by the lace mills.

It is too bad that Secretary Wallace and the men who think the same as he does and who are doing everything they can to crush out American products and American producers, couldn't visit some of the lace mills in Rhode Island and see the lovely laces made from shimmering silks, gleaming rayons, and fine cottons in patterns as delicate and lovely as those created by nature on our window panes on frosty mornings. It would be an education to them to see a lace loom and watch it in action. When Secretary Wallace brands the finer textiles made in this country as inferior to those made in France and China, he does not know what he is talking about. Some years ago I watched a Belgian peasant woman making lace by hand; and as the roses grew under her skillful fingers, it seemed to me wonderful. Today, except for the value that hand-made goods always command, there is all-over and band lace made at the Richmond Lace Works that is just as beautiful in every way as that made by the Belgian woman. I have an idea that even Secretary Wallace couldn't tell the difference between the hand and machine made. His remark that it is desirable to import laces and finer textiles from France and China to delight our womenfolk is a strange one for an American and a Cabinet officer to make, and is a mighty poor argument in favor of foreign goods. Furthermore, I happen to know that the womenfolk from the world of fashion, where Secretary Wallace moves, take much pleasure in purchasing yards and yards of these American-made finer textiles, and I haven't the least doubt that Secretary Wallace and his colleagues have footed the bills for a good many lace gowns and frills now that they are again in style.

What would any man worthy of the name think of a banker or a group of bankers who would take the savings of their depositors and throw them into the nearest mud pond and then remark that they did it to delight our womenfolk? Secretary Wallace goes even further: He aims to throw away millions of dollars invested in buildings and machinery and to take the bread from the mouths of men, women, and children. Crushing out industry and the workers in industry in New England, or any other part of the country, isn't going to help the farmers in Minnesota or any other place, not in a thousand years despite all that Secretary Wallace may say to the contrary, and while his statesmanship and religion and his ideas on industry may be the extraordinary revelations of the same mind, no one would ever know it.

Thanking you for all your splendid efforts in behalf of the people of the State of Rhode Island, I am, dear sir,

Very truly yours,

LILIAN F. THOMPSON.

SAN JUAN WATERWORKS CONTRACT, PUERTO RICO

Mr. ROBINSON of Indiana. Mr. President, I should like to bring to the attention of the Senate a very interesting situation which has developed in Puerto Rico.

The Reconstruction Finance Corporation authorized a loan of $1,300,000 for the construction of improvements to the waterworks system of San Juan, the capital of Puerto Rico. The Government requested quotations for hydrants under contract 14A and valves under contract 14B. The bids received were opened on January 29, 1934. The awards made by the administrative board of the capital of Puerto Rico on February 24, 1934, were transmitted to the office of the Reconstruction Finance Corporation here under date of March 3, 1934, and received March 7, 1934.

Mr. President, it develops that in this project 17 different concerns were bidders. Sixteen of the bids were identically the same to the penny. Sixteen concerns furnished bids each of $16,516.66 for the work. One concern, the Western Gas Construction Co., of Fort Wayne, Ind., was the lowest bidder, with a bid of $13,752.14. It developed that 1 of the 16 bids was accepted, being the higher bid, and ultimately approved by the Reconstruction Finance Corporation, which was furnishing the money for the work.

Naturally we were very curious to understand how it happened that 16 concerns would all bid in exactly the same amount for the same job of work. If there ever was an instance that seemed to suggest collusion, a meeting of the minds of competitors, that seemed to be such an instance.

We took up the matter with the Reconstruction Finance Corporation. We were informed by Mr. H. E. Whitaker, the acting chief engineer of the Reconstruction Finance Corporation, that this was due to the N.R.A.; that under the N.R.A. there can be no competitive bidding any longer; that is to say, that each and every concern bidding on a job of any kind under the codes must bid precisely the same amount. Thereupon we inquired whether or not that was the reason why the Western Gas Construction Co., at Fort Wayne, Ind., had been penalized, though they were the low bidder and were not permitted to get the job. The answers to our questions in that regard were very indefinite. This is what happened:

The project is for the San Juan waterworks extension. The Reconstruction Finance Corporation is furnishing $1,300,000 for that work. The contracts in question were nos. 14–A and 14–B, contract 14–A being for hydrants and valves and contract 14–B being for valves. The bid of the Western Gas Construction Co. under contract 14–A was $28,372. The bids of the competitors of the Western Gas Construction Co., 16 in number, were identical, each being $34,724. The bid of the Western Gas Construction Co. under contract 14–B was $13,752.14. The bids of the competitors, 16 in number, were identical, each being $16,516.66.

The total bid of the Western Gas Construction Co. was $42,124.14. The total bids of the competitors, 16 in number, each being identical with the others, was $51,240.66. The Western Gas Construction Co.'s total bid was $9,116.52 under the bids of the 16 who had all bid in exactly the same sum.

Naturally, Mr. President, if the N.R.A. fosters this sort of procedure, there can be no competitive bidding any more on Government work under any of the codes of the N.R.A. This is just one instance, showing the utter extravagance in the expenditure of public funds throughout the United States under the system at present in vogue. It shows, too, that the smaller business concerns are being practically driven out of business by the administration of the N.R.A. in this country.

In order that it may all appear in the RECORD, I ask to have printed the entire memorandum report covering this strange procedure as furnished to me by Mr. Whitaker, the acting engineer of the Reconstruction Finance Corporation, together with his letter to me.

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

RECONSTRUCTION FINANCE CORPORATION,
Washington, March 28, 1934.

San Juan waterworks, loan docket no. 328.

Hon. ARTHUR R. ROBINSON,
United States Senate, Washington, D.C.

DEAR SENATOR ROBINSON: With further reference to my letter of March 15, there is attached hereto a copy of the memorandum setting forth the facts concerning the award of the hydrant and valve contracts, nos. 14–A and 14–B, by the capital of Puerto Rico and the subsequent approval by this Corporation.

If there is any further information you may desire in connection with this matter, we shall be pleased to furnish it promptly.

Yours very truly,

H. E. WHITAKER,
Acting Chief Engineer.

MEMORANDUM REPORT COVERING APPROVAL OF AWARDS MADE BY THE ADMINISTRATIVE BOARD OF THE CAPITAL OF PUERTO RICO FOR HYDRANTS

CONTRACT 14–A AND VALVES CONTRACT 14–B

The R.F.C. has authorized a loan of $1,300,000 for the construction of improvements to the waterworks system of the capital of Puerto Rico at San Juan. The Government of Puerto Rico requested quotations for hydrants under contract 14–A and valves under contracts 14–B. The bids received being opened on January 29, 1934, and the awards made by the administrative board of the capital of Puerto Rico on February 24, 1934, being transmitted to this office under date of March 3, 1934 and received here March 7, 1934.

CONTRACT 14–B

There were 16 quotations received for $16,516.66, and one low bid of $13,752.14 for the valves under contract 14–B.

The administrative board considered at great length the bids and finally awarded contracts 14–A and 14–B to Sucs de Abarca, representing the Ludlow Valve Co.

On March 9 representatives of the Western Gas Construction Co., the low bidder, made informal complaint relative to the award.

On March 12 the Western Gas Construction Co. made formal complaint as the low bidder and also verbally raised a question as to the legality of the award to Sucs de Abarca.

On March 13 the R.F.C. transmitted the formal complaint to the capital of Pureto Rico requesting consideration of the information supplied in the complaint by the consulting engineer, the director of public works, and the administrative board.

On March 19 the chairman of the administrative board sent the R.F.C. the following cable: "Reconsideration contract 14 hydrants and valves not appropriate after submission matter R.F.C. To again consider matter in opinion officials city it is necessary that awards be disapproved. Recommend this procedure as serving best interests of city. Advise definite action by cable."

In view of the above cable stating that the administrative board could not reconsider and also recommending that we disapprove the award, this office immediately got in contact with members of the Bureau of Insular Affairs here in Washington and at our suggestion a cable was sent to Governor Winship of Puerto Rico and the attorney general of Puerto Rico requesting a legal opinion in the case of the award to Sucs de Abarca. The legal question was raised because a salaried employee of Sucs de Abarca is also a commissioner of the capital, but having nothing to do with the administrative board which made the award, and it was desired to learn from the highest legal authority on the island whether or not this, in any way, affected the legality of the award made to Sucs de Abarca.

On March 26 the following cablegram was received from Governor Winship by the Bureau of Insular Affairs:

"Reference your no. 96, March 24. By formal opinion rendered March 24, copy being transmitted by air mail, Attorney General of Puerto Rico holds contract valid, notwithstanding Pesquera's relations to successful bidder. Municipal commission had nothing to do with granting the award or contract, as this power resides in the administrative board, of which Pesquera is not a member. Furthermore, Pesquera is not a member or official of the contracting firm, but is only an employee thereof, and as such has no such interest in the contract as would render it void, even if he had participated as a municipal official in the awarding of the contract. See case of *Mumma* v. *Town of Brewster*, decided August 1933 by supreme court, State of Washington (24 Pac. (2d) 438)."

WINSHIP.

Upon receipt of the above cable Mr. Whitaker appeared before the executive committee of the Board of Directors of the Reconstruction Finance Corporation and laid the facts before them. He recommended that in order that there might not be any further delay the awards made by the honorable administrative board of the capital of Puerto Rico be approved. First, for contract 14–A, as the hydrants of the low bidder, the Western Gas Construction Co., are a new product and do not have a service record; second, for contract 14–B, because the disapproval of the award by the administrative board would cause delays at least of six weeks and possibly more, which would, in his opinion, more than neutralize any difference in price, and also that the delay is important when considered in connection with the program for relief in San Juan.

The executive committee of the Board of Directors of the Reconstruction Finance Corporation accepted the recommendation of Mr. Whitaker and instructed him to approve the awards made by the administrative board of the capital of Puerto Rico under contracts 14–A and 14–B to Sucs de Abarca.

Thereupon the following cable was dispatched to San Juan under date of March 26, 1934: "To avoid further delay, you are advised that this Corporation has no objection to the awards made by the honorable administrative board on contracts nos. 14–A and 14–B to Sucs de Abarca at an estimated cost of $51,241, in view of opinion of Attorney General received today."

On March 27 the following cable was received from the city manager of Puerto Rico: "Cable March 26, regarding contracts 14–A and 14–B, just received at moment administrative board was to meet for reconsideration matter awards according your letter March 12. Please advise if we should continue reconsideration proceedings or accept your cable as final."

On March 27 the following cable was sent to the city manager of the capital of Puerto Rico: "To avoid further delay you are advised that awards by honorable administrative board, contracts 14–A and 14–B, to Sucs de Abarca, at estimated cost $51,241, is satisfactory to this Corporation. Believe it inadvisable to reconsider in view legal complications which would undoubtedly ensue unless all bids were rejected, necessitating readvertisement, with consequent expensive delay."

On March 27 the following cable was received from the city manager of the capital of Puerto Rico: "In accordance with your cable, I called immediately Sucres de Abarca to sign contracts 14–A and 14–B."

The above is a history of this matter up to the present time.

H. E. WHITAKER,
Acting Chief Engineer, Reconstruction Finance Corporation.

INTERNAL-REVENUE TAXATION

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

Mr. KING. Mr. President, before the Senate took a recess yesterday I offered an amendment to the pending bill, which was read and appears in the proceedings of yesterday.

I am advised that one part of the amendment could be offered only upon a reconsideration of the former action of the Senate under which the House rates upon income taxes and surtaxes, with some modifications, were approved. I ask unanimous consent that I may offer the amendment which I submitted yesterday.

Mr. HARRISON. Mr. President, I do not anticipate that there will be any lengthy discussion of the matter, and, of course, I shall not object to the Senator's request.

The PRESIDING OFFICER (Mr. BACHMAN in the chair). Is there objection? The Chair hears none.

Mr. KING. Mr. President, yesterday I offered an amendment to subtitle (B) of the pending bill which deals with normal tax and surtax on individuals. Section 11 of the bill levies a normal tax of 4 percent on the net income in excess of certain deductions and credits. Section 12 of the pending bill deals with surtaxes on individuals. The rates levied begin with 4 percent upon net incomes and excess of $4,000 and not in excess of $8,000. Progressively the rates increase throughout the various brackets until in the last bracket there is imposed a surtax of $532,740 upon net incomes of $1,000,000, and a 59 percent surtax in addition upon incomes in excess of the amount stated.

I think it must be admitted that the taxes imposed in the title referred to are high, but it must be remembered that the present condition of the Treasury and of the country requires the collection of very large revenues. The expenditures of the Federal Government have greatly increased during the past 15 or 20 years. My recollection is that in 1916 the entire expenses of the Federal Government were approximately $1,000,000,000.

During the World War, of course, the demands for revenue were increasingly great, and following the war it was impossible to return to the pre-war revenue status. During the closing years of Mr. Hoover's administration, notwithstanding the revenues derived from taxation were very large, there were increasingly large deficits. It seems almost incredible, in view of the heavy burden of taxation, that in the closing year of Mr. Hoover's administration a deficit of nearly $3,000,000,000 was created. During this period of depression revenues have diminished and the expenditures of the Government have increased. I think the same is true with respect to the States and their political subdivisions. The demands for relief for the unemployed have been colossal, and both the Federal and State Governments have been compelled to borrow in order to meet current demands.

The States and their municipalities experience difficulty in finding sources of revenue, and it should be the policy of the Federal Government, so far as possible, to leave to the States and their political subdivisions as many fields from which revenue may be derived as conditions will permit. Unfortunately the Federal Government has been compelled to invade fields which ought to have been left exclusively to the States. It is obvious that the Federal Government must rely upon individual and corporate income taxes for the greater part of its revenues.

Aside from income taxes the Federal Government's receipts are derived for the most part from customs duties and taxes upon tobacco, liquor, and a rather limited number of commodities. The present condition of the Treasury and the demands made upon the Federal Government conclusively prove that the revenues of the Federal Government must be increased if the Budget is to be balanced and the credit of the Government is to be unimpaired. No mere juggling of figures will meet the situation and no imagination will supply facts to meet realities. The Federal Government needs money, and more money, in order to meet the enormous appropriations which are being made. Billions of dollars have been appropriated to the Reconstruction Finance Corporation, the Public Works Administration, and for relief purposes; and hundreds of millions of dollars have also been appropriated to meet other expenses of the Government, including the demands made for the maintenance of the Army and the Navy. The Government has been compelled to borrow enormous sums in order to meet appropriations made by Congress, and our Government cannot go on indefinitely borrowing and issuing bonds. The credit of the strongest government may be impaired, and it is obvious that disastrous consequences would result to the entire economic structure if our Budget was not balanced and increased deficits resulted. Many governments have met with disaster because they have destroyed their credit by profligate expenditures.

I call attention to these matters merely for the purpose of justifying the heavy burdens of taxation which are being laid upon the people. It would not be the part of wisdom or statesmanship for Congress to refuse to balance the Budget, or to decline to impose taxes adequate to meet all legitimate demands. A humorist has said that a statesman is one who votes against all tax measures and in favor of all appropriation bills. Undoubtedly persons in public life have been defeated for positions because they voted to maintain the credit of their country and opposed measures calling for increased appropriations.

The bill before us will add to the tax burdens of the people, but it is but a fraction of the aggregate appropriations this Congress has already made; and the additional revenue that the Government will derive from the provisions of this bill, plus all other revenue from various sources, will, in my opinion, still be inadequate to balance the Budget. Indeed, additional sums will be required to meet the expenses of the Government, and they can only be met by the issue of Government securities.

I appreciate the fact that heavy taxes imposed at this time may retard industrial rehabilitation. There are evidences of a revival of business. Many factories and mills and plants that were silent for a number of years are now in operation, and millions of persons who a year ago were without employment now find positions in the industries and activities of our country. It is important that all legitimate measures be adopted to promote industrial revival; and it would be unfortunate if the exactions of the Government made necessary to meet the imperative demands upon the Treasury should constitute impediments to business development. I believe that the representatives of business, and indeed the people generally, will respond to the needs of the Government; and while the burdens of taxation will be grievous and perhaps hard to be borne, there will be a patriotic response to the request for increased Federal revenues.

I think it is conceded that the income tax is the fairest tax that may be placed upon the people. Ability to pay is recognized as a sound and just basis upon which to rest a revenue system. Reactionary forces opposed the income-tax system; and it was a long and hard struggle to secure an amendment to the Constitution authorizing the collection of income taxes from the people. I think opposition to this system of taxation has vanished, and the majority of the people would be unwilling to deny the Government the right to obtain a considerable part of its revenues from the incomes received by individuals and corporations.

Mr. President, the able Senator from Wisconsin [Mr. LA FOLLETTE] delivered a most excellent address a day or two ago in support of his amendment which called for an increase in the income-tax rates. His amendment dealt with surtaxes and materially increased the rates in the higher brackets. If his amendment had prevailed, then my amendment would not have been submitted.

Mr. President, the amendment which I have offered includes a normal tax of 5 percent, an earned-income credit of 10 percent against net income subject to normal tax, and surtax rates graduated from 3 percent on surtax net income in excess of $4,000 to 65 percent on surtax net income in excess of $500,000. This amendment, if adopted, would yield between forty and fifty million dollars more revenue than H.R. 7835, as reported by the Committee on Finance. The greater part of the additional revenue would come from net incomes of $20,000 and over. A small part would come from net incomes under $20,000, in part due to the fact that taxes on these incomes would be reduced less to meet present taxes (1932 act) than under H.R. 7835, as reported by the Committee on Finance.

Under the proposal which I have submitted, surtax rates would be revised so that there would be a gradual increase in the surtax rates over the present law and also over the pending bill. These increases are from 1 percent to more than 6 percent. The amendment submitted would have advantages over the pending bill in that it would raise more revenue and would rest taxes on a broad group of the larger incomes, i. e., net incomes above $25,000, and, of course, would be higher than under the pending bill.

It is obvious that with the proposed increase in the normal tax from 4 to 5 percent there would be a considerable increase over the pending bill.

Under the existing law the normal tax is 4 percent up to $8,000 and 8 percent upon all incomes in excess of that amount. The House did not continue the 8-percent normal tax, and the Committee on Finance of the Senate accepted the view of the House bill upon this matter. I believed that the situation called for an increase of the 4-percent normal tax, and accordingly have incorporated in my amendment a provision calling for 5 percent.

I shall not take the time of the Senate to institute a comparison of the rates in the pending bill and those in the amendments which I have offered. I shall, however, call attention to a few of the brackets and the difference in the rates and in the taxes which would result therefrom. I might add that in this morning's RECORD will be found a table showing the surtax rates in the pending bill and the surtax rates in the amendment which I have offered. For instance, in the pending bill the surtax rates upon net incomes of $32,000 to $38,000 are 21 percent, while in my proposal they are 22 percent. In the next bracket—$38,000 to $44,000—the pending bill levies a surtax of 24 percent, and in my amendment the surtax is 25 percent. In the bill before us the surtax rates increase 1 percent in each bracket until the maximum surtax rate of 59 percent is reached upon all net incomes of over $1,000,000. In my amendment the surtaxes are higher in the upper brackets, the highest surtax being 65 percent upon net incomes. Upon all incomes of $1,000,000 and over my amendment levies a surtax of 65 percent. With the surtax and the normal tax there would be imposed a 70-percent tax upon net incomes from $1,000,000 upwards.

Mr. President, I shall submit a few figures showing the difference in taxes paid under the Act of 1932 and the taxes which will be required under the amendment that I have submitted. These taxes are those that would be paid by a married man having no dependents. Under the 1932 act the total tax upon an income of $25,000 would amount to $2,520, whereas under my amendment the total tax would be $2,670. Upon a $50,000 income the tax under the act of 1932 would be $8,600, and under my amendment it would amount to $9,455. A tax of $30,100 is imposed under the act of 1932 upon an income of $100,000; and upon the same income under my amendment the tax would be $33,440. Upon incomes of $500,000 the 1932 tax would be $263,600, but under my proposal it would be $293,315. The tax upon incomes of $1,000,000, or over, under the 1932 act is $571,100, and under my amendment they would total $643,190.

Mr. President, I concede that these rates are high, but as I have briefly and imperfectly stated, the situation warrants the application of these rates. Surtaxes falling within the lower brackets cannot be regarded as severe, and those provided in the higher brackets are justified under existing conditions. The taxes are graduated as income taxes should be. Under my amendment they are not capriciously laid.

The graduation, I repeat, is uniform and measures up to the standards established by the most scientific method applied in the imposition of income taxes. The Senator from Michigan [Mr. COUZENS], as I am advised, has an amendment pending which imposes a flat 10 percent tax upon all individual taxes paid. If his amendment should be adopted, it would produce an additional fifty or fifty-five million dollars. I submit that the amendment which I have offered is more in harmony with the theory of income taxes; and, as I have stated, follows a fair and scientific graduated system such as is applied in surtax schedules. If my amendment is adopted, I do not believe the amendment offered by the Senator from Michigan would be necessary and probably would not be pressed. If my amendment is rejected, then the Senate undoubtedly will be called upon to vote upon the Senator's amendment.

I appeal to the Senate to give their support to the amendment which I have offered. The needs of the Government for revenue justify increasing the rates submitted in the pending bill, and Congress should respond to this just and necessary demand.

Mr. HARRISON. Mr. President, I do not desire to take up the time of the Senate in discussing the amendment. The committee has made its recommendations as to rates, has passed on that question; it was fully discussed a few days ago, and I hope the pending amendment will be defeated.

The PRESIDING OFFICER (Mr. DUFFY in the chair). The question is on agreeing to the amendment proposed by the Senator from Utah [Mr. KING].

Mr. KING. I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. KING. I ask for a division.

On a division, the amendment was rejected.

The PRESIDING OFFICER. The question now is on agreeing to the amendment which was reconsidered this morning.

The amendment was agreed to.

Mr. HARRISON. Mr. President, I should like now to have the Senate take up one of the most controversial propositions in the bill, because, in my opinion, when we get that out of the way we can see the way to final action on the bill shortly. I refer to the oil provision.

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

Mr. HARRISON. I yield.

Mr. COUZENS. Does not the Senator think that before we consider that provision we had better finish with the income-tax question?

Mr. HARRISON. If the Senator desires to offer his amendment now in regard to that feature of the bill, I shall raise no objection.

Mr. COUZENS. I think now is the proper time to offer it, inasmuch as we have been discussing the income-tax rates.

Mr. HARRISON. If the Senator wishes to offer the amendment at this time, very well.

Mr. COUZENS. I thank the Senator.

Mr. HARRISON. I should like to have the Senate take up the oil matter next.

Mr. ASHURST. Mr. President, at the appropriate time I shall ask for consideration of my amendment, which proposes a tariff of 10 cents a pound on all copper imported into the United States. I should like to have the Chairman of the Committee on Finance advise me when the appropriate time arrives.

Mr. HARRISON. I wish to have some of the committee amendments cleared up first.

Mr. ASHURST. This would not be an appropriate time?

Mr. HARRISON. I certainly trust the Senator will not offer his amendment now.

Mr. ASHURST. I yield to the Senator from Mississippi in the matter of procedure.

Mr. COUZENS. Mr. President, yesterday I offered a proposed amendment, but I find that it has not been printed; at least, it is not on the desks of Senators. Therefore, I refer Senators to page 6198 of the CONGRESSIONAL RECORD of yesterday, and I now offer the amendment.

On page 13, after line 24, I propose to 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.

Mr. President, it is estimated by the experts that this amendment would result in raising an additional $55,000,000 of revenue, and the provision would last for only 1 year. It would automatically expire on January 1, 1935.

I desire to make a few comments with respect to the statement made by the Senator from Mississippi [Mr. HARRISON] when he spoke in opposition to the surtax rates offered by the Senator from Wisconsin [Mr. LA FOLLETTE]. On April 5, as appears from page 6083 of the CONGRESSIONAL RECORD, the Senator from Mississippi himself spoke of the fact that the Congress had overridden the President's veto and referred to the need of additional revenue.

I desire to point out that when the President sent his Budget message to the Congress, and when he made his recommendation for taxes, the Senate had not overridden his veto with respect to additional compensation to Federal employees and increased compensation to veterans. The Senator from Mississippi stated on April 5:

The other day Congress overrode the President's veto. I have no quarrel with any Senator who voted to override the President's veto, and I would be the last one in the Senate to try to criticize Senators for their votes on that occasion. I believe that those who so voted voted conscientiously. I voted to sustain the President's veto. But, Mr. President, let us see what excuse there is now, simply because Senators overrode the President's veto, for piling up higher taxes. The facts are, with reference to what was done by the Senate in overriding the veto, that the cost of government has increased. Here are the facts: It will cost $27,000,000 more for the remainder of this fiscal year to pay what we gave to the employees of the Federal Government. It will cost between $62,000,000 and $70,000,000 more during the next fiscal year to take care of the provisions of that law with respect to increased wages to the Government employees. There is an increase by virtue of the change in the Veterans' Administration to $82,000,000.

Mr. President, this proposal is presented after the President has sent his Budget message to the Congress, and after both the Ways and Means Committee of the House of Representatives and the Finance Committee of the Senate have considered the tax bill and presented it to the respective bodies.

The press has in many cases misunderstood what this proposal means, and there is argument in the press that it would result in an unreasonable burden on income-tax payers.

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

Mr. COUZENS. I yield.

Mr. BORAH. As I understand the Senator's proposal, it is to increase all income taxes by 10 percent.

Mr. COUZENS. A flat increase.

Mr. BORAH. It would apply to the small-income-tax payer the same as to the large one?

Mr. COUZENS. Yes.

Mr. BORAH. Would not that result in raising the larger portion of the taxes from the small-income-tax payer?

Mr. COUZENS. It depends on what definition the Senator would give to the term "small income-tax payer." I shall go into that, if the Senator will wait a moment.

Mr. BORAH. Very well.

Mr. COUZENS. I refer Senators to page 6199 of the CONGRESSIONAL RECORD of yesterday, and to the first table, which applies to a married man with no dependents.

I desire to emphasize that the action of both the House and the Finance Committee of the Senate, and of the Senate, so far today, despite these strenuous times, actually would reduce taxes. In other words, the tax on a man with a net income of $3,000 a year under the present law is $20. The House reduced that to $8. The Senate, under the Harrison amendment left it at $8. Under my proposal it would be raised to $8.80. In other words, a man with an income of $3,000 would pay additional taxes of 80 cents under my proposal.

It is not necessary for me to go down the whole list, but I do desire to have the Senator from Idaho observe that under the existing law the man who has a net income of $5,000 pays $100 in taxes. Under the bill as it passed the House, that was reduced to $80. In these trying times, I can see no justification for that. The Senate, under the Harrison amendment, left it at $80. My proposal would raise it by $8, so that a man drawing an income of $5,000 a year would pay $88 in taxes.

Let us consider the taxpayer with an income of $7,000 a year. Under the present law his taxes amount to $210. The House reduced that to $172. The Senate, under the Harrison amendment, raised it to $177. Under my proposal it would go to $194.70, still some 15 or 16 dollars less than the tax provided for in existing law.

I assume the Senator from Idaho would concede that we had eliminated all those brackets when we had gotten below $7,000. When we come to the man who gets $10,000 a year, the tax under the present law is $480. The House reduced it to $408. Under the Harrison amendment it went up to $465—still some dollars less than under the present law. My proposal raises it to $511.50, which is $31 more than the tax under the existing law on a man who receives $10,000 net income.

Take the man whose net income is $100,000. Under the present law he pays $30,100. The Houses raised his tax to $30,358, or an increase of only $258 per year. Under the Harrison amendment it was raised to $30,810. Under my proposal it is raised to $33,891, an increase of about $3,000 to the man who receives an income of $100,000 per year.

When we reach the million-dollar income, the tax under the present law is $571,100. Under the House bill it is $571,158, an increase of $58. Under the Harrison amendment it is $571,610. In my proposal it is $628,771, or an increase for the million-dollar man of $57,671.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Michigan yield?

Mr. COUZENS. I yield.

Mr. ROBINSON of Arkansas. At what point does the amendment proposed by the Senator effect an increase over present law and over the committee amendment?

Mr. COUZENS. The first increase occurs when the income is $9,000 per year. That is the first jump. In other words, at $9,000 per year the tax is now $390. Under my proposal it is $394.90, a jump of $4.90 a year. From then on, of course, there is an increase over the present law and also an increase over the Harrison amendment and over the House bill.

This is, in my judgment, an emergency time and an emergency measure. Under my proposal it is not intended in any sense to disturb the schedules. This is not a new idea. It has been suggested from time to time, but it is unorthodox so far as a graduated scale for increases is concerned. In other words, it is a 10-percent increase all the way up the line, instead of a graduated increase, which is the orthodox way of fixing surtaxes.

The anticipated revenue, as I said, is estimated at $55,000,000, and it does not even provide sufficient revenue to take care of the increased wages to be paid to the Federal employees alone, which have been approved by the Congress, let alone the increases which have been granted to the veterans.

Mr. BORAH. Mr. President, may I ask the Senator another question?

Mr. COUZENS. I yield.

Mr. BORAH. Has the Senator figures showing what proportion of the $55,000,000 would be raised from income-tax payers whose net income is under $10,000?

Mr. COUZENS. No; I do not think we have those figures. Of course, the proportion is larger in the group of smaller taxpayers, because the number of people is greater than in the group of those in the higher brackets; but we must look at the matter from the individual standpoint, and see what the individual has to pay, and not what the group has to pay, because it is the individual who is affected by the tax.

There has been a great deal of discussion of the effect of low rates of taxation, and I think the Senator from Oklahoma introduced a table several days ago showing that we took in more money with lower rates of taxation than we did with high rates; but the Senator failed to take into consideration the difference in the volume of business. For example, the Bureau of Economic Research shows that our national income in 1918 was $60,408,000,000, while in 1928 it was $89,419,000,000; so with lower rates in 1928 than existed in 1918, obviously we would have more income. We would have had more income under almost any schedule of rates.

Senators will observe that there was nearly a 50-percent increase in the national income from 1918 to 1928. In other words, it seems to me that it is a smoke screen to argue that we take in more money from low rates than we do from high rates without taking into consideration the economic conditions that exist at the particular time.

There is another very interesting fact here.

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

Mr. COUZENS. I yield.

Mr. BORAH. Since submitting the question to the Senator from Michigan a moment ago, the expert tells me that about one fourth of the $55,000,000 will be raised from income-tax payers whose incomes are under $10,000.

Mr. COUZENS. I have no figures to go by covering that subject. I assume the figure given by the Senator is correct.

The Department of Commerce shows that in 140 cities in 1919 there were bank debits amounting to $455,294,000,000, but in 1928 those bank debits had increased to $806,406,000,000. In other words, there was an increase of almost 100 percent. That in itself is an indication of the increase of commerce when we take into consideration the influence that bank debits have upon commerce, or, vice versa, the influence that commerce has upon bank debits. There was an increase in volume of practically 100 percent. So I want to point out the fallaciousness of saying that lower rates necessarily bring in higher revenue, unless we take into consideration the other economic factors to which I have just drawn the Senate's attention.

The fact that my amendment expires by limitation on January 1, 1935, it seems to me will attract public attention to the emergency, and what the public is having to pay toward settling the Government's debts.

I wish to speak about another thing. I desire to point out to Senators the difference between making appropriations and collecting taxes to raise the money we appropriate. The other day we passed in 7 hours a bill to appropriate $950,000,000 for C.W.A. and relief work. We have now spent over 7 days in trying to raise just half that amount by taxation. Mr. President, it seems to me utter cowardice to pass an appropriation bill carrying $950,000,000 without a dissenting vote, and quarrel for days and days about raising in taxation approximately $450,000,000. Just what kind of statesmanship is it to expend in a few hours $950,000,000, and spend weeks and weeks in trying to raise half that much by taxation?

Mr. LA FOLLETTE. Mr. President, I much prefer in theory and in practice the graduated method of increasing revenue from the income-tax schedule; but the fate of the amendment which I offered and of that offered by the able Senator from Utah [Mr. KING] indicates that it is not possible to secure the approval of a majority of the Members of the Senate for a graduated increase in the income-tax rates carried in this bill.

I do not wish to go over the ground that I attempted to cover when I spoke in support of the amendment I offered to the income-tax rates. I do wish to say, however, Mr. President, that it seems to me in this critical situation in which the country finds itself at this hour we should not pass this bill without calling upon income-tax payers to meet a part of the burden necessitated by the extraordinary expenditures the Government has had to make in this emergency.

While at first blush it may seem that a flat 10-percent increase in the income tax is inequitable, so far as the principle of graduated taxation is concerned, nevertheless, the effect of the amendment offered by the Senator from Michigan is to distribute the burden, because it requires the payment of 10 percent additional of tax figured upon the rates in the pending bill.

As has been pointed out by the Senator from Michigan in support of his amendment, the additional tax which would be paid by those who are referred to as being in the lower income-tax brackets would be practically negligible so far as the individual taxpayer is concerned.

It seems to me, Mr. President, that this is a very reasonable demand to make upon those who are in the fortunate position in these times of distress of securing net taxable incomes. Our income tax contains very liberal exemptions, much more generous than those which are found in the laws

of other countries using graduated taxation as a means of raising revenue. It is perfectly absurd to contend that a man who enjoys a net taxable income, after all exemptions, of $1,000,000 would have any reasonable ground to complain if the Government should ask him in this emergency to pay only $57,671 additional tax as is provided in the amendment offered by the Senator from Michigan. How can any Senator, how can any taxpayer contend that in the case of an individual who has $500,000 net taxable income it would be an unjustifiable hardship to require him to come forward in this emergency and contribute for the period of 1 year $26,976 additional in an effort to raise the much-needed revenue with which the Treasury must be provided?

A taxpayer with a net taxable income of $50,000, under the amendment offered by the Senator from Michigan, would be called upon to pay for 1 year only $1,393.50 additional over what he would pay under the existing law. Whatever may be said about the theory of this amendment, the actual additional burden in the form of tax which, if adopted, it will impose upon the income-tax payer will not, in my opinion, be so onerous that it may be termed unreasonable in times such as these.

Even under the amendment as offered by the Senator from Michigan the net effect will be to reduce the tax collected in the last taxable year under the 1932 law upon those with net taxable incomes of $3,000, $3,500, $4,000, $4,500, $5,000, $6,000, $7,000, and $8,000. Those taxpayers, even if the amendment offered by the Senator from Michigan shall prevail, will find that their taxes have been reduced in comparison with those paid under the rates provided in existing law; they will get reductions under the amendment ranging all the way from $10.70 to $11.20. So how can any Senator be concerned about the effect of this amendment upon the taxpayers in the so-called "lower brackets"? After all, an individual in this crisis who enjoys a net taxable income, after all exemptions, of $9,000, is, in my opinion, not a taxpayer over whom we should shed any crocodile tears.

If I had my way about it, as the Senate well knows, we would call upon all individuals with net taxable incomes to contribute a proportionate share of increase in order to meet the burdens of this emergency.

So we may say, Mr. President, so far as the amendment offered by the Senator from Michigan is concerned, that all taxpayers up to and including those with net taxable incomes of $9,000 will have a reduction in their taxes as compared to those paid under existing law. It is only after taxpayers with net taxable income of $10,000 that the amendment offered by the Senator from Michigan will begin gradually to increase taxes over those payable under the existing law; and the individual with $10,000 net taxable income will only be asked, under the amendment, to pay $4.90 additional tax over that now levied by the existing law.

Mr. OVERTON. Mr. President——

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

Mr. LA FOLLETTE. I yield.

Mr. OVERTON. I know that the Senator from Wisconsin has given this subject a great deal of thought, and I want to ask him a question: If the amendment of the Senator from Michigan should be adopted, would it have the effect of increasing the income taxes paid by those in the higher brackets as against the income taxes paid by those in the lower brackets in the same proportion as the bill itself provides?

Mr. LA FOLLETTE. No; not in the same proportion. The income-tax payer in the higher brackets would be called upon to pay a 10-percent additional tax over the tax now provided by the bill, just as an income-tax payer in the lower brackets will be called upon to pay a 10-percent additional tax over the tax now levied by the pending bill.

Mr. OVERTON. Perhaps I do not make myself clear. The information I am trying to get is whether the percentage of increase will remain the same? For instance, we will say for purposes of illustration, an income-tax payer is paying 4-percent normal tax; under the amendment now pending he would pay an increase of four tenths, then, of that 4 percent? If he is paying the 50-percent rate, the increase is 10 percent on the 50 percent, which would make, then, 10 times as much additional tax as is being paid by the small taxpayer?

Mr. LA FOLLETTE. Correct.

Mr. OVERTON. Is that percentage uniform? Is the increase the same?

Mr. LA FOLLETTE. The increase is the same. To answer the Senator's question in another way, the amendment offered by the Senator from Michigan does not attempt to change the rate schedule. All that it attempts to do, and all that it would do, if adopted, would be to levy an additional tax of 10 percent upon the individual over and above what he would pay under the rates contained in the bill as reported by the committee. In other words, the tax is computed under the rates provided in the pending bill, and then 10 percent of that amount of tax is levied as an additional tax by the amendment offered by the Senator from Michigan.

Mr. OVERTON. Does it follow that the percentage of increase will be the same as we go from the lower to the higher brackets, as in the pending bill?

Mr. LA FOLLETTE. The statement made by the Senator is correct. The Senator will find, if he will recur to page 6199 of the RECORD of yesterday, that, for instance, a taxpayer who received, let us say, $3,000 net taxable income, assuming a married man with no dependents, and all earned income, under the present law would pay $20; under the House bill he would pay $8; under the Senate bill, as amended by the amendment offered by the chairman of the committee, he would pay $8, and under the amendment offered by the Senator from Michigan, if it were adopted, he would pay $8.80; whereas an income-tax payer similarly situated who had a net taxable income of $1,000,000 would pay $571,100 under the present law, $571,158 under the House bill, $571,610 under the pending bill, and $628,771 under the amendment offered by the Senator from Michigan.

Mr. LOGAN. Mr. President——

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

Mr. LA FOLLETTE. I yield.

Mr. LOGAN. I should like to ask the Senator what he thinks about the theory of making a tax bill and then adding 10 percent to the amount of the taxes? In other words, we tax the income, and this amendment proposes to tax the tax on the income. Is that a good theory of taxation?

Mr. LA FOLLETTE. Mr. President, as I said at the outset, I much prefer, and would have desired if it had been possible to secure the votes in this Chamber, to levy the increased taxes which I think we are compelled by the necessities of the situation to levy by a graduated increase in the rates of taxation; but such an amendment was defeated, and another amendment which provided a less increase than the one which I proposed was just defeated this morning. I refer to the amendment offered by the Senator from Utah.

The Senate rejected those two amendments and in a final effort to raise additional revenue which I am convinced is desperately needed by the Government in this critical emergency, I am supporting the amendment offered by the Senator from Michigan. I was attempting to point out that regardless of its apparent violation of the theory upon which graduated income taxes are levied, yet in its effect in the additional burden which it lays upon the individual taxpayer it does as a matter of practical effect levy a heavier burden upon those in the higher brackets as distinguished from the burden which it levies upon those in the lower brackets.

Mr. LOGAN. May I ask the Senator if it is not true that the effect of the amendment is simply to increase the rate of taxation? Instead of simply providing for a 10-percent penalty on the tax, why should not the amendment provide that the tax rate itself shall be increased 10 percent? Would not that bring about exactly the same result? If the tax rate is 4 percent, why not make it 4.4 percent; or if it is 20 percent, why not make it 22 percent? Would it

not bring about exactly the same result that is sought to be obtained in this awkward way?

Mr. LA FOLLETTE. The same result could be obtained if the necessary increases were made in the rate schedule. But there is one other consideration which may perhaps lead Senators to support the amendment who would not vote for any increase in the schedule rates; that is, the amendment provides that it shall remain in existence for only 1 year. Senators who are convinced that we are coming out of this economic crisis overnight, those who believe we can postpone the day when it will be necessary to increase taxes permanently, can support the amendment without changing the rate and at the same time provide for additional revenue for the period of 1 year.

Mr. OVERTON. Mr. President——

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

Mr. LA FOLLETTE. I yield.

Mr. OVERTON. The objection is made, as I understand the statements made by the Senator from Wisconsin, that the amendment offered by the Senator from Michigan is not on a graduated-scale basis. That is what I want to get clear in my mind. Of course, I readily understand that it imposes an additional tax of 10 percent of the tax which the taxpayer will pay; but it occurs to me that it is graduated to the same extent that the income-tax levies in the bill itself are graduated.

Mr. LA FOLLETTE. Precisely.

Mr. OVERTON. When we increase them all along the line we graduate the increase just as the rates are graduated in the bill itself.

Mr. LA FOLLETTE. The Senator has stated it correctly.

Mr. OVERTON. If I am wrong about that I shall vote against the amendment, but if I am right about it I am going to vote for the amendment.

Mr. LA FOLLETTE. The Senator has stated the proposition absolutely correctly.

Mr. OVERTON. So there is a graduation?

Mr. LA FOLLETTE. Yes, in the effect upon the taxpayer.

Mr. COUZENS. Mr. President——

Mr. LA FOLLETTE. I yield to the Senator from Michigan.

Mr. COUZENS. I should like to point out to the Senator from Louisiana and other Senators that this is no novel proposal; that Congress on other occasions reduced taxes on a percentage basis. I forget the year, but in one year we reduced the taxes 25 percent without changing the schedule of rates.

Mr. LA FOLLETTE. The Senator's statement is true. If I remember correctly, it was a reduction sponsored in December 1930 by leaders on both sides of the Chamber, who alleged that a return of about $160,000,000 to income-tax payers would be all that was necessary to stem the tide of the depression and stimulate economic recovery.

Mr. BORAH. But about 90 percent of it got into the hands of the very few.

Mr. LA FOLLETTE. Yes.

Mr. LOGAN. Mr. President——

Mr. LA FOLLETTE. I yield to the Senator from Kentucky.

Mr. LOGAN. My objection to the amendment, and I think I shall vote against it for that reason, much as I should like to see the increase in taxes, is this: It is a tremendous task to make up a revenue bill and requires much investigation and consideration of the matters involved. If we adopt a plan by which we can avoid all of that work by simply passing a resolution or bill providing that we shall increase the taxes provided in some previous measure by 10 percent or 25 percent, it provides an easy way to get out of all that work. For that reason I do not believe the amendment should be adopted.

If it were to provide an increase of the rates, then I could see no objection to it. But as it is, then next year we could say, "We have to increase the taxes again and we will do it by the passage of a little bill that will simply provide an increase of 5 percent or 10 percent of the schedules as they are already established in existing law."

Mr. LA FOLLETTE. I think the Senator need not fear that this would be taken as a precedent. I think the Senator underestimates the resistance of large income-tax payers to increases in their taxes. The Senator can be certain that they will appear in force before any committee which takes up the question of levying any additional taxes.

I also should like to urge upon the Senator's consideration that the amendment, if adopted, can remain in force only 1 year. I am firmly convinced that the emergency expenditures will require increases of tax rates and another tax bill at the next session of Congress.

I sympathize sincerely with the objection of the Senator, in theory, to the amendment. I share it. But, as I said a few moments ago, I have made the best effort I knew how to secure graduated increases in the rates. The Senator from Utah [Mr. KING] has done the same with an amendment which provided a smaller increase. We have failed in that effort. Therefore, if we wish to levy additional taxes upon income-tax payers in this bill, this is our last opportunity to do so.

There is one further consideration that I hope the Senator from Kentucky will bear in mind, and that is if the amendment goes into the bill it will be in conference. It provides taxes which are higher upon incomes than those provided in the bill as it passed the House. Therefore we would have some hope of the proposal for increased rates being adopted by the conference.

Mr. LOGAN. Let me say to the Senator that I had not thought about that when I said a while ago perhaps I would vote against the amendment. I was thinking we were considering it as an original proposition.

Mr. LA FOLLETTE. No. I am hopeful that events which may occur while the bill is in conference may lead to some increase in taxes upon the income-tax schedules.

Mr. LONG. Mr. President——

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

Mr. LA FOLLETTE. I yield.

Mr. LONG. I have some of the same misgivings that have been expressed by the Senator from Kentucky [Mr. LOGAN]. While this is not as good as the amendment which was voted for the other day by those of us who hold that view, yet this would mean that a man having to pay a 4-percent income tax would instead pay 4.4 percent, and when he got up to 63 percent he would have to pay 69.3 percent. In that way it would seem to me to provide pretty much the same as the amendment we had under consideration the other day. The only difference I see is that it is a little less hard on the small man. It provides a little less for the small man to pay. It increases his income tax very slightly.

Mr. LA FOLLETTE. It does not provide any increases over existing law until the taxpayer has a net income of over $10,000, assuming that he is a married man and it is all earned income.

Just another word and then I shall conclude, because I appreciate that the Senator from Mississippi [Mr. HARRISON] is anxious to get along with the bill. The Senator from Idaho [Mr. BORAH] pointed out, in a question which he asked the Senator from Michigan [Mr. COUZENS] that one fourth of the increased revenue, if the amendment should prevail, would be derived from taxpayers in the lower brackets. If we were considering a schedule providing a gradual curve of increase in rates, that same statement could be made with equal force because the large number of returns in the lower brackets produce large amounts of revenue.

Mr. President, I sincerely hope that we may have a record vote upon the amendment, and I trust that it will be adopted.

Mr. BORAH. Mr. President, it may be that the emergency which confronts us justifies this kind of taxation, but in my judgment it could not be justified upon any other theory. It undertakes to increase the income taxes by 10 percent, from the lowest to the highest. It is certainly an unsatisfactory method to levy a tax.

The low income-tax payers are paying about all the taxes they can afford to pay. Owing to the emergency which confronts us, I have been quite in favor of levying heavier taxes upon those of greater incomes, and I am now willing to do so. I think, however, that when we increase taxes upon the lower incomes we are discouraging investments; we are discouraging development, and all those things which are essential to end unemployment and to restore business activities. There can be no justification for this kind of a measure unless it is the sheer necessity of raising more revenue.

There is a wiser and more just way. I call attention to an item which it seems to me ought to be considered in connection with the question of raising more revenue, and raising it in a way that will do the least injury to the taxpayer in the sense that he is being taxed at a point where investment is discouraged.

In this tax bill, upon page 26, I find that in the matter of deductions from gross income it is provided that there may be deducted—

In the case of a corporation the amount received as dividends from a domestic corporation which is subject to taxation under this title.

As I understand that exempts from taxation the income derived from dividends upon all stock held in other corporations.

Mr. HARRISON. Mr. President, I think that is true, if one corporation is connected with the other as a subsidiary. We have tried to cure that through the holding-company provision as well as the other provision following it, taxing accumulated reserves, and so forth, that are not distributed.

Mr. BORAH. There is a provision in the consolidated-returns section which levies an additional tax of 2 percent that is, in a measure, a remedy for this defect. I admit that. Suppose, however, instead of fixing that tax at 2 percent, we should fix it at 4 percent. In my judgment, from the advice I get from the experts, the holding companies would still have an advantage in this consolidated-returns provision in excess of that which would be covered by the 4 percent, and we would raise the amount which is proposed to be raised here and in a manner far more equitable.

The effect of these two provisions—the section which I have just read and section 141—is to permit the holding companies to escape, in a large measure, taxation upon anything like the same basis that we tax other property and other incomes. The holding companies in the United States pay the largest salaries of any corporations in the United States. They are now deriving the largest incomes of any corporations in the United States. They are deriving them from dividends on stocks which they hold in other corporations; and under the provision I have just read and the consolidated-returns provision they are in a large measure exempt from taxation.

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

Mr. BORAH. I yield.

Mr. DILL. Does not the Senator think that the holding company has become almost a menace in this country in its operations?

Mr. BORAH. I think it a serious matter for immediate consideration.

Mr. DILL. I am seriously considering the introduction of a bill that will prohibit the operation of holding companies for public utilities in interstate commerce. I see no way in which we can ever control interstate commerce in this country if those holding companies are not prohibited.

Mr. BORAH. I think holding companies present a problem, and I think they have been greatly encouraged and given a great advantage under our taxing system since 1918. Prior to 1918 we taxed all corporations alike; and all corporations, of whatever nature, had to make reports. After 1918 we began to exempt from taxes the dividends derived by one corporation from stock in another, and the holding companies have increased at a very rapid rate since that time.

The hearings here disclose that they recognize the advantage which they have under the tax laws of the United States. I do not understand why it is not a reasonable and a just thing to do to impose a tax of at least 1 or 2 percent in addition to the 2 percent which is already found in the bill.

The subcommittee which was appointed by the Ways and Means Committee of the House to study the question of tax avoidance has this to say with reference to the matter I am now discussing—that is, the question of consolidated returns—which is a kindred question to the one which arises out of the section from which I quoted a few minutes ago:

Section 141 of existing law permits corporations, which are affiliated through 95 percent stock ownership, to file consolidated returns.

Your subcommittee recommends that this permission be withdrawn.

Bear in mind that upon two different occasions, under two different tax bills, the House has withdrawn this permission. The House has declared against consolidated returns; but the Senate has refused to accede to the action of the House and has placed the section back in the law.

The subject of consolidated returns has long been in controversy. The revenue bill of 1918, as passed by the House, prohibited the consolidated return which had been previously allowed under the regulations of the Treasury Department. The bill as passed by the Senate and finally enacted specifically provided for the consolidated return. The revenue bill of 1928, as passed by the House, denied the right to file consolidated returns, but this provision was eliminated in the Senate. During the consideration of the revenue bill of 1932 a compromise was effected resulting in the levying of an additional tax of three fourths of 1 percent on the consolidated net income. This additional tax was increased to 1 percent by the National Industrial Recovery Act.

It cannot be denied that the privilege of filing consolidated returns is of substantial benefit to the large groups of corporations in existence in this country. This is especially true in depression years, for the effect of the consolidated return is to allow the loss of one corporation to reduce the net income and tax of another, and during a depression more losses occur. Another effect of the consolidated return is to postpone tax. This is because there is no profit recognized for tax purposes on intercompany transactions, and profits on a product of the consolidated group, passing through the hands of the different members of the group, are not taxed until the product is disposed of to persons outside the group.

In the past, when any corporation could carry forward a net loss from one year to another, the consolidated group did not have such a great advantage over the separate corporations. Now that this net loss carry-over has been denied, the advantage of the consolidated return is much greater on a comparative basis.

I have here a statement prepared by some experts which I ask to have inserted in the RECORD without reading.

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

The statement is as follows:

The following data have been compiled from the statistics of income prepared by the Bureau of Internal Revenue, Treasury Department, and show the relationship in income and other pertinent information of consolidated groups in comparison with that of separate corporations:

STATUTORY NET INCOME

Year	Separate returns	Consolidated returns	Total
1928	$3,722,243,039	$4,493,373,870	$8,226,616,909
1929	3,523,269,238	5,216,487,429	8,739,757,767
1930	[1] 307,107,855	1,858,325,711	1,551,217,856

DIVIDENDS RECEIVED BY CORPORATIONS OTHER THAN FROM SUBSIDIARIES

1928	$727,727,130	$1,188,843,556	$1,916,670,686
1929	886,857,444	1,706,194,651	2,593,052,095
1930	980,785,210	1,590,445,551	2,571,230,761

TAXES PAID

1928	$592,759,843	$591,382,299	$1,184,142,142
1929	562,061,099	631,374,733	1,193,435,832
1930	313,419,705	398,284,195	711,703,900
1931	182,446,333	216,547,370	398,993,703

[1] Net loss.

CONSOLIDATED RETURNS

Year	Number of returns	Number reporting net income	Percent reporting net income
1928	9,300	5,870	63.12
1929	8,754	5,408	61.78
1930	8,951	4,067	45.44
1931	8,495	2,698	31.80

SEPARATE RETURNS (CORPORATIONS)

Year	Number of returns	Number reporting net income	Percent reporting net income
1928	486,592	262,913	54.03
1929	500,682	264,022	52.73
1930	509,785	217,353	42.44
1931	507,909	173,200	34.10

CONSOLIDATED RETURNS

Number of subsidiary corporations per group	Number of groups		
	1929	1930	1931
1	4,375	4,645	4,596
2	1,318	1,460	1,399
3	687	761	722
4	349	385	385
5	253	248	259
Over 5 and not over 10	499	561	572
Over 10 and not over 20	65	280	279
Over 20 and not over 50	129	130	148
Over 50 and not over 100	41	49	39
Over 100 and not over 200	9	14	11
Over 200	1	4	6
Corporations reporting no net income not listed (estimated 3 subsidiaries each)	828	433	78
Total	30,112	32,209	31,307
Number of parent companies (returns)	8,754	8,951	8,495

Year	Number of corporations making returns	Number of corporations included in consolidated returns	Number of corporations included in separate returns	Percent making consolidated returns	Percent making separate returns	Total percent
1928	495,892	32,085	463,807	6.4	93.6	100
1929	509,436	30,112	479,324	5.9	94.1	100
1930	518,736	32,209	486,527	6.2	93.8	100
1931	516,404	31,307	485,097	6.0	94.0	100

[1] Estimated.

	1928		1929		1930	
	Separate corporation	Consolidated	Separate corporation	Consolidated	Separate corporation	Consolidated
Percent of sales to total sales for all corporations	60.6	39.4	57.19	42.81	54.59	45.41
Percent gross profit to gross sales	21.55	23.67	21.87	24.23	20.62	23.13
Percent statutory net revenue to gross profit	4.29	6.54	4.04	7.37	[1] 4	2.89
Percent depreciation claimed to total for all corporations	55.96	54.04	53.67	56.33	41.19	58.81
Percent depletion claimed to total for all corporations	33.66	66.34	33.60	66.40	30.64	69.36
Percent of bad debts to total bad debts for all corporations	73.19	26.81	72.68	27.32	70.47	29.53
Percent of statutory net income to total statutory net income for all corporations	45.39	54.61	40.32	59.68	[1] 19.79	119.79

[1] Net loss.

The foregoing statistics disclose some very interesting phases of the operations of consolidated corporations. While approximately 6 percent of all the corporations of the country are in the consolidated group, more than one half of the business transacted by all the corporations of the country was done by consolidated corporations. The percentage of profit made upon gross sales is also very interesting. It is to be noted that the percentage of gross profit made by consolidated corporations upon their gross sales is between 2 percent and 2½ percent in excess of the gross profit made by separate corporations. While Bureau statistics of income do not afford sufficient data to permit of a computation of the net profit from operations, it is a well-known fact that many industries realize a net income from operations of only 2 to 3 percent of their gross sales. It can thus be seen that the margin of advantage enjoyed by the consolidated group is sufficient to put its competitors (single corporations) out of business. The excess percentages of gross profit realized by the consolidated group is also reflected in a like result in their statutory net income.

For example, the percentage of gross profit of the consolidated group for 1928 was 23.67 percent, and of separate corporations, 21.55 percent, or an advantage of 2.12 percent. While the percentage of statutory net income of the consolidated groups was 6.54 percent, separate corporations realized only 4.29 percent, thus giving the consolidated group an advantage of 2.25 percent. The percentages of advantage enjoyed by the consolidated groups for 1929 and 1930 ware as follows: Gross profit (1929), 2.36 percent; (1930), 2.51 percent; statutory net income (1929), 3.33 percent; (1930), 3.29 percent.

The advantage enjoyed by the consolidated groups are translated into totals by comparison of the total net profit and the total sales of consolidated groups with similar figures for separate corporations. While consolidated corporations for 1930 transacted less than 40 percent of the business of all corporations, the statutory net income of this group was 54.61 percent. For the year 1929 the total business was 42.81 percent of the business done by all corporations, yet the statutory net income was 59.68 percent of the total statutory net income of all corporations. For 1930 it should be noted that separate corporations sustained a total statutory net loss of $307,107,855, whereas consolidated corporations realized a statutory net income of $1,858,325,711.

There are those who will contend that the excess margin of profit realized by consolidated groups is due to unity of control and management, thereby resulting in elimination of waste and inefficiency. There are other factors, however, which enable them to realize greater profits than separate corporations. Many of the consolidated groups constitute practically a monopoly in their trade territory, and are therefore able to demand much higher prices for their products. Other groups by reason of the larger resources at their command are liable to undersell their competitors, thus bringing about a condition that enables them to purchase the small competitive concerns at bankrupt prices after which the purchaser raises his product to normal levels.

Mr. BORAH. This statement discloses the remarkable advantage which is given to holding companies through subdivision (p) of section 23, and through the provisions with reference to consolidated returns found in section 141.

By a change of 2 percent in the percentage to be assessed as now provided in the bill, by increasing it to 4 percent, we could raise a large sum of money, and in doing that we should not be taxing small income-tax payers. We should be taxing those who now derive a special advantage by reason of the exemptions, as it were, in the tax law.

If we must raise these taxes, it seems to me we ought to raise them from sources where less injury will be done to our recovery program. I have no doubt but that one of the great items retarding recovery is the taxes which it is necessary to levy—the county taxes, the city taxes, the State taxes, the National taxes. Therefore it behooves us, when we necessarily must make the levy, to make it at a point where it does not weigh against actual investment or the actual recovery program.

Mr. HARRISON. Mr. President, I desire to occupy the attention of the Senate for but a moment on the pending amendment.

There has been some misapprehension with reference to my position on this amendment. Some days ago, when it looked as though we would pass the bill speedily, perhaps that night, after we had debated quite at length the income-tax section of the bill, the Senator from Michigan came to me and said that he would offer this amendment, and he asked me if I had any objection. I told him that I was not authorized by the committee to accept the amendment, but that I would permit it to go to conference.

Since that time quite a great deal of opposition has been raised to the amendment, and, of course, I must stand by my committee action, and the committee made no recommendation of this particular amendment.

In my opinion, if the committee were going to take any action, with reference to these increases, this would be the least objectionable method to pursue, first, because at one time in the past, in 1924, when there was a surplus in the Treasury, we did permit a reduction to the taxpayer of 25 percent of his income taxes. Then, too, this provision would last for only 1 year, and it would result in raising $55,000,000 in revenue. But as I pointed out a day or two ago in my few feeble remarks against the so-called "La Follette amendment", I do not believe the Government should raise more

taxes than are required for the orderly administration of the Government.

In view of the circumstances, this not having been recommended by the committee, I hope the Senate will not agree to the amendment.

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

Mr. HARRISON. I yield.

Mr. FESS. I was led to believe by what I read in the press that the Senator was for this amendment, and I was disturbed, because the Senator had stated in the debate that we should not go beyond what we had already done, because we did not need the revenue.

I agree with the Senator that if it is necessary to raise more revenue this would be the best method of raising it, but I do not want to do it unless we have to have the money.

Mr. HARRISON. Mr. President, I was perfectly willing to let the amendment go to conference, if we could have passed the bill the day the Senator from Michigan spoke to me about it. One of the newspapers stated that I had polled my committee. I have not polled the committee. On the contrary, many members of the committee have voiced their disapproval of the acceptance of this amendment, and in view of those circumstances I could not accept it.

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

Mr. HARRISON. I yield.

Mr. SHIPSTEAD. It appears to me it would be reasonable to adopt this amendment and to remove some of the nuisance taxes. In the bill there is provided a tax on furs. Furs are not a luxury—at least not in half of the United States—they are a necessity. Under the bill the Government would be taxing a necessity of life instead of an income. It seems to me that if this amendment should be adopted we could get enough revenue to offset the loss that would be occasioned by doing away with some of the nuisance taxes. After all, a man may be a very poor man, but he may need a fur coat, and under the bill he will have to pay a tax upon it, while a man with an income, who pays an income tax, can afford to pay 10 percent more for 1 year than is provided in the bill up to this time. I should like the Senator from Mississippi to consider that.

Mr. HARRISON. Mr. President, I can understand how the Senator's mind is working, and no doubt what he says is quite true—that there would be more revenue if this amendment should be agreed to. There would be more revenue this year to the amount of $55,000,000. Of course, the fur tax will go out of existence on the 30th of June next year. I suggested in the committee that some of the nuisance taxes be eliminated, but the committee did not accept my recommendation.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the senior Senator from Michigan [Mr. COUZENS].

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

The PRESIDING OFFICER. The clerk will call the roll.

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

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

Mr. LEWIS. Mr. President, I announce the absence of the junior Senator from Florida [Mr. TRAMMELL], that Senator being detained on official business; the absence of the junior Senator from Illinois [Mr. DIETERICH], called in litigation to his State of Illinois; the absence of the senior Senator from Montana [Mr. WHEELER], by illness.

The PRESIDING OFFICER. Ninety Senators having answered to their names, a quorum is present.

The question is on agreeing to the amendment offered by the senior Senator from Michigan [Mr. COUZENS].

Mr. COUZENS. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. VANDENBERG (when his name was called). I have a general pair with the senior Senator from Montana [Mr. WHEELER]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "yea."

The roll call was concluded.

Mr. LA FOLLETTE. I desire to announce the unavoidable absence of the senior Senator from New Mexico [Mr. CUTTING]. He is paired with the junior Senator from Florida [Mr. TRAMMELL]. If the senior Senator from New Mexico were present, he would vote "yea."

Mr. LEWIS. Mr. President, I merely reannounce the pair between the junior Senator from Florida [Mr. TRAMMELL] and the senior Senator from New Mexico [Mr. CUTTING]. I am not advised as to how the Senator from Florida would vote were he present.

I regret to announce that the Senator from Montana [Mr. WHEELER] is detained from the Senate on account of illness.

I desire also to announce that the Senator from Oklahoma [Mr. THOMAS], the Senator from Nevada [Mr. PITTMAN], and the Senator from Florida [Mr. TRAMMELL] are necessarily detained from the Senate on official business.

Mr. VANDENBERG. I am advised that my pair with the senior Senator from Montana [Mr. WHEELER] does not stand upon this particular vote. Therefore, I am at liberty to vote.

Mr. REED. Mr. President, I ask for a recapitulation of the vote.

The Chief Clerk recapitulated the vote.

Mr. LEWIS. I am advised that the Senator from Illinois [Mr. DIETERICH] would vote "nay" were he present. He is necessarily absent from the Senate.

Mr. COUZENS (after having voted in the affirmative). I change my vote from "yea" to "nay" so that I may enter a motion to reconsider.

Mr. BARKLEY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The parliamentary inquiry will be stated.

Mr. BARKLEY. Assuming that the vote is a tie and the amendment is rejected, can the Senator from Michigan change his vote after the vote is counted?

The PRESIDING OFFICER. If it is a tie vote, the amendment is rejected.

The result was announced—yeas 44, nays 46, as follows:

YEAS—44

Ashurst	Dill	Logan	Pope
Black	Duffy	Long	Reynolds
Bone	Erickson	McGill	Robinson, Ind.
Borah	Fletcher	McNary	Russell
Brown	Frazier	Murphy	Schall
Bulkley	Gore	Neely	Sheppard
Bulow	Hatch	Norbeck	Shipstead
Capper	Hayden	Norris	Stephens
Caraway	Johnson	Nye	Thomas, Utah
Connally	King	O'Mahoney	Vandenberg
Costigan	La Follette	Overton	White

NAYS—46

Adams	Copeland	Hatfield	Robinson, Ark.
Austin	Couzens	Hebert	Smith
Bachman	Davis	Kean	Steiwer
Bailey	Dickinson	Keyes	Thompson
Bankhead	Fess	Lewis	Townsend
Barbour	George	Lonergan	Tydings
Barkley	Gibson	McAdoo	Van Nuys
Byrd	Glass	McCarran	Wagner
Byrnes	Goldsborough	McKellar	Walcott
Carey	Hale	Metcalf	Walsh
Clark	Harrison	Patterson	
Coolidge	Hastings	Reed	

NOT VOTING—6

Cutting	Pittman	Trammell	Wheeler
Dieterich	Thomas, Okla.		

So the amendment of Mr. COUZENS was rejected.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 8617) making appropriations for the legislative branch of the Government 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. LUDLOW, Mr. GRANFIELD, Mr. SANDLIN, Mr. BUCHANAN, Mr. MCLEOD, and Mr. SINCLAIR were appointed managers on the part of the House at the conference.

The message also announced that the House insisted upon its amendment to the bill (S. 326) 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, disagreed to by the Senate; agreed to the conference requested by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. CARTWRIGHT, Mr. CHAVEZ, and Mr. PEAVEY were appointed managers on the part of the House at the conference.

The message further announced that the House insisted upon its amendment to the bill (S. 2999) to guarantee the bonds of the Home Owners' Loan Corporation, to amend the Home Owners' Loan Act of 1933, and for other purposes, disagreed to by the Senate; agreed to the conference requested by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. STEAGALL, Mr. PRALL, Mr. GOLDSBOROUGH, Mr. LUCE, and Mr. BEEDY were appointed managers on the part of the House at the conference.

LEGISLATIVE APPROPRIATIONS

The PRESIDING OFFICER (Mr. DUFFY 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. 8617) making appropriations for the legislative branch of the Government 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. ROBINSON of Arkansas. I move that the Senate insist upon its amendments, agree to the conference requested by the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. TYDINGS, Mr. BYRNES, Mr. COOLIDGE, Mr. HALE, and Mr. TOWNSEND conferees on the part of the Senate.

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, I hope it will be convenient for the Senate now to take up the coconut-oil provision of the bill. The Senate committee has an amendment to the House provision, and I understand the Senator from Maryland [Mr. TYDINGS] desires to offer an amendment before the Senate committee amendment shall be considered. After the amendment of the Senator from Maryland shall have been voted on, I may say that I desire then, if it shall be defeated, to offer an amendment, which I hope will be adopted. I will ask now that the amendment I intend to offer may be printed.

The PRESIDING OFFICER. The amendment will be printed and lie on the table.

Mr. REED. Mr. President, before the amendment referred to by the Senator from Mississippi shall be taken up, I wish to offer two amendments that have been agreed on by the Treasury Department. I send the first amendment to the desk.

The PRESIDING OFFICER. The Senator from Pennsylvania offers an amendment, which will be stated.

The CHIEF CLERK. On page 192, after line 25, it is proposed to insert the following new subsection:

(d) Payment of surtax on pro rata shares: The tax imposed by this section shall not apply if all the shareholders of the corporation include (at the time of filing their returns) in their gross income their entire pro rata 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 pro rata share, be exempt from tax in the amount of the share so included.

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

Mr. HARRISON. Mr. President, I have talked to Dr. McGill, the Treasury expert, and he tells me that there is no objection to the amendment except it may be that it ought to be smoothed out somewhat.

Mr. REED. The amendment as presented was written by him.

Mr. HARRISON. I understand that, but they did not have time enough perhaps to perfect it.

Mr. REED. Of course, that may be done later.

Mr. ROBINSON of Arkansas. That can be done in conference, can it not?

Mr. HARRISON. Oh, yes.

Mr. COUZENS. Mr. President, I want to point out that this is one of the most extraordinary amendments that I have ever seen offered. It is offered with the intent of permitting evasion by holding companies of the safeguarding provisions which the committee wrote into the bill. In other words, it permits a stockholder of a corporation to report falsely an income which he has not received. He may report an income from a corporation that is not paying out of its earnings as though he had it, when, in fact, he has not received it; and by so doing, if he is subject to a surtax on his income, he pays that surtax and by that method the earnings accumulated by the corporation avoid the penalty provided in the bill. Mr. President, it is one of the most unusual proposals I ever heard of, to permit a man to report an income which he has not received and to pay on it an income or surtax if he is subject to the payment of such a tax.

Mr. ROBINSON of Arkansas. Mr. President, may I ask what would be the effect on the revenue?

Mr. COUZENS. I have not the slightest idea. Nobody has any idea as to that, for no one has studied this amendment, and it has never been before the committee.

Mr. HARRISON. Mr. President, I think the Senator from Pennsylvania ought to give some explanation of the amendment, in view of what the Senator from Michigan has said. I hope, however, he will withdraw the amendment, as Dr. MCGILL has been compelled to leave the Chamber, having to go to the Treasury Department. He will be back shortly. Therefore, if possible, I hope we may get through with the other amendment to which I have referred.

Mr. REED. That is all right; there is no hurry about it, and I will withdraw it in a moment.

Mr. HARRISON. Does the Senator desire to explain the amendment in answer to the suggestion of the Senator from Michigan?

Mr. REED. I should like to make a statement in answer to the statement of the Senator from Michigan.

Mr. President, it is found by some people who have interests in investment companies that if such a corporation pays out all its earnings, the combination of the American tax with the foreign tax which they might have to pay because of their residence abroad brings the total tax to more than their income. Consequently, the purpose of this amendment is to allow such an individual to pay the full American surtaxes on the earnings of such corporations as if they were distributed; but as they are not declared as dividends, they are not liable for the supertaxes that are levied by foreign countries. It means an increase of revenue to the United States. The whole purpose of the holding-

company provision is to stop the avoidance of surtaxes. In this case the taxpayer does not avoid the surtaxes, but he deliberately courts them by paying these surtaxes on his entire pro rata share of the corporation's earnings, although those earnings are not distributed as dividends. The American Treasury gains by it.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield for a question?

Mr. REED. Gladly.

Mr. ROBINSON of Arkansas. Has the Senator information as to the amount that will be gained by the incorporation of the amendment in the bill?

Mr. REED. No; I do not think anyone knows how much it will amount to, but it will be something.

So far as the amendment not having been submitted to the Finance Committee is concerned, I am surprised to hear that objection come from the Senator from Michigan, who has just been urging an amendment that was never submitted to the Finance Committee. As a matter of fact, the amendment which I have offered has been passed by the Finance Committee, has been adopted by the Senate, has been adopted by the House, has been signed by the President, and is in the present law. It was omitted, not because anybody objected to it but because it was not thought sufficiently important to be included.

Mr. MURPHY. Mr. President——

The PRESIDING OFFICER (Mr. CLARK in the chair). Does the Senator from Pennsylvania yield to the Senator from Iowa?

Mr. REED. I yield.

Mr. MURPHY. As I understand the amendment, the stockholder pays taxes on the surplus of the corporation which is not distributed to the stockholder.

Mr. REED. Yes; it is just a book distribution, so to speak.

Mr. MURPHY. Thereby the corporation escapes the penalties imposed on accumulations of surplus beyond the reasonable needs of the business?

Mr. REED. That is correct. The corporation escapes the penalties, but the stockholders have to pay their full surtaxes.

Mr. MURPHY. I understand they pay their taxes; but is the fear indulged that if the corporations do not make distribution and have accumulated surpluses beyond the reasonable needs of the business that then they subject themselves to the penalty tax?

Mr. REED. That is the whole thing; yes.

Mr. MURPHY. Then it is merely to relieve the stockholder residing abroad and subject to an income tax abroad from the payment of such income tax on income that he does not actually receive but only constructively receives?

Mr. REED. That is correct. As I have said, nobody has objected to it in the present law; but it was omitted by the House, and it was through our inadvertence that attention was not previously called to it.

Mr. HARRISON. Mr. President, I hope the Senator will withhold his amendment.

Mr. REED. If the Senator from Mississippi wishes it to be withheld, I am glad to do that.

The PRESIDING OFFICER. Does the Senator from Pennsylvania withdraw his amendment?

Mr. REED. Yes; I am glad to do that.

Mr. TYDINGS. Mr. President, I send to the desk an amendment, which I ask the clerk to read, after which I should like to be recognized.

The PRESIDING OFFICER. The Senator from Maryland offers an amendment, which will be stated.

The CHIEF CLERK. In section 602, subparagraph (a), at the end of the paragraph, line 15, page 214, after the words "tin plate", it is proposed to insert:

Provided, however, That an amount of coconut oil and coconut oil produced from copra equal to the annual average of same during the past 5 years brought into the United States from the Philippine Islands and of Philippine origin shall not be subject to this tax.

Mr. TYDINGS. Mr. President, what I am attempting to do with this amendment is to keep the status quo so far as coconut oil and copra are concerned in relation to their exportation from the Philippine Islands to the United States. Only 3 weeks ago we passed the Philippine independence bill, in which we fixed quotas for sugar, cordage, coconut oil, and various other commodities. As regards the case of sugar, we cut down the quota of sugar which the Filipinos may ship into this country from about a million tons a year to 850,000 tons. They have to shoulder that economic handicap. Now we are proceeding, in spite of the limitations which we place upon copra by the independence bill, to tax that copra. We limit first the amount which they may send in and then tax the copra, even though there is a limitation upon it.

Mr. BORAH. Mr. President——

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

Mr. TYDINGS. I yield.

Mr. BORAH. I should like to ask the Senator what is the difference between the amendment which he proposes and the amendment which the Senator from Mississippi says he will propose in case the amendment of the Senator from Maryland shall be defeated?

Mr. TYDINGS. There is very little difference except the Senator from Mississippi in his amendment proposes to fix a definite amount of 520,000,000 pounds. My calculations show that the average is closer to 600,000,000 pounds. So, in order to get away from the fact of the actual tonnage received, I define no figure, but provide that importations representing the average for the last 5 years shall be allowed to come in untaxed, and any excess of such average shall be taxed. The Senator from Mississippi fixes the amount in his amendment.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator from Maryland how the Senator from Mississippi determines the amount that should be admitted duty free?

Mr. TYDINGS. I cannot answer for the Senator from Mississippi, who is momentarily absent from the Chamber.

Mr. ROBINSON of Arkansas. I shall ask him when he returns.

Mr. TYDINGS. Mr. President, I do not want to make an oratorical presentation on the subject of liberty, justice, and right, but I want to make the observation that what we are about to do to the Philippine Islands is exactly what England tried to do to the Thirteen Colonies prior to the Declaration of Independence. The Filipinos have no representation in this body. They have no vote in Congress. We are taxing them without any vote. We are limiting the amount of commodities which they may export to this country. We compel them to abide by our tariff laws. I am not going to say that they get all the worst of that, because frequently in cases they get benefits which they would not have if it were not for our tariff and our free market. But the point is that simple justice dictates that we ought not to put a tariff wall around the Philippines of our own making and not theirs, and then deny them the benefits of a situation which we force upon them.

Mr. BANKHEAD. Mr. President——

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

Mr. TYDINGS. I yield.

Mr. BANKHEAD. Is it not a fact that the balance of trade between the Philippines and the United States is very largely in favor of the Philippines?

Mr. TYDINGS. No; it is not. I have the figures and will look them up before I yield the floor.

Mr. CONNALLY. Mr. President, if the Senator will yield, I can give him the figures. They imported $40,000,000 and exported $80,000,000.

Mr. TYDINGS. I have the figures here. In 1928 their merchandise imports were $83,000,000 and their merchandise exports $115,000,000. In 1929 their merchandise imports were $92,000,000 and their merchandise exports $124,000,000.

In 1930 their merchandise imports were $78,000,000 and their merchandise exports $105,000,000. In 1931 their merchandise imports were $62,000,000 and their merchandise exports $83,000,000. In 1932 their merchandise imports were $51,000,000 and their merchandise exports $82,000,000.

Mr. CONNALLY. But the Senator is reading the total of their imports and exports.

Mr. TYDINGS. No; I am reading those from the United States. The other countries are carried in the second column. I am reading from the statistical abstract of the United States for the year 1933. In the first column are those from the United States only, in the second column from other countries, and then the total.

Mr. CONNALLY. The testimony before the Finance Committee by the Treasury experts is that we annually export to the Philippine Islands $40,000,000 and annually import $80,000,000.

Mr. TYDINGS. If that testimony was given, it is grossly incorrect. I will give the Senator the component parts in cotton textiles, machinery, and everything else, to show how the totals are arrived at, if he wants me to do so.

But the point is that only 3 weeks ago in this Chamber we entered into an implied understanding with the Filipino people about the means of their obtaining their independence. In that bill we said if they would do certain things we would give them their independence. We wrote into their laws certain economic restrictions upon the things they produce. Now, when the ink is hardly dry upon that document, we come here shooting them in the back.

Mr. JOHNSON. Mr. President——

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

Mr. TYDINGS. Certainly.

Mr. JOHNSON. Will the Senator turn to the particular agreement that was made in this regard in the Philippine independence bill? I am intensely interested in what the Senator is saying concerning the implied or the expressed obligation which rests upon us in regard to this particular importation, just as I am interested in the bill which we denominate the "sugar bill" in relation to Hawaii, where the conditions are perhaps worse than those here described by the Senator. I am not particularly familiar with the situation and therefore am listening intensely to him. It seemed to me there was an injustice concerning Hawaii that is utterly unjustifiable. I am not very clear as to the other, but am endeavoring at the present time to learn something concerning both.

Mr. TYDINGS. Mr. President, I am very glad to give the Senator the information, because I consider our covenant with the Filipinos both an implied and an expressed covenant. I base that upon what I shall read. I hold in my hand a copy of the Philippine Independence Act, the title of which act is as follows:

> To provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes.

Section 6 of that bill reads as follows, the title of the section being "Relations with the United States pending complete independence":

> After the date of the inauguration of the government of the Commonwealth of the Philippine Islands, trade relations between the United States and the Philippine Islands shall be as now provided by law, subject to the following exceptions.

Then the exceptions which I have enumerated as to sugar, as to cordage, as to copra, are enumerated. That is the wording of the act itself, that the trade relations between them and us pending absolute independence "shall be as now provided by law." I believe we could not make it much plainer than that, and yet now we are attempting to go back of that understanding and alter that law by putting a new condition of trade relationship upon them.

Mr. BORAH. Mr. President——

Mr. TYDINGS. I yield.

Mr. BORAH. Until the Philippine people accept the independence, they are a part of he United States.

Mr. TYDINGS. That is true, and then during the transition government they will still be a part.

Mr. BORAH. So the real question is whether it is equitable and just to levy a tax upon a part of the people of the United States on the theory that they are foreigners.

Mr. TYDINGS. That is true. I think the Senator's observation is a large part of my contention.

Mr. BORAH. As stated by the able Senator from California, that is exactly what we are proposing to do in the sugar business.

Mr. JOHNSON. Exactly. May I suggest that we go even farther? It is a question of breaking our faith, I fear. That is the thing that is worrying me more than anything else.

Mr. TYDINGS. May I say to the Senator from California that I am thoroughly in accord with the observations he makes? I feel that in the case of the Philippines our obligation is even stronger than in the other cases, as I now understand them, for this reason: We are about to turn the Philippines loose as a part of the United States. As a condition precedent to the accomplishment of that act, we entered into certain definite arrangements based upon which their transition should take place and ultimate Philippine independence be obtained. We wrote that into the law while their delegation was here. The law was approved by the Congress and the President and accepted by the Filipino mission that was then before Congress, and the Philippine Legislature is now being called into special session to accept and adopt that act, which will mean ultimate Filipino independence.

But, lo and behold, in spite of the fact that the act says "after the date of the inauguration of the government of the Commonwealth of the Philippine Islands trade relations between the United States and the Philippines shall now be as provided by law", and before the commission can get home, we are now writing into a new law, which has nothing to do with Philippine independence, a provision to tax their commodities for the benefit of ourselves in violation of that agreement. I do not think it could be sustained in any court of equity. We cannot expect them to be friendly to us unless we come into court with clean hands. We are certainly violating the implied and, in my judgment, the expressed covenant into which we entered and upon which their independence is predicated.

I think it would be an act which would reflect upon our standing throughout the entire Orient, because every Senator knows that the United States, in its foreign relations in the Far East, is judged primarily by its treatment of the Philippines, which are in the Far East. If we so lately have entered into a covenant with those people, and before they can get home, break it, we being a strong and powerful country while they are weak, how can we expect to promote trade and good will in China and other eastern countries? Those people know that we are breaking our word in this situation.

Mr. O'MAHONEY. Mr. President——

Mr. TYDINGS. I yield.

Mr. O'MAHONEY. May I ask the Senator when, in his judgment, section 6 of the Independence Act comes into effect?

Mr. TYDINGS. When will it or when does it?

Mr. O'MAHONEY. When does it come into effect?

Mr. TYDINGS. Of course, section 6 came into effect the minute the President signed the law.

Mr. O'MAHONEY. Yes; of course.

Mr. TYDINGS. It is the law of the United States. It is the law under which the Filipinos will seek their independence.

Mr. O'MAHONEY. Certainly.

Mr. TYDINGS. The actual commonwealth government provided for in the law will not be set up until this year; but the law is still the law, commonwealth government or no commonwealth government.

Mr. O'MAHONEY. Yes; but the Senator does not get the point I am trying to make. Section 6 of the Independence Act provides that after the date of the inauguration of the

government of the Commonwealth of the Philippine Islands trade relations between the United States and the Philippines shall be "as now provided by law, subject to the following exceptions." What does the word "now" mean there? Does it not mean the date of the approval of this act?

Mr. TYDINGS. I think "now" meant the time the act was approved.

Mr. O'MAHONEY. The time it was approved?

Mr. TYDINGS. Yes. May I say to the Senator that at least that was how all parties, including the President and the Filipino mission, viewed it; and, to support my contention, the President of the United States has written a very strong letter to the Chairman of the Finance Committee pointing out this very thing, that we have "impliedly"—I think that is the word he uses, but I use the word "expressly"—covenanted with them that we will not change this situation pending the transition to independence.

Mr. O'MAHONEY. But is it not true, may I ask the Senator, that the exceptions listed in section 6 of the Independence Act do not come into effect until after the provisional government has been set up?

Mr. TYDINGS. If we should apply a strictly legal interpretation to it, and read it as a contract, I think the Senator's interpretation might be valid; but even if that would be good law, nevertheless I know that the understanding was, and I think the Filipino people accepted the measure in that light, that nothing would be done between now and this fall, when the new government will be set up, which will alter that relationship; and the Senator further knows that this act is not going to be repealed next fall, when the new constitution is adopted by the Filipinos. Does the Senator concede that?

Mr. O'MAHONEY. I do not know that I should; but——

Mr. TYDINGS. Wait a minute. I answered the Senator's question; now I want him to answer mine.

Mr. O'MAHONEY. Will the Senator restate the question?

Mr. McCARRAN. Mr. President——

Mr. TYDINGS. Wait just a moment.

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from Maryland yield, and if so to whom?

Mr. TYDINGS. I yield to the Senator from Nevada if he desires to ask me a question; but, first of all, I should like to have the Senator from Wyoming answer the question which I have asked him.

Mr. O'MAHONEY. I ask the Senator to restate his question.

Mr. McCARRAN. Mr. President——

Mr. TYDINGS. Just a moment until I answer the Senator. The Senator from Wyoming says, in effect, that we may tax the Filipino people pending the institution of the commonwealth government.

Mr. O'MAHONEY. I have not made any direct statement of that sort; I am asking a question.

Mr. TYDINGS. I ask the Senator if, under this bill, the Filipino people will not be taxed after the institution of the commonwealth government; and I think I am entitled to an answer from the Senator.

Mr. O'MAHONEY. That is beside the point.

Mr. TYDINGS. The Senator is evading me. He will not answer me.

Mr. McCARRAN. I should like to answer that question.

Mr. JOHNSON. Mr. President——

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

Mr. TYDINGS. I yield to the Senator from Nevada. I will yield to the Senator from California in a moment.

Mr. McCARRAN. Mr. President, the Senator from Maryland propounds a question which is based primarily upon a conjecture. In other words, the whole situation is conjectural on the Philippines accepting the measure which we have presented to them providing for their independence. A question such as the Senator has propounded to the Senator from Wyoming must be answered in a conjecture. That is all it could be, because the Philippines have not yet accepted the act. We gave them the very same act heretofore, and they did not accept it; and we have no more guarantee now that they will accept it than we had then.

Mr. TYDINGS. Oh, the Senator is wrong there. I have put into the RECORD the acceptance of this act by practically every man who was opposed to the original act because of certain things in the old measure which are not in the new one.

Mr. JOHNSON. Mr. President——

Mr. TYDINGS. I yield to the Senator from California.

Mr. JOHNSON. May I suggest that the question may be resolved in another fashion, too?

This bill constitutes the proposal, the terms upon which independence will be accorded; and it presents as well what the United States will do in case it be ultimately accepted. So we may eliminate whether it has been now accepted or not, because the time of its acceptance has not yet expired. It constitutes our proposal. It is true one party to the contract now has acted; and the query that is presented, if what the Senator from Maryland says is accurate, is whether, having made a proposal in definite terms to the Philippines, we shall now change those terms by a taxing law. Is not that accurate?

Mr. TYDINGS. The Senator has expressed the matter in just the right way, as I see it, and much better than I ever could have expressed it; and, if I may pick up his thought where he left off, may I say to the two Senators who have taken part in this debate that I look upon this as a contract made between two governments.

Mr. McCARRAN and Mr. O'MAHONEY addressed the Chair.

Mr. TYDINGS. I have the floor, and I do not yield to anybody.

Mr. McCARRAN. I did not think the Senator would yield for a reply to that.

Mr. TYDINGS. I have the floor. When I finish my statement I will yield, but I do not like to be interrupted at the end of two phrases. I think the Senator who has the floor is entitled to be interrupted only when he has concluded his thought, and I think a little more courtesy might be conducive to better order.

Mr. McCARRAN. I am very sorry that the Senator considers it discourtesy.

Mr. O'MAHONEY. I also apologize to the Senator.

Mr. TYDINGS. I do not consider it discourtesy from the Senator from Nevada, because I know he is too affable ever to be discourteous to anyone.

Mr. LEWIS. And the Senator, of course, will say the same thing of the Senator from Wyoming.

Mr. TYDINGS. Certainly. May I say, however, that we had the sole power to make this contract. We were in the position of a guardian and a ward. We did make the contract. We made it, however, after consultation with the party of the second part, the Filipino people. That transaction has every semblance of a contractual relation to accomplish a certain definite thing. In fact, it is a covenant. It is stronger than a mere assertion of relationship. It has the sanction of our body. We have already sent it through the mails, so to speak; and until it is accepted or rejected or recalled by us it is an offer to the Filipino people of how, why, and when they will get their independence.

It is just as if I had made a contract binding myself, and had sent it to the Senator from Wyoming, who would be the party of the second part. As long as I do not recall that contract—and this one has not been recalled—and as long as he does not accept or refuse it within the time limit specified in the contract, it is my binding offer of what I agree to do.

The Senator implies by his question that we have the right to alter our offer before the party of the second part has actually received it formally in writing.

Mr. O'MAHONEY. Now, may I interrupt the Senator?

Mr. TYDINGS. Yes.

Mr. O'MAHONEY. The Senator misinterprets my thought. I believe that his delineation of the law is absolutely accurate.

Mr. TYDINGS. I thank the Senator.

Mr. O'MAHONEY. We have made an offer, and I have no doubt that offer stands until it is accepted or rejected; but that is not the question, if I may say so to the Senator.

Mr. TYDINGS. I beg the Senator's pardon. Perhaps in the heat of the debate I misunderstood him, and if I have done so I am sorry.

Mr. O'MAHONEY. Until the Filipino people accept that offer we may change, not the terms of the offer but our laws governing trade relations, without in any way affecting this offer. May I ask the Senator if it is not, in his judgment, a fact that we might with perfect propriety, legally speaking, change the present provisions of law having to do with the trade relations pending the acceptance or rejection by the Filipinos, with the understanding that if they do finally accept this offer we are bound by the terms of the offer rather than by any amendment of present law, so that pending the acceptance of our independence offer we have every right to change the general provisions of law so long as we are not changing the offer?

Mr. TYDINGS. If that were to be done, Mr. President, there is only one place where it could logically be done, and that is in the Filipino Independence Act, by amending that act. The Filipino people have no official knowledge of any change in the existing law when we pass an entirely separate measure here.

Mr. O'MAHONEY. If I may take the Senator's time for just a moment, I will say that my first question was directed to him for the purpose of eliciting information from the Senator as to his interpretation of the word "now" in the first sentence of section 6 of the Independence Act. His interpretation was exactly as my own, namely, that we are bound by the provisions of law that were in existence at the date of the passage of the Independence Act. Until the Filipinos accept or reject that act, however, any modification of law now will not be a modification of the offer, it will be merely a modification of the law pending the action by the Filipinos; and I feel that we are both morally and legally entitled to make any change we may desire.

Mr. TYDINGS. Mr. President, as I said a moment ago, the Senator from California [Mr. JOHNSON] developed the thought so concisely that any words of mine seem to be superfluous; but I think we have made a formal offer of independence to the Philippine Islands. At least, they think we have. That formal offer is now in transit to the Philippine Islands. Now, before they actually receive it—they are carrying it home with them to sign it over there, where it must be signed under the conditions set forth in the offer—here we are, a strong, powerful Government, simply because we have the might, going back on our word.

Can that bring us any credit? Can it bring us any friendship in the East, or in the South, for that matter? Is that the proper course for a government to pursue? Is justice so foreign to our thoughts that no sooner do we meet a weaker people and deal with them, and their backs are turned, then we go out and undo all the things we promised them we would not undo?

Spain in its palmiest days, in spite of all the stories about Spanish oppression, as far as I have been able to read the history of Spain in the Philippines, never attempted anything to equal what is proposed by this bill. We intervened in the Philippine Islands to eliminate Spanish cruelty, and yet we are inflicting upon these people an economic cruelty and an economic injustice without any cause whatever.

Mr. President, I want to make one more observation. I cannot speak for the President of the United States, because I do not know where he stands on this matter, but I am afraid that if this provision is written into the bill, it may result in the veto of the measure. That may be all right; perhaps Senators do not care about a veto, but certainly, if there is to be no limitation here, if we can tax the Filipino people so shortly after we passed an independence measure, I believe the President would be justified in vetoing this bill.

I appeal to Senators to give a weaker nation the opportunity to secure their independence in terms of the act which we passed here only a month ago. If we will do that, I believe the Filipinos will accept the measure we passed, and Filipino independence will be on its way.

Mr. DILL. Mr. President——

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

Mr. TYDINGS. I yield.

Mr. DILL. Do I understand the Senator's argument to be that if the Filipinos accept the proposal for independence, Congress, during all the next 10 years, will be forbidden to change in any way the taxes upon the products which may come from the Philippines?

Mr. TYDINGS. Legally, no.

Mr. DILL. Morally?

Mr. TYDINGS. Morally, a thousand times, yes.

Mr. JOHNSON. Mr. President, before the Senator takes his seat, I should like to ask him whether he is familiar with the amendment which has been offered by the Senator from Mississippi, which deals with this subject in a different way, perhaps, but which I understand is more or less acceptable. Is it acceptable?

Mr. TYDINGS. I would much rather have it, and I think it is a step toward justice and fair play for the Filipinos, more so than the bill itself. I feel, however, that the right thing to do is to carry the provision as embodied in my own amendment.

Mr. JOHNSON. The amendment which the Senator from Mississippi presents—and I am not familiar with its terms—would be reasonably satisfactory from the standpoint of importations?

Mr. TYDINGS. I should not like to answer that question. I think it is much better, and I think the Senator from Mississippi has tried to reconcile the conflicting interests; but I could not support it.

Mr. CAREY. Mr. President, I should like to ask the Senator from Maryland a question or two.

Mr. TYDINGS. I yield.

Mr. CAREY. The Senator is aware of the fact that, under the Agricultural Adjustment Act, it is possible for the Secretary of Agriculture to levy taxes on commodities which compete with other commodities. There are on hand in this country a large amount of fats in storage, consisting of butter, lard, tallow, and cottonseed oil, most of which are subject to processing taxes. Does the Senator think it fair to relieve the Philippine Islands from a tax such as the one under discussion when the American farmer is subject to all these taxes?

Mr. TYDINGS. In answer to the Senator's question I will say that I do not think it was fair for the United States to take the Philippine Islands in the first place. They were the islands of the Filipino people. We had no business with them. We took them at the point of the bayonet, and finally bought them from Spain. We then promised them independence. We compelled them to live under our economic set-up, and I cannot see anything but simple justice in letting them go back where we said we were going to send them, under the most favorable conditions, after we have forced our will on them for a period of 36 years.

Mr. CAREY. I cannot see why they should be exempt from the payment of the same tax we are putting on ourselves.

Mr. TYDINGS. They are not the United States of America. They are an appendage.

Mr. CAREY. They are competing with the United States.

Mr. TYDINGS. Certainly; but did we not force them to compete with the United States? Do we not compel them to trade with us? Can they ship their sugar elsewhere? They cannot trade with the rest of the world. They have to trade with us because our tariff laws are their tariff laws.

Mr. CAREY. They are shipping a great deal more to this country than we are shipping to them.

Mr. TYDINGS. We compel them to do it. We would not let them ship to other countries. We would not let them trade with other countries. We compel them to trade

with us, and now we are complaining because we got the worst of a deal which we forced upon them.

Mr. BYRNES. Mr. President, does the Senator from Wyoming agree with the statement that a resident of the Philippines cannot ship coconut oil to any other place than the United States? Is that a fact?

Mr. CAREY. I was not aware that they could not ship coconut oil to any other place. Is that true?

Mr. BYRNES. I understood that to be the statement of the Senator from Maryland. I wondered whether the Senator from Wyoming agreed with it.

Mr. CAREY. I thought they could ship it to other countries.

Mr. TYDINGS. The Senator knows that the tariff laws of the United States apply to the Philippine Islands. He concedes that, does he not?

Mr. CAREY. I concede that; yes.

Mr. TYDINGS. Does the Senator expect them, when they are a part of the United States, to trade with the United States or to trade with some country which has no tariff relations with the United States?

Mr. CAREY. They will naturally trade here, because they have no tariff to pay.

Mr. TYDINGS. And we do not have any tariff to pay on our exports to the Philippine Islands.

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

Mr. TYDINGS. I yield.

Mr. REED. Is the Senator quite certain of his statement that the American tariff law applies to imports into the Philippine Islands?

Mr. TYDINGS. The Senator knows that Filipino acts have to be signed in some cases by the President of the United States, and in all cases by the Governor General appointed by the President of the United States. The Senator also knows that since the Smoot-Hawley Tariff Act, the Filipino Legislature, at the suggestion of the then administration, passed a new tariff act to conform exactly with the American tariff act. Then, when they came in more direct contact with the countries which had depreciated currencies than we ourselves came in contact with them, they passed a tariff law, imposing rates even higher than did ours, so as to protect the American market in the Philippine Islands.

Mr. REED. That is something very different from having the American laws extend to their imports. Furthermore, I should like to say to the Senator that in the last month of which we have any record, December 1933, the Philippines were importing substantially more from Japan than from the United States.

Mr. TYDINGS. I have not those figures, and I cannot answer them; but I do know this, that everything we make goes into the Philippine Islands without any tariff being levied against it. We have a free market in the Philippine Islands.

Mr. REED. That is quite true, and we have given them a free market here for all their products.

Mr. TYDINGS. Yes; but we set up the economic system. They did not set it up.

Mr. REED. Furthermore——

Mr. TYDINGS. Is not that true?

Mr. REED. Yes.

Mr. TYDINGS. The market, such as it is, if we are getting the worst of it, is the market we created, not that of the Philippine people.

Mr. REED. No——

Mr. TYDINGS. The Senator agrees with that, does he not?

Mr. REED. I agree that we have free trade with the Philippines.

Mr. TYDINGS. Who granted that free trade?

Mr. REED. Where would they be if they did not have it?

Mr. TYDINGS. Who made it free? Why are Senators complaining about the result of their own actions?

Mr. REED. I am not complaining about the result of our own actions, but I say that when we impose processing taxes which bear so cruelly on our farmers as does the present tax on hogs, for example, we are only treating the Filipinos as we are treating our own people when we put similar taxes on their products.

Mr. CONNALLY. Mr. President, will the Senator from Maryland yield to me?

Mr. TYDINGS. I yield.

Mr. CONNALLY. A little while ago the Senator from Maryland quoted some figures, and I am sure he does not want the RECORD to be in error.

Mr. TYDINGS. Has the Senator my book?

Mr. CONNALLY. I have the Senator's book, and the figures in the book do not seem to agree with those he read.

Mr. TYDINGS. Very well.

Mr. CONNALLY. The statistics show that in 1932—and that is as recent as these statistics go—the Philippines imported from the United States $51,000,000 worth of merchandise. They sent us $82,000,000 worth of merchandise. The total export trade of the Philippines with the whole world amounted to $95,000,000, and we took $82,000,000 of it. So the United States is practically the only market the Philippine Islands have had for their exports. I just wanted to correct the Senator.

Mr. TYDINGS. If the Senator will read my remarks in the RECORD tomorrow, he will see that he has said exactly what I stated when I read from that book. I started with the year 1929, and I said the merchandise imports of the Philippines in 1929 amounted to $92,000,000.

Mr. CONNALLY. I asked the Senator to talk about the imports from the United States.

Mr. TYDINGS. I do not know what the Senator asked me to do, but he will find in the RECORD tomorrow morning that my remarks were as accurate as the figures in this book.

Mr. CONNALLY. Tomorrow morning the Senator will have the book, and his record will then be right, of course.

Mr. TYDINGS. The Senator can go into the clerk's office and get the figures now, if he cares to.

Mr. CONNALLY. The Senator from Texas asked the Senator from Maryland to state what the imports from the Philippine Islands to the United States were, and what the exports from the United States to the Philippines were. Then the Senator quoted the total exports and imports of the Philippines, without respect to the United States, which was not responsive. The testimony before the Committee on Finance was that the Filipinos export to the United States just about twice as much each year as we export to them.

Mr. TYDINGS. I am sorry the Senator from Texas insists on misinterpreting what I said. I read from the first column, and over the first column is this caption, "From the United States." I furthermore said that the exports and imports from other countries were carried in a separate column, and that the total was shown in the third column.

Mr. CONNALLY. I am not concerned with what the Senator said——

Mr. TYDINGS. Wait a moment. I did not read any figures applying to all countries. I read only figures applying to the Philippines and the United States.

Mr. CONNALLY. The Senator from Texas is not concerned with whether or not the Senator made that statement. All he is concerned with is getting the facts.

Mr. TYDINGS. If I must approach this bill in absolute frankness, it is nothing more than an attempt to tax a helpless and unrepresented people to satisfy a few people in the United States who have put a little fire under Congress. There is not an ounce of justice in it. It is cowardly for a great Nation like this to have passed an independence bill only a month ago and now shoot the people in the back as they are going home with the document.

I have been approached by people from my own State who were over here by the dozens saying they wanted this tax imposed in order to keep Filipino products out of this country. That is all that is behind it. There is not an ounce of revenue in it. It is a lie on its face. It does not

deserve the support of any man who wants to keep faith and to be honest with the Filipino people.

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

Mr. TYDINGS. I yield.

Mr. LOGAN. I am interested in the legal phase of the question more than I am in the question of lobbyists and matters of that kind. I believe I understand the Senator from Maryland to say that the Philippine independence measure was an offer to the Philippine people of independence on certain terms, as set out in that particular act.

Mr. TYDINGS. That is correct.

Mr. LOGAN. Then it is an offer to the Philippine people which must be kept open by the United States until the Filipinos have a reasonable opportunity of accepting it. I believe that is true?

Mr. TYDINGS. That is correct. The time limit is fixed in the act.

Mr. LOGAN. The time limit is fixed in the act itself, but it is reasonable. The United States of America then must keep itself in position to comply absolutely with the terms of the independence act when the time comes. I think the Senator will agree with that.

Mr. TYDINGS. I agree with the Senator.

Mr. LOGAN. One more question. Suppose the United States should now desire to impose some tax. Could it not do so without interfering with that option, provided the tax would pass out of existence upon the acceptance by the Philippine people of the option which we have extended to them?

Mr. TYDINGS. I think that interpretation, as a legal matter, is very exact.

Mr. LOGAN. I thank the Senator.

Mr. TYDINGS. And I am not arguing against that interpretation. After this fall, when the commonwealth government is set up, that tax would have automatically to stop to stay within the letter of the law.

Mr. LOGAN. I agree fully with the Senator.

Mr. TYDINGS. But if we put it in here, we all know that Congress will not be in session next November, and there will be no provision in the act to cancel a tax when the new government is set up. Therefore we have no leg to stand on if we want to keep our faith with the Philippine people.

Mr. O'MAHONEY. Mr. President——

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

Mr. TYDINGS. I yield.

Mr. O'MAHONEY. May I now ask the Senator a factual question? Having read the amendment, I learn that the Senator desires to exempt from the provisions of this tax the importations of coconut oil in the original form and also as derived from copra, to the average of the importations for the past 5 years.

Mr. TYDINGS. That is right.

Mr. O'MAHONEY. That average, I take it from the figures I have here, is approximately 519,000,000 pounds or 520,000,000 pounds, as set forth in the amendment which is about to be offered by the Senator from Mississippi [Mr. HARRISON]. The independence act, however, provides for an exemption of only 200,000 long tons.

Mr. TYDINGS. Of oil.

Mr. O'MAHONEY. Or 448,000,000 pounds.

Mr. TYDINGS. Of oil.

Mr. O'MAHONEY. This is also oil, is it not?

Mr. TYDINGS. No; that is oil and copra.

Mr. O'MAHONEY. But is it not oil derived from copra?

Mr. TYDINGS. In the Philippine Independence Act, which I hold in my hand, the wording is, on page 4, section 6, subsection (b):

> There shall be levied, collected, and paid on all coconut oil—

The Senator's amendment comprehends not only coconut oil but copra from which coconut oil has not as yet been extracted, and that accounts for the disparity between the oil and the copra in the amendment pending.

Mr. O'MAHONEY. My understanding is, if the Senator will pardon me for saying so, that the average importation of coconut oil, including the coconut oil derived from copra, for the past 5 years, is 519,000,000 pounds.

Mr. TYDINGS. I have heard that asserted as the correct figure. My amendment does not fix the figure; but if that is the correct figure, that figure would be the sense of my amendment.

Mr. O'MAHONEY. Then it seems to me that the amendment which the Senator presents affords the Philippines a larger exception than they would get under the independence act.

Mr. TYDINGS. No; that is not true, because under the independence act they would not have to distill any oil in the islands, and they could ship unlimited copra to the United States, because there is no limitation on copra; but under this amendment they could not send oil into the United States in any form in excess of 519,000,000 pounds. Do I make that plain?

Mr. O'MAHONEY. Yes.

Mr. BORAH. Mr. President——

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

Mr. TYDINGS. I yield.

Mr. BORAH. In the colloquy that took place between the Senator from Kentucky and the Senator from Maryland I understood the Senator from Maryland to concede that it would be proper to levy this duty, provided it disappeared when the Philippines acquired their independence. Is that correct?

Mr. TYDINGS. No; I think the Senator misunderstood the question of the Senator from Kentucky.

Mr. BORAH. I must have done so.

Mr. TYDINGS. The question the Senator from Kentucky asked the Senator from Maryland was whether, pending the establishment of the transitory government known as the "commonwealth government"—which would be the real acceptance by the Philippines of the law, not the accomplishment of independence—whether in that interval we might not expressly tax them before they had accepted independence. I said that perhaps legally it might be done, but morally I did not think we could do it.

Mr. BORAH. Mr. President, it seems to me that aside from the independence act, and aside from all other questions that arise out of it, there is this simple proposition which is most difficult for me to solve, and that is that the Philippines are still a part of the United States.

Mr. TYDINGS. That is right.

Mr. BORAH. And the question that is involved in this controversy is, Shall we treat them as a foreign country when they are now a part of the United States?

Mr. TYDINGS. That is true.

Mr. BORAH. I think that is a pretty difficult problem for Congress to solve. It is simple enough in one way, but quite involved in another way. But I shall not discuss it in the Senator's time.

Mr. HARRISON. Mr. President——

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

Mr. TYDINGS. Yes; and may I say to the Senator from Mississippi, before he asks me whatever he has in mind, that during his absence I so worded my amendment, without naming the figure in the amendment, as to take the average shipments for the past 5 years, so that there could not be any controversy as to whether the figure offered in the amendment was right or wrong.

Mr. HARRISON. That was what I was going to ask the Senator about, because he had in mind offering his amendment without any limitation as to the amount of copra or coconut oil that might come from the Philippines; and I notice, on reading it, that he refers to the average for the 5 years. There is not a great deal of difference between us. However, I do not understand where the Senator gets the high figures that he uses, because in a letter from the Secretary of War, written to me, he mentions 520,000,000 pounds

as a very fair figure; and Mr. Ryder, who is the tariff expert for the N.R.A., and who represents the Tariff Commission, says the 5-year average is 520,000,000 pounds, or a little under that, 519,000,000 pounds.

Mr. TYDINGS. I believe that is correct.

Mr. HARRISON. In view of the fact that the Senator is trying to have a 5-year average exempted and that the administration very much opposes the amendment which we want here unless we put some exemption in it, I do not see why, if 520,000,000 pounds is right, we cannot get together on the proposition.

Mr. TYDINGS. I am glad the Senator from Mississippi came into the Chamber at this point. I was hoping that if my amendment carried the same thought as his amendment, we might avoid a controversy as to what was the average for 5 years by leaving that matter open; and then, if the figure of 519,000,000 pounds is right, I shall be with the Senator in this respect.

Mr. HARRISON. I am sure there are a good many Senators here who want to abide by the independence act, but, at the same time, they desire to put a fair limitation on imports. I know I share that view; and if there is no substantial difference between the two proposals, and 520,000,000 pounds can be agreed on as the 5-year average, I hope the Senator from Maryland will offer, instead of his amendment, the amendment that the experts have prepared, which covers the situation quite fully.

Mr. TYDINGS. Mr. President, I appreciate the position of the Senator from Mississippi. I think he has tried very hard to be fair. Personally, I do not believe we should have any limitations on the importation of Philippine products, other than those contained in the independence act, pending the acceptance of the act and the accomplishment of Philippine independence. I could not vote for the proposition offered by the Senator, however, because I am not certain that 519,000,000 pounds is the correct figure.

Mr. O'MAHONEY. Mr. President——

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

Mr. TYDINGS. I yield.

Mr. O'MAHONEY. If the Senator is uncertain as to what the averages are, may I ask why he does not adopt a modification of the language of the independence act, and abandon all mention of averages?

Mr. TYDINGS. I should be delighted to do that. I should like to offer that as an amendment, if the Senator from Mississippi would take it, because that refers to coconut oil only and would leave out copra altogether.

Mr. SHIPSTEAD. Mr. President——

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

Mr. TYDINGS. I yield.

Mr. SHIPSTEAD. If I may have the attention of the Senator from Maryland and the Senator from Mississippi for a moment. It is a fact, is it not, that coconut oil and its products coming in from other countries than the Philippines pay 2 cents tariff now, and they come in free from the Philippines?

Mr. TYDINGS. I did not understand the Senator.

Mr. SHIPSTEAD. There is a tariff on these products coming into the United States——

Mr. TYDINGS. There is no tariff on these products coming from the Philippines at all.

Mr. SHIPSTEAD. Not from the Philippines, but coming from other countries.

Mr. TYDINGS. The Senator means from foreign countries?

Mr. SHIPSTEAD. Yes; from foreign countries.

Mr. TYDINGS. Yes.

Mr. SHIPSTEAD. There is a differential in favor of the Philippines of 2 cents a pound?

Mr. TYDINGS. There is no tariff at all on the Philippine imports.

Mr. SHIPSTEAD. No. They have the advantage over foreign countries of 2 cents a pound.

Mr. TYDINGS. And we have the advantage in the Philippines over all foreign countries, too.

Mr. SHIPSTEAD. I cannot see the difference between putting a processing tax upon coconut oil and upon copra and processing copra into coconut oil, and putting a processing tax on hogs or any other things manufactured in the United States.

Mr. TYDINGS. But is not the processing tax put on hogs for the benefit of the hog growers? Let me ask the Senator that question. I do not say that it is, because I did not support it, but I am asking the Senator, Is not the processing tax put on hogs for the benefit, in thought at least, of the hog growers?

Mr. SHIPSTEAD. Yes.

Mr. TYDINGS. Is this tax put on for the benefit of the copra growers? Then where is the analogy?

Mr. SHIPSTEAD. The purpose of this tax is not to discriminate against the Philippines.

Mr. TYDINGS. O Mr. President, the purpose of this tax is to destroy the Philippines.

Mr. SHIPSTEAD. Wait a moment; I have the floor. It is not for the purpose of discriminating against the Philippines, because it leaves the Philippines in the same relative position with their competitors in which they previously were. The purpose of this tax is to raise the price level in the United States of domestic articles that compete with Philippine products. The purpose is to raise the price of butter, if you please. It is a price-raising tax.

Mr. BORAH. Mr. President, may I ask the Senator a question?

Mr. SHIPSTEAD. Certainly.

Mr. BORAH. Why cannot that all be dealt with under the Agricultural Adjustment Act?

Mr. SHIPSTEAD. I do not see why it cannot; but why not deal with it here?

Mr. MURPHY. There is no processing tax on coconut oil.

Mr. SHIPSTEAD. Or on copra.

Mr. MURPHY. Or on copra.

Mr. BORAH. There is none, but why could there not be one?

Mr. BARKLEY. Those products are not included in the Agricultural Adjustment Act.

Mr. BYRNES. Mr. President, if there is a processing tax upon hogs, why cannot a competitive tax be levied upon coconut oil if such oil comes in competition with our product?

Mr. BORAH. Jute bags are not a basic commodity, and yet there is a processing tax on them because they are supposed to come in competition with something in the way of cotton bags.

Mr. BYRNES. Mr. President, if the Senator from Minnesota will yield further, I think they call it a compensatory tax. Would the Senator agree that if the Filipinos are citizens of the United States, there could be levied upon them a compensatory tax; and if they are not citizens of the United States, there could be levied tariff duties upon their exports into the United States?

Mr. BORAH. My contention is that they are part of the United States, and that the Agricultural Adjustment Act has the same application to them as it has to producers in the State of Idaho.

Mr. BYRNES. They must be one or the other.

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

Mr. SHIPSTEAD. Yes.

Mr. TYDINGS. May I say to the Senator from Idaho that the Philippines buy about $16,000,000 worth of our cotton goods every year, and, of course, assuming that the processing tax is passed on, they are already paying the cotton-processing tax.

Mr. BORAH. I was simply speaking of the legal right to treat those people as citizens of the United States.

Mr. TYDINGS. That is the big point.

Mr. BORAH. What we are asked to do, I say, is an almost impossible thing, and that is to treat citizens of the United States as foreigners. We have an act by which we could treat them as citizens and deal with them the same as with

other citizens of the United States, and that is the Agricultural Adjustment Act. There is no reason why these matters should not be dealt with under that act. It may be that it would require an amendment. I have not the act before me.

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

Mr. SHIPSTEAD. I yield.

Mr. HARRISON. I may say to the Senator from Idaho that the Secretary of Agriculture suggested that this matter should be dealt with under the Agricultural Adjustment Act and that we might fix quotas, and processing taxes, and so on.

Mr. BORAH. Did he suggest it?

Mr. HARRISON. He did suggest it.

Mr. BORAH. Did he suggest it seriously? [Laughter].

Mr. HARRISON. Yes; he suggested it very seriously; but personally I could not see where there would be much chance in the Senate in securing the adoption of the proposal.

Mr. SHIPSTEAD. Mr. President, the amendment reads as follows:

> There is hereby imposed upon the first domestic processing of coconut oil, * * * a tax of 3 cents per each pound thereof processed, which shall be paid by the processor.

If that is not a processing tax, I do not know what it is.

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

Mr. SHIPSTEAD. Yes.

Mr. TYDINGS. I should like to show how much benefit this will be to the steer raisers in the United States. This tax will make a thousand-pound steer bring 5 cents more for the man who raises it. By actual calculation it is worth 5 cents to the man who owns a thousand-pound steer.

Mr. SHIPSTEAD. It is estimated that it will raise the price of butter at least 2 cents a pound. What I cannot understand is that there should be so much argument against levying a processing tax upon a product imported into this country and paid for by the American people. They would pay that tax.

Mr. BORAH. The Senator speaks of "the American people", but those are American people who are in the Philippines.

Mr. SHIPSTEAD. Yes. I mean people who live within continental United States.

Mr. BORAH. That is different. I wish we had never gotten outside of continental United States.

Mr. SHIPSTEAD. So do I.

Mr. President, I wanted to call the attention of the Senate to the fact that this is not treating the people who live in the Philippine Islands any differently than the people who live within the confines of continental United States are treated. We are having processing taxes levied upon one thing or another right along, and I cannot see where the argument of the Senator from Maryland holds true.

Mr. CONNALLY. Mr. President, the Senator from Maryland [Mr. TYDINGS] used rather aggressive and intemperate language a while ago in denouncing those who sponsor this tax. I do not regard that as argument; and I hope nobody else does. In the matter of taxes, I think the people of continental United States are entitled at least to a portion as much of the interest of their representatives in the Senate as are the Filipinos. I have always believed in Philippine independence. I voted for the bill presented here by the Senator from Maryland and others in favor of Philippine independence. I am perfectly willing for the Philippines to be independent. I do not regard the levying of this processing tax as any injustice on the people of the Philippine Islands.

The Senator from Maryland says there is not a nickel's worth of revenue in the provision. If he knew what happened before the Finance Committee, he would not make that statement. American interests as there represented testified that they have to have coconut oil whether it bears a tax or not. If they do, it means a lot of revenue for the Treasury, because if they have to bring it in, they have to pay the tax.

I ask gentlemen whose minds are so sensitive about putting a tax on people, Are we not taxing the American people by processing taxes? Does not every one of us who wears a cotton shirt pay a processing tax to the Government for the privilege of wearing the shirt? Are we not paying the processing tax on the food we eat?

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

Mr. CONNALLY. I yield.

Mr. TYDINGS. I think that observation of the Senator is essentially a correct and sound one, but may I call to his attention the fact that the Filipinos buy $16,000,000 worth of cotton goods a year from us, and therefore pay the processing tax on cotton.

Mr. CONNALLY. How much do they buy?

Mr. TYDINGS. They buy $16,000,000 worth.

Mr. CONNALLY. Very well.

Mr. TYDINGS. So that they pay just as much tax upon their cotton goods as anybody in the United States pays upon such goods today.

Mr. CONNALLY. Why should they not?

Mr. TYDINGS. Nobody is complaining about that.

Mr. CONNALLY. What is there about a Filipino that is so sublimated as to make him better than an ordinary American citizen who has to sweat down in the cotton patch in the South or in the cornfield in Maryland to make a living, whereas the Filipino sits under a coconut tree and fans himself and lets the coconuts raise themselves. [Laughter.]

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

Mr. CONNALLY. I yield.

Mr. TYDINGS. I thought the Senator was inferentially saying that the American people paid a tax that the Filipinos did not pay. I merely arose to say that he was in error, and that the Filipino people pay the same tax that the American people pay.

Mr. CONNALLY. Oh, yes; the Senator from Maryland keeps talking about the Filipinos buying some cotton. If they wore more clothes, they would buy a great deal more cotton than they buy now. Of course, they buy a little cotton, and yet they sell the United States $82,000,000 worth of products a year out of the whole $95,000,000 worth which they sell the entire world. We afford them practically the only market which they have. They ship us twice as much stuff as we ship them; and yet, because we want to put a little, measly tax on some of their coconuts, which grow while they sleep, gentlemen get all "het up" and wrought up about Philippine independence; they beat their breasts and wave the flag and talk about the poor Filipinos. We gave the Filipinos independence last spring, and they would not have it. If a little processing tax on a few of their coconuts is going to keep them from accepting independence, they have not got any business with independence. A nation that would sell its aspiration for liberty and for independence, as their proponents here on this floor talk about the independence and freedom for the Philippines, for a little, measly tax on a few coconuts has not much business with independence, if that is the kind of political aspirations and ambitions its people have.

Processing taxes! We are taxing our people on almost all products. The Senate passed a bill here the other day which says to the cotton farmer, "If you raise above a certain number of bales of cotton, we are going to put you in jail." Yet if a Filipino sends over a few more coconuts than we think he ought to send over, he is outraged, and his torchbearers here on the floor are outraged.

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

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

Mr. CONNALLY. I yield.

Mr. VANDENBERG. If I understood the Senator correctly, he indicated that this tax will produce a substantial revenue.

Mr. CONNALLY. I said the testimony before the committee was that manufacturers in this country have to have coconut oil in order to make soap; that such oil would have

to come in whether we put a tax on it or not; and I said if that were true it would bring in some revenue.

Mr. VANDENBERG. May I suggest to the Senator in that connection that if there is anything invidious about the amendment it could be substantially cured by a further amendment which would remit the proceeds of the tax to the Philippine government itself.

Mr. CONNALLY. We have given them a good deal of money and I do not suppose giving them a little more would hurt anything.

Mr. VANDENBERG. It would, at least, remove the argument that we are taxing them against their will and robbing them of the proceeds.

Mr. CONNALLY. We have taxed nearly everybody against their will; we are now taxing people against their will.

Mr. VANDENBERG. Yes; but not without a spokesmanship in connection with levying the tax.

Mr. CONNALLY. I would not care if we gave them the tax back, as the Senator suggests.

Let us see what else we are doing to the American farmer. We tell him by law how much he has to cut down his cotton production. If he does not do it we are going to put him in jail or otherwise punish him. Every time we cut down our cotton production we cut down our cottonseed. We do not have as much cottonseed oil to sell the next year as we have now. In the meantime we fill up the gap which we have created in our own product by letting the Philippines send over here larger amounts of oil and more coconuts. What good does it do to reduce our own production of oil if we are going to permit the Philippines or the Africans or the people in Borneo or Java or the other islands of the seas simply to fill up the gap we are trying to create, by their shipping us some more of their oil that does not require any labor to produce? That is the situation we are facing. There is no use ignoring the facts. Senators may look wise and put their glasses out on the end of their noses and peer over them and talk about all of these abstract questions, but I am stating facts.

Mr. BORAH. Mr. President——

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

Mr. BORAH. I want to ask the Senator a question which I submitted a few moments ago. Could not all this be done under the present Agricultural Adjustment Act?

Mr. CONNALLY. It is a long process to have the Department of Agriculture tinkering with the Philippines. It might be done. I have great respect for the opinions of the Senator from Idaho, but whenever I am trying to do something and a man comes up and says, "This is fine; but why not do it some other way?" I always have a suspicion as to whether he wants me to do it at all or not.

Mr. BORAH. I am thinking of the fact that the Agricultural Adjustment Act covers exactly this condition of affairs. Why should we legislate in this bill in addition to what we have already done by the Agricultural Adjustment Act?

Mr. CONNALLY. The Senator's suggestion is logical, but we are not legislating now with reference to the Agricultural Adjustment Act. We have not got it up now, but we have this other matter up, and as long as we have it up why not do it? Why put off till tomorrow what we can do today?

Mr. BORAH. I am contending that it has already been done.

Mr. CONNALLY. But it has not already been done.

Mr. BORAH. Why has it not already been done? The Secretary of Agriculture has the power under the Agricultural Adjustment Act to do what it is proposed here shall be done.

Mr. CONNALLY. On coconut oil?

Mr. BORAH. Yes.

Mr. CONNALLY. I do not think coconut oil is mentioned.

Mr. BORAH. Neither are jute bags.

Mr. CONNALLY. I thank the Senator for his interruption, but I do not agree with him.

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

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

Mr. CONNALLY. I yield.

Mr. FESS. The Senator made a statement a moment ago that is interesting to me.

Mr. CONNALLY. I am flattered if the Senator from Ohio is interested. [Laughter.]

Mr. FESS. In referring to the testimony given before the committee he made an interesting statement. I am concerned in whether the statement is true that coconut oil must come in anyway, whether there is a tariff on it or not.

Mr. CONNALLY. That is what the Senator's Ohio constituents, Procter & Gamble, testified before the committee.

Mr. FESS. What is the Senator's opinion as a member of the committee?

Mr. CONNALLY. As a member of the committee, I think some of it will come in anyway. I do not think all of it will come in. That is my opinion. I regret to take issue with the distinguished Senator's constituents, Procter & Gamble, who are now more interested in the Filipinos than they have ever been before in their lives.

Mr. FESS. Let us omit Procter & Gamble.

Mr. CONNALLY. All right; I will omit them. I hope to omit them when the vote comes.

Mr. FESS. What I want to know is this: Do we have to have the articles we are now importing in order to produce soap products in the United States? Is it something we are compelled to have, whether we put a tax on it or not? If we do not have to have it, that is one thing. If we do have to have it, that is another and entirely different thing.

Mr. CONNALLY. I will say to the Senator in all frankness that the issue was a contested issue. There were experts before the committee who said we could get along entirely without coconut oil. They said there is an interchangeability between all of the vegetable oils and fats as well as animal oils and fats, and that we can make just as good soap, and even better soap, without them as we could with them.

On the other hand, there were experts who talked just as glibly on the other side, who said they would have to have coconut oil to make certain kinds of soap. For instance, one of them said that in the matter of silk textiles, silk stockings particularly, they need coconut-oil soap because it is better for the silk-texture goods.

But the opinion on the issue was not unanimous. The committee had to reach its own conclusion based on its common sense. My view is that, of course, some of the coconut oil will continue to come in. It will still pay a tax, but how much I do not know. I believe some of this oil will be excluded, because the Senator knows that whenever we put a duty on any article there is a certain deterrent effect, and to some extent it will lessen imports.

Mr. FESS. I think the Senator from Texas may have misinterpreted my question as representing some local interests.

Mr. CONNALLY. I did not mean to infer that the Senator was doing that. If I did that, I did the Senator an injustice. I do not mean the Senator is influenced by Procter & Gamble. I merely meant it was their representatives who testified to the point that they had to have coconut oil.

Mr. FESS. The Senator will recall that when we were discussing long-staple cotton I questioned the protective element in it, although being an uncompromising protectionist on the ground that, no matter what tariff is put upon it, we would have to import it anyway. That introduces an element that is quite important, and we have the same point involved here as to coconut oil.

Mr. CONNALLY. I think the Senator is correct. We are going to bring in some of this coconut oil even if it does pay a processing tax. There are certain kinds of soap which it is said require coconut oil. But as a general proposition the chemists and experts testify that there is a very considerable interchangeability among all these oils, and that

therefore if the oils were kept out they would use domestic oils to take the place of the coconut oil.

Mr. President, in the committee this tax was reduced from 5 cents to 3 cents. It is not a prohibitive tax. It is a moderate tax. It is simply carrying out the principle of the new system we have adopted. If we limit our own people, if we tax our own people, if we put a processing tax on our own people, why should not the Filipinos themselves bear a small tax now and then in order to help us to carry out the program for the rehabilitation of American industry and American agriculture?

Mr. HARRISON. Mr. President, may I ask the Senator from Maryland [Mr. TYDINGS] if he will withhold his amendment temporarily so that I may offer an amendment which I think will clear up the situation?

Mr. TYDINGS. Is the amendment offered on behalf of the committee?

Mr. HARRISON. No; I am not offering it on behalf of the committee. The Finance Committee took action on the matter, but I am not offering the amendment on behalf of the committee.

Mr. TYDINGS. I will withdraw my amendment temporarily.

Mr. HARRISON. It makes no exception at all. I think it is due the Senate to read a letter relating to it.

Mr. TYDINGS. Will the Senator have the amendment read before he reads the letter, so we may understand what it is all about?

Mr. HARRISON. Yes. I ask that the amendment be read.

The PRESIDING OFFICER. The amendment will be read.

The LEGISLATIVE CLERK. It is proposed, on page 214, to strike out lines 3 to 15 and to insert in lieu thereof the following:

(a) There is hereby imposed upon the first domestic processing of coconut oil, sesame oil, palm oil, palm kernel oil, perilla oil, sunflower oil, whale oil, fish oil (except cod-liver oil), or marine animal oil, or any combination or mixture containing any such oil if there has been with respect to such oil no previous first domestic processing within the meaning of this subsection, a tax of 3 cents per pound of such oil, which tax shall be paid by the processor. Under regulations prescribed by the Commissioner, with the approval of the Secretary, the tax provided in this subsection shall not apply to the processing (1) of coconut oil brought into the continental United States from the Philippines on or before the date of the enactment of this act or produced from copra brought into the continental United States from the Philippines on or before such date, or (2) of 520,000,000 pounds of coconut oil of Philippine origin which is brought into the continental United States from the Philippines as coconut oil, or which is the product of copra of Philippine origin brought into the continental United States from the Philippines, during each period of 12 months after the date of the enactment of this act, or (3) of the following articles if the product of American fisheries, or if produced in the United States: Fish oil, whale oil, and marine animal oil. For the purposes of this section, the term "first domestic processing" means the first use in the United States, in the manufacture or production of an article intended for sale or intended for further manufacture, of the article with respect to which the tax is imposed. For the purposes of the exemption granted by this subsection, the amount of coconut oil producible from copra shall be regarded as 63 percent by weight.

Mr. HARRISON. Mr. President, I desire to make a brief statement.

When this matter was before the Committee on Finance I voted against the amendment that is written in the bill because, even though my people are very much interested in cottonseed oil, and I had been appealed to to vote for it, I thought it was a violation of the independence act that we had passed for the Philippines; and I was fearful that it might invite a Presidential veto of a very important bill if we did not at least provide an exemption of the average importations from the Philippines of copra and coconut oil. So I talked to the President about this matter, and I received from him this letter, which I desire to read:

I am advised that H.R. 7835, the revenue bill, now under consideration before your committee, contains a provision imposing an excise tax on coconut oil.

Now that the Philippine independence bill has been approved, and insofar as the United States is concerned represents definite commitments to the government and the people of the Philippine Islands, the provisions of section 6 will govern future trade relations with the islands. Paragraph (b) of this section contemplates that there shall be no restriction placed upon Philippine coconut oil and copra coming into the United States until after the inauguration of the government of the Commonwealth of the Philippine Islands. It is my view that the imposition of an excise tax on coconut oil would be a violation of the spirit of this section of the independence act, and that such provision should be eliminated from the revenue bill.

May I respectfully suggest that your committee be advised of the language which I used in regard to the economic phase of the independence bill in my recent message to the Congress.

Mr. LONG. Mr. President, whose letter is that?

Mr. HARRISON. That is from the President of the United States.

So I received a communication from the Secretary of State opposing this provision that was written into the House bill. That is true also of the Secretary of War. The Secretary of War has sent several communications to me. So I started out to ascertain what was the average importation from the Philippines of coconut oil and copra, it appearing to me that if we should exempt the average from those countries the Philippine government and the Philippine people would have no cause of complaint against us on this account.

In a letter from the War Department, the Secretary of War says in one paragraph—although I say again that he is opposed to any limitation; he does not want us to restrict at all the importations from the Philippine Islands—Secretary of War Dern says:

General Cox informs me that in view of the position taken by me regarding the proposed excise tax on coconut oil he stated that he was not authorized to agree to any proposal not in accord with the views previously expressed by me. He pointed out, however, that in case a quota should be established for the Philippine Islands, it should be fixed at not less than 520,000,000 pounds of combined coconut oil and copra equivalent as the minimum amount that would preserve the substantial interests of the islands at the established level of the coconut industry.

Here are the figures with reference to the average for the past 5 years:

The 5-year average from 1929 to 1933 of coconut oil and copra transformed into coconut oil is 519,964,199 pounds—practically 520,000,000 pounds.

Mr. WALSH. The 5-year average?

Mr. HARRISON. That is the average for the 5 years from 1929 to 1933, inclusive.

Mr. TYDINGS. Mr. President, will the Senator yield there?

Mr. HARRISON. I yield.

Mr. TYDINGS. Did I understand the Senator to read in the caption that that was oil and copra together?

Mr. HARRISON. These are the imports of copra converted into oil on the basis of a yield of 63 percent.

Mr. TYDINGS. My understanding is, as I attempted to point out to the Senator the other day—I may be in error—that that is the copra only, and does not include the oil.

Mr. HARRISON. No; this is copra transformed into coconut oil. The coconut oil is 63 percent of the copra.

Mr. TYDINGS. That is true; but what I am pointing out to the Senator is that the Filipinos themselves send in the oil already extracted from the copra, and the Senator's figures do not comprehend the oil shipments.

Mr. HARRISON. According to these figures, may I say that the imports of copra converted into oil for those years, 1929 to 1933, were 195,000,000 pounds plus. The imports of coconut oil itself were 324,045,000 pounds.

Mr. TYDINGS. Will the Senator yield further?

Mr. HARRISON. Yes.

Mr. TYDINGS. I think the Senator is reading about the amount of copra from which oil is extracted after it gets into the United States.

Mr. HARRISON. I am reading the total combined imports of oil and copra converted into coconut oil.

Mr. TYDINGS. What are the combined figures? The Senator read the heading as copra.

Mr. HARRISON. Five hundred and nineteen million nine hundred and sixty-four thousand pounds from 1929 to 1933, inclusive.

Mr. TYDINGS. And the Senator asserts that that is not only the oil which comes in each year, but the average of 63 percent of the copra which comes in?

Mr. HARRISON. That is quite true.

Mr. WALSH. It seems to me that is very clearly stated.

Mr. HARRISON. Yes; and these figures I had prepared by Dr. Ryder. The members of the Finance Committee will remember him as one of the experts from the Tariff Commission, and he was designated by the N.R.A. as their expert. I had him look into this matter, and these are the figures which are presented to me in addition to what the Secretary says. He analyzes each one:

Second, 520,000,000, or 232,000 long tons, which is the average annual import of coconut oil from the Philippines in the 5-year period from 1929 to 1933, plus the oil content of the annual average import of copra from that source in the same period. Statistically, a quota of this size seems to be warranted, and it will probably be demanded by the Philippines as a matter of justice. It comes nearer than the 3-year average of 1931–33 to the usual annual imports in the years preceding 1929, when business conditions were fairly normal. Although 2 years of large imports, 1929 to 1932, are included, this is more than offset by the fact that imports were lower than usual in 1931, and much lower than usual in 1932.

So it seems to me that if we exempt the 5-year average importation of coconut oil and copra from the Philippines, the Philippines are not hurt, and have no cause to object. That is what this amendment does. It broadens the provision to take in perilla oil, I believe, and it excludes some other kinds of oil.

Mr. BORAH. Mr. President, I understand that the Senator's amendment permits so much coconut oil and copra transformed into coconut oil to come in each year.

Mr. HARRISON. Free of tax.

Mr. BORAH. Free of tax. That would be satisfactory, I suppose, to the Filipinos; but what protection would that afford to those whom we are seeking to protect under this bill?

Mr. HARRISON. I cannot answer that question. I feel quite sure, though, that if we should not exempt the amount of Philippine products that we are bound under the independence act to permit to come in here without the imposition of this tax, it would be a very just cause for vetoing this bill; and I am sure no Senator here wants to undergo the risk of having the bill vetoed.

Mr. BORAH. Mr. President, I am rather inclined to think that we ought not to do anything to prevent the bill from going through; but the Senator's amendment accomplishes nothing in the way of protection of the dairy interests of the United States.

Mr. HARRISON. It does this: It includes all these other oils. It is quite true that to the extent of 520,000,000 pounds annually of this coconut oil and copra they are exempt.

Mr. BORAH. If we should reject the Senator's amendment and the Finance Committee's provision also, there would still be power in the Secretary of Agriculture to deal with this matter the same as he deals with other matters. I have read the Agricultural Act lately.

Mr. HARRISON. He does not think so. He thinks it would require legislation to do that. That is his opinion.

Mr. BYRNES. Mr. President, may I say to the Senator from Idaho that the situation is a rather remarkable one, because the act of Congress providing for levying the cotton processing tax referred to by the Senator from Maryland, provides that an exporter is entitled to a refund upon all goods shipped to any foreign country, including the Philippine Islands; so that in the case of the processing tax upon cotton, the tax is not carried to the consumer in the Philippines. I have just checked it up to show that I was accurate in my recollection, and the Filipino is in the status of one who is not a citizen of this country, though the Senator contends that he is entitled to that status as to this matter of taxes.

Mr. BORAH. I think he is; but, before I sit down, let me say that I see no virtue at all in this amendment of the Senator from Mississippi. I should much prefer not to legislate at all on the subject than to legislate in a way that does not accomplish anything in the way of protection to the dairy industry, which we are seeking to do. The Senator's bill permits the oil to come in to the full extent to which it has been coming in, and that is exactly what the people who are supporting this tax are complaining of.

Mr. HARRISON. I can appreciate that, may I say to the Senator. It does permit the average annual importation of the last 5 years of coconut oil to come in; and I cannot understand how we can keep it out, in view of what we have already done in the independence act.

Mr. BORAH. Then the better thing to do would be to reject any legislation at all upon the subject.

Mr. CONNALLY and Mr. WALSH addressed the Chair.

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

Mr. HARRISON. I yield to the Senator from Texas.

Mr. CONNALLY. I will say to the Senator from Idaho that this amendment affects other foreign countries as well as the Philippines, and while this amendment would largely destroy the provision in the bill, it would affect a lot of islands from which this oil comes, such as the South Sea Islands, and so forth.

Mr. BORAH. Oh, yes; but that is not what we are seeking to do by this amendment.

Mr. CONNALLY. I agree with the Senator. This amendment emasculates the Senate bill.

Mr. WALSH. Mr. President, will the Senator from Mississippi yield?

Mr. HARRISON. I yield.

Mr. WALSH. I should like to inquire what percentage of the total importation of oil is included in the 520,000,000 pounds referred to.

Mr. HARRISON. For the 5-year average the annual imports from the Philippine Islands of copra converted into oil, on the basis of the 63-percent yield, amounted to 195,919,000 pounds; the imports of oil as such amounted to 324,045,000 pounds.

Mr. WALSH. Is the Senator giving the figures of all importations from all parts of the world?

Mr. HARRISON. I have those figures. From sources other than the Philippine Islands——

Mr. WALSH. That is what I want.

Mr. HARRISON. Imports of copra converted into oil on the basis of the 63-percent yield, for the 5-year average, amounted to 149,136,000 pounds. The Senator will notice that is a little less than half of what it was from the Philippines. The total combined imports of oil and copra converted into oil amounts to 149,162,000 pounds, for that average.

Mr. WALSH. So the larger percentage of the importations of oils of this character comes from the Philippine Islands?

Mr. HARRISON. There are about 150,000,000 pounds from all other countries and about 520,000,000 from the Philippines.

Mr. WALSH. In other words, about two thirds or three fourths of all the oils imported come from the Philippines?

Mr. HARRISON. Yes.

Mr. REED. Mr. President, just a word about some of the other oils included in the Senator's amendment. He puts no qualification on the tax on palm oil. It so happens that in the manufacture of tin plate it is impossible to use any other oil than palm oil, and the Committee on Finance, wisely, I think, inserted an exception to take care of palm oil used in tin-plate manufacture.

If any domestic fat or grease or oil could be used as a substitute, that would be all well enough; but the effect of this could not be to reduce the importations of palm oil by one teaspoonful, as it would be to raise the cost of all the tin cans which are used in the United States. It seems to me clear that the exception ought to be carried into this amendment.

Furthermore, all of us are anxious to protect the dairy farmers of the United States. Probably, of all varieties of agriculture, they have received less benefit from what has

been done by the Congress in the last 12 months than any other group of agriculturists.

In my own State, which supplies a very large part of the dairy products shipped to the city of New York and to the city of Philadelphia, prices are below the cost of production. The cost of feeds has been raised, and here we are asked to raise them more by putting a tax on cod oil, and those people will get absolutely no protection from this amendment if it shall be agreed to.

Any dairy farmer who looks to the action of this Congress for relief must know that if the amendment offered by the Senator from Mississippi shall be agreed to he will get no relief whatsoever.

Mr. CAREY. Mr. President, the Senator from Pennsylvania has called attention to helping the dairy industry. I might say that the tax proposed would also aid the hog grower and the producer of beef cattle. In fact, about one third of the coconut oil is used for oleomargarine, rather than for soaps. That one third represents fats, which were formerly furnished from both dairy and beef cattle. So the producer of other livestock, as well as the dairy farmer, would be benefited by this provision of the bill.

I do not think anyone has called attention to the fact that there has been a large increase in the storage of fats in this country. These represent fats which are not sold, for the reason that there is not a market; and I want to insert in the RECORD some figures, which I have, showing the amount of fats in storage in the country on the 1st of January of this year. There were in storage: Cottonseed oil, a billion pounds; lard, 132,000,000 pounds; tallow, 256,000,000 pounds; butter, 111,000,000 pounds; other greases, 87,000,000 pounds.

So it is not only the dairy producer but other livestock men who will benefit by this legislation.

Mr. MURPHY. Mr. President, what is the total of the amount in storage of those fats?

Mr. CAREY. I have not the total here. I have given the figures as to the various items. It is possibly a billion seven hundred million.

Mr. MURPHY. And we are asked to let in from the Philippines 519,000,000 pounds. Mr. President, a processing tax is about to be imposed on cattle. There is a processing tax on hogs and there is a processing tax on cotton. The purpose of the processing taxes is to provide money with which to pay benefits to the cotton grower, the hog grower, and the beef grower in consideration for their reduction of the supply.

We are exerting every effort, through the Agricultural Adjustment Administration, to bring agricultural supply in line with demand. Yet, in the face of that effort, we are asked to permit the Philippines to send in 519,000,000 pounds of cottonseed oil and copra, which are not to be process taxed, while taxes are imposed on cotton, on lard, and on beef.

Mr. CAREY. And on butter.

Mr. MURPHY. And a tax may be imposed on butter. We are asked to permit unrestrained competition in the amount of 519,000,000 pounds, and permit that amount to defeat our efforts to raise the prices of other fats with which those oils are interchangeable.

There is a great deal said about our obligation to the Filipinos. I wonder what our obligation is to our own people. For 3 years we have had a price on hogs that has meant bankruptcy for the hog farmer. In my State last year there were filed 6,000 petitions in foreclosure, which means that 6,000 Iowa farmers will leave their homes, driven out because they cannot make enough to pay interest.

These oils' being interchangeable with our fats is responsible, in considerable measure, for the depression of prices, and permitting 519,000,000 pounds to come in from the Philippine Islands and defeat our efforts to raise those prices would be to prolong suffering on our farms and to make more difficult the task of the Agricultural Administration to increase prices.

I think the amendment of the Senator from Mississippi ought to be defeated, and I think the amendment of the Senator from Maryland ought to be defeated.

Mr. SHEPPARD. Mr. President, I want to ask the Senator from Iowa a question before he takes his seat. Is not the impairment of the economic independence of the American farmer a rather high price to pay for the political independence of the Philippines?

Mr. MURPHY. I would say that, in my opinion, it is.

Mr. STEIWER. Mr. President, I had hoped to have an opportunity, at the time the Senator from Wyoming [Mr. CAREY] was stating certain figures a few moments ago, to make some inquiry about the amounts of fats and greases which are produced by the packers, and the amounts produced by the renderer; that is to say, the plants which render the contents of the refuse heaps, the butcher shops, and the garbage cans of hotels and other institutions in the country. I should like to ask about that, because I do not have, and have not been able to find, the most recent figures.

For 1931, according to the Bureau of the Census, the total tallow production in the United States was 590,000,000 pounds. Of that amount, the total produced in the packing houses was 254,000,000 pounds and the total produced by the various rendering plants was 336,000,000 pounds, the latter being between 55 and 60 percent of the total. Can the Senator advise me whether that ratio still obtains for the more recent years?

Mr. CAREY. I am sorry I cannot answer the Senator's question. I can give some figures as to the amount of fat there is in a steer, the amount produced from an animal in the packing house.

Mr. STEIWER. I have seen those figures. It seems to me that we are proceeding upon a false premise if we assume that the imposition of this 3-cent tax on oils would necessarily benefit the livestock producers of this country.

Evidently, from the best information we can obtain, the greater benefit will go to the renderers who use the refuse heaps and the contents of the garbage cans.

It seems to me that if we are not to support the amendment offered by the Senator from Mississippi, but are to adhere to the amendment offered by the Senate Finance Committee, we might very well also impose the tax upon tallow produced by these local rendering operations. It would seem also that we ought to take some heed of the fact that we have trade treaties with foreign countries, which impose upon us a duty not to levy internal taxes which are discriminatory in their character.

In the Senate committee amendment, and indeed, as I construe it, in the amendment offered by the Senator from Mississippi, it seems to me that those trade treaties are all violated in that we seek to place a tax upon the foreign fish oils which we do not place upon the domestic fish oils. These considerations ought to cause us to hesitate before we accept too eagerly either of the proposals which are before the Senate at this time.

I also want to call attention to a consideration that disturbs me somewhat, and that is that neither of these amendments provides any duty upon the importation of foreign tallows. The duty in the act of 1930 is one half of 1 cent per pound. That duty has proved to be very effective. The importation of foreign tallows into America at this time is only nominal, but it is believed by those with whom I have advised that the addition of a 3-cent tax upon the competitive oils and greases in this country, if it results in an increase in price even of as much as 2 cents per pound, will make a very fine market in America for the foreign tallow.

I want to ask someone who is a proponent of these various proposals, what benefit will accrue to the agriculturalists of America; what benefit will the packers receive; what benefit will the cattle or hog raisers receive; and, so far as that is concerned, what benefit will the tallow renderers receive if we agree to these amendments and do not provide an adequate tariff to prevent the introduction of the foreign tallow?

I have not at hand the figures, but I am told that in various countries of the world there are very abundant supplies; that they have on hand surpluses, just as we have on hand surpluses of oils and fats in this country, and that those foreign surpluses will immediately find their way to our shores if we attempt, through the levying of a processing tax, to raise the level of practically all the fats and greases in this country, and do not provide the necessary tariff protection against importations.

I shall be very glad, indeed, if the proponents of these various measures will point out to us how and by what means we may reasonably expect benefits to American agriculture if we do not, by careful and comprehensive planning, provide taxes and tariff duties all the way around, so that we may insure a reasonable chance of a higher price level for our domestic oils and fats. If the 3-cent tax in any event is to be ineffective in raising the domestic price level, it would be far better to adopt the substitute amendment offered by the Senator from Mississippi [Mr. HARRISON]. In my opinion, it would serve as well as the committee amendment and would not subject this Nation to the humiliating charge of having betrayed the people of the Philippines.

Mr. GEORGE. Mr. President, I have no disposition to discuss the case on its merits, because this whole question of the effect of oil and fat imports on the oil and fat prices in the United States by this time certainly ought to be understood very well by all Members of the Congress. It is fairly well understood by all the producers of fats and oils throughout the country. It would be difficult to find any large number of intelligent producers of oil, either animal or vegetable, who do not thoroughly understand how their market is manipulated and, in fact, controlled by the large importations of foreign oils and fats.

For instance, anyone who is familiar with cottonseed, cottonseed oil, and the products thereof knows very well that whether or not the imported oils and fats be commercially interchangeable, these large importations enabled the large importers to make the market for the cottonseed, the cottonseed oil, and its products. And I am speaking in literal language—the large importers of the oils from the Philippines daily, directly and indirectly, fix the market price of the cottonseed and of the oil derived from the cottonseed in the South, and in precisely the same way the importers fix, not in theory—they can fling a lot of theories before the public men of the country and they will wear themselves out arguing about theories—in reality they fix the markets for these products for the American farmer, and all farmers have enough information and enough intelligence to know it.

Mr. President, I want to address myself now to the amendment that the distinguished Senator from Mississippi has proposed. Frankly, this amendment should be defeated or else there should be levied no tax upon any imported oils and fats, and why? For the very simple reason that if you permit 519,000,000 pounds of coconut oil to be brought into the country free of the tax, you have disturbed competitive conditions and the competitive relationship of every other processer in the country who does use and must use other oils or other fats on which the processing tax is levied.

Let me illustrate, and it is but an illustration: A large quantity of another southern product is used in soapmaking. It is used to make a particular kind of soap, but it is used in connection with imported whale and fish oils. If the whale and fish oils are to be taxed 3 cents and coconut oil is to go free, you have disturbed the relationship, you have disturbed the whole structure of these competitive processes, because you have made one pay a tax; that is to say, his raw material pays it, and the other pays no tax. The same thing is true of your palm oil as it relates to the manufacture of tinplate.

Mr. LONG. Mr. President——

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

Mr. GEORGE. I yield.

Mr. LONG. Without this amendment, as I read it, with the recent laws we have passed we create further discrimination against our domestic interests producing these products and in favor of the foreign products.

Mr. GEORGE. I think so. I was coming to that. Now that is all I want to say on this point. I repeat, it is obviously unfair to tax the raw material of one processor and to leave untaxed the raw material of another processor; and if this amendment of the Chairman of the Finance Committee is to be adopted, I shall vote against the imposition of a single penny of tax on any foreign oils or fats. That is the only fair way to deal with the problem.

Now, Mr. President, what is there unfair about taxing the Philippine products? The grower of cotton has had his production cut 30 to 40 percent under an acreage that has been cut during the last several years systematically and progressively.

Mr. TYDINGS. Mr. President——

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

Mr. GEORGE. I yield.

Mr. TYDINGS. We contribute no money to the Philippine Islands to run their government or to improve their internal conditions whatsoever. We take nothing out of the Federal Treasury and give it to the Philippine Islands. They are a self-supporting country. They get none of our taxes whatsoever.

Mr. GEORGE. Oh, well, all the State of Maryland gets out of the Federal Treasury is placed in the Federal Treasury by the State of Maryland.

Mr. TYDINGS. Yes.

Mr. GEORGE. Every average State does that. I am not arguing it on that basis.

Mr. TYDINGS. But I want to call attention to the implied assumption of the Senator from Georgia that the Philippines were enjoying the fruits of our domestic policy. They pay their own way 100 percent.

Mr. GEORGE. Mr. President, that is exactly what they will do if this amendment prevails. Your dairying interests, the producers of seed in this country used for the purpose of extracting oil had their production actually limited. Why? The purpose has been, however it may result, to raise the price of their products. And the producers of the oil-bearing seed in the United States are our own citizens, for whom certainly we have the same degree of affection that we have for the little brown brethren on the other side of the Pacific.

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

Mr. GEORGE. Not now, because I am going to come to the Senator's question. We have taken away from our own producers, in the hope of helping them, 40 percent of their production, and at the same time we propose to allow the Philippines to send into this country the high average, the abnormal average, of coconut oil which has been coming in during the last 3 or 5 years. Every American producer of competitive oil has had his production cut progressively during the last several years. He has had it cut 40 percent for 1934 directly by act of the Government, by act of the Congress, and by administrative act.

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

Mr. GEORGE. I will yield in just a moment. However, a production which has not been progressively cut in the Philippines but which has been abnormally stimulated, under the pressure of economic necessity, I grant you, is to be permitted to come into this market to take the place made by the withdrawal on the part of the American producer of his product from the market, and entrench itself in that market and to hold it against the American producer hereafter. Now I yield to the Senator from Texas.

Mr. CONNALLY. Let me ask the Senator if the effect will not be that, while we are cutting down, our farmers will not get any more for their small production than they have obtained in the past, and the Filipino will have a larger market than he has ever had?

Mr. GEORGE. Exactly; our farmers will get less, because their competition will be more direct, will be stronger, from a tropical product grown on the basis of wages and conditions there existing.

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

Mr. GEORGE. I yield to the Senator from Maryland.

Mr. TYDINGS. The Senator has just been discussing the surplus of cotton and the need for cutting down cotton production. May I call his attention to the fact that in the year 1932 the Filipinos bought $8,438,000 worth of cotton cloth made from cotton produced by the farmers of this country?

Mr. GEORGE. I appreciate that fact, but I also appreciate the fact that the nation now making the greatest inroads in trade of the Philippine Islands is not the United States. The statistics for recent months show that Japan is making greater inroads into the markets of the Philippine Islands than the United States.

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

Mr. GEORGE. I yield to the Senator.

Mr. TYDINGS. The policies we are pursuing are calculated to accentuate the inroads which Japan is making on our trade with the Philippine Islands.

Mr. GEORGE. We have not thus far adopted any very drastic policy toward the Philippines.

Mr. TYDINGS. I should like to point out to the Senator that in the independence law we limited their quota of sugar below what they have heretofore been sending; we limited their quota of cordage below what they have been exporting to the United States; we limited their quota of coconut oil below what they have been exporting to this country; and it is only natural that they should look to other places to sell the surplus which we have driven out of the United States.

Mr. GEORGE. The independence law has not become effective, and not a single restriction in that law has become effective. I am emboldened to ask if one of the purposes of the Philippine independence law is not to defeat the just demands made by the American farmers? There are occasions when we grow very warm for independence for the Philippine Islands, but the American farmer is paying the cost of the warmth of our enthusiasm.

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

Mr. GEORGE. I yield to the Senator from Kentucky.

Mr. BARKLEY. It might be noted in that connection that the independence of the Philippines made no headway in Congress until it was found that there ought to be independence in order that we might tax the Filipinos.

Mr. GEORGE. Yes, Mr. President; it was found that the competition from the Philippines was unfair to the American farmer; and if my friend from Kentucky wants to maintain the contrary, he is, of course, welcome to take that side of the issue.

Mr. BARKLEY. My point was—and I have stated it before—that independence of the Philippines as a matter of principle made no headway in Congress; it only made headway when it was found we needed the taxes, and we could not tax them without turning them loose and making them free.

Mr. GEORGE. Mr. President, I do not want to defend the Congress against that accusation. There may be more or less merit in the Senator's suggestion. I myself have been quite willing to vote for independence of the Philippines. I am quite willing to vote for the independence of the Philippines immediately, or at any time, upon any reasonable terms.

Mr. TYDINGS. Mr. President, will the Senator yield at that point?

Mr. GEORGE. Yes; I yield for a question.

Mr. TYDINGS. I think it would be a splendid thing, in order to draw the line clearly, if we would put a tax not of 3 cents a pound on this oil but a tax of a dollar a pound, and actually shut it out, so that the American farmer would be sure of getting the market. What is the use of going half-way about it? If we want to shut this oil out and give the American farmer the market, let us make the tax so high that the Philippine product cannot get in at all.

Mr. GEORGE. O Mr. President, the Senator from Maryland is too good a man to indulge in any such argument as that. The cotton producer of the South has not only had his production limited but he has had a processing tax levied upon his product; and if the theory of the Agricultural Adjustment Act is correct, if it will work in principle, the Filipinos can pay the 3 cents processing tax and get more dollar value out of their exports into this country than they will get at the present ridiculously low price of their product in this market.

Mr. TYDINGS. Mr. President——

Mr. GEORGE. I yield to the Senator from Maryland.

Mr. TYDINGS. Mr. President, I do not want to interject extraneous issues, but one reason we have limitation on cotton acreage and the processing tax is because the N.R.A. has driven up the price of everything the farmer has to buy until we have actually created a situation where we are giving him fake remedies in place of repealing the law that is causing his trouble.

Mr. GEORGE. Mr. President, I do not want now to stop to discuss whether they are fake remedies. I voted for the law referred to. I do not know whether or not the Senator from Maryland voted for it.

Mr. TYDINGS. No; the Senator from Maryland did not vote for it, thank Almighty God!

Mr. GEORGE. The Senator from Maryland did not vote for it. I voted for it. We were trying to do something for the American farmer, and I have no apology for having voted for it. Even if it turns out to be wrong, still I voted for it, and I voted for it in good faith. But the fact is that we not only have limited the production of the oil producers in the United States but we have put a processing tax upon those same producers, and it is obviously fair to put a processing tax upon the products of the Philippines. If that shall be any result comparable to what we were led to expect and believe, this market here will be worth more in dollars to the exporters of oil in the Philippines than the wide-open competitive market we have had, in which the coconut oil has gone down to the lowest level in, perhaps, the whole history of that industry.

Mr. CONNALLY. Mr. President——

Mr. GEORGE. I yield to the Senator from Texas.

Mr. CONNALLY. May I suggest to the Senator that while we are demanding that our farmers here at home reduce their acreage, many of the coconut plantations in the Philippines are owned by American corporations, for whom we will be making a contribution if we let this stuff continue to come in?

Mr. GEORGE. The Senator from Texas is quite right on that point.

Mr. BARKLEY. Mr. President——

Mr. GEORGE. I yield to the Senator from Kentucky.

Mr. BARKLEY. I have no desire to get into any disagreement with the Senator from Georgia with reference to the effect of the processing tax, and the comparative merits of the American cotton grower and those of the Philippine coconut grower, but, as a matter of fact, the effort to tax coconut oil coming from the Philippines was inaugurated here long before there was any processing tax and long before the Agricultural Adjustment Administration was created and prior to the advent of the present administration. The Senator recalls that, I presume?

Mr. GEORGE. Yes; I recall that.

Mr. BARKLEY. We have had this matter up for a long time.

Mr. GEORGE. But that is not material to what I am now saying.

Mr. BARKLEY. It is not material, except that it is now being used as at least additional evidence why this tax ought to be levied.

Mr. GEORGE. It is additional evidence.

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

Mr. GEORGE. I yield to the Senator for a question.

Mr. FESS. I should like to have the opinion of the Senator, because of his ability as a student of constitutional law, as to whether the A.A.A., or the legislation authorizing it, would apply to the Filipino product under the relationship existing between our Government and the Philippine Islands?

Mr. GEORGE. If I understand the Senator's question, I will reply that I do not think so, unless it was made applicable to a product grown there as well as to a product grown here.

Mr. FESS. It has been stated frequently that it would apply.

Mr. GEORGE. I think it would apply if it were made applicable to the product grown in the Philippines as well as the product grown in the United States, that is, if such product were declared to be a basic agricultural commodity under the act.

Mr. FESS. Suppose we had cane sugar as one of the basic commodities on which the A.A.A. operates; would the law, without specific provision to that effect, apply to the sugar produced in the Philippines?

Mr. GEORGE. I have not made such a close study of the language of the act as would enable me to answer the specific question raised by the Senator from Ohio. I am, however, disposed to think it would apply, although the phraseology of the act itself might exclude it.

Mr. FESS. I have my doubts about it.

Mr. GEORGE. Generally speaking, our tariff legislation and legislation of a kindred kind have applied to the Philippines unless there were some express exception; unless there were some words limiting their application.

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

Mr. GEORGE. Very well.

Mr. STEIWER. I have the act in my hand. If the Senator will permit I would like to read just a sentence appearing in section 10:

> The provisions of this title shall be applicable to the United States and its possessions except the Philippine Islands, Virgin Islands—

And so forth.

Mr. GEORGE. Of course, that would seem to settle the question.

Mr. President, the truth is that during the World War, when the price of fats and oils went very high, some of our good American citizens invested American money in the Philippines in the production of the oils which are now being brought into the United States. I am not quarreling with the motives that induced the American investor to put his money in the Philippines or into this particular industry, but I am trying to point out the real situation.

By legislation, and by administrative acts pursuant to the legislation, we are restricting our producers, cutting down the quantity of oils and fats they may produce. We are imposing upon our producers of oils and fats a processing tax. At the same time we do not, nor does this amendment, propose to restrict the importations from the Philippines even as we have restricted production in the United States on the part of our own producers of other vegetable oils. We are doing this not alone for the Philippines, but we are doing it also for those American capitalists who put their money into the Philippine Islands and into the production of coconut oil when, during and following the World War, the price of the oil went very high. They will be in a large measure the beneficiaries of our failure to legislate properly for our own producers in the United States.

Not only that, Mr. President, but the Philippine Islands now have a preferential of 2 cents on coconut oil. They will have a preferential of 2 cents on coconut oil even if this bill should pass, because the full tariff applies on imports of coconut oil from every other country where it is produced except the Philippine Islands, our Pacific possession or territory. So the oil product of the Philippine Islands, coconut oil and copra, can come into the United States. It will have a differential of 2 cents in its favor. It can pay the 3-cent processing tax. If the same tax is put upon all other imported oil and fats, it will be at no disadvantage. It will have the preferential of 2 cents under our tariff act. That satisfies my own conscience that I am dealing fairly with the Philippine Islands and fairly with our own producers in the vote I am going to cast.

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

Mr. GEORGE. Not now. I do not want to argue with the Senator. I am afraid that no amount of light would help the Senator on this question.

Mr. TYDINGS. Inasmuch as the Senator's remark was personal, may I say that it looks to me as if he himself is moving in complete darkness.

Mr. GEORGE. I did not intend my remark to be personal, if my good friend from Maryland will permit me. Mr. President, nearly every dark cloud has a silver lining, and I am going to say in all kindness to my friend from Maryland that inasmuch as he is moved on account of his desire to permit no discrimination against the Philippine people, I can appreciate it and understand it, although I cannot fully sympathize with it under the facts in the case.

The Philippine Islands will be permitted to send their coconut oil into the United States with a 2-cent preferential under our tariff. If all other oils are taxed 3 cents, it must follow that their oil will still come into this market. If it comes in restricted quantities, and the American producer of oils has himself restricted his production to the point where the market is profitable, the Philippine producer will have an equal or greater dollar return for his coconut oil than he has under existing conditions. His oil will come into the United States. The tax of 3 cents will not exclude coconut oil, nor will it exclude the other oils which are necessary—and some of them are necessary. A part of oil importations will necessarily come into the United States. There will be some additional tax laid on the consumers of the products into which the oils go.

I think I have been as reasonably consistent in desiring moderate and reasonable tariffs as, perhaps, any Senator. I would be glad to see us turn our face in that direction, but the fact is that we have not turned that way. If our highly protected market is to be maintained and a burden placed upon our own producers, it seems altogether reasonable and right, when we are called upon to assume additional restrictions as producers in the United States, that neither the Philippine Islands nor any other possession under the American flag should be allowed to come in, fill the gap in the market which we leave as we withdraw, entrench themselves, capture that market, and keep it.

Mr. President, if we were called upon to discriminate against the Philippine Islands, deny them essential justice in a matter vital to their welfare, I would do as I have done in the past—I would vote against it. I have voted against proposed oil tariffs. But when it is proposed to tax all oil, when it is remembered that the proposal grows out of the general program of increasing prices in the domestic market for the benefit of imports of the Philippines as well as our domestic production, and when it is remembered that the Philippines will have, even if the amendment stands, a preferential of 2 cents under our tariff act, I do not see how we are abusing the Philippines by voting for it. But I am certain that if 519,000,000 pounds of coconut oil are to be admitted free of duty, it would be fair and just, in order not to disturb and to handicap users of other competitive oils, that that tax be not imposed upon any foreign oil.

Mr. FRAZIER. Mr. President, I am very much opposed to this exemption of 520,000,000 pounds of coconut oil. If that amount of coconut oil is exempted from this tax it will mean that the coconut oil will come into direct competition with dairy products, and the tax will afford no help to the dairy interests.

We use annually, according to the figures I have obtained, about 200,000,000 pounds of coconut oil in the manufacture of oleomargarine, which, of course, comes into direct competition with dairy products, into direct competition with cottonseed oil and other ingredients that go into oleomargarine manufactured here in the United States.

It seems to me that in view of the argument which the Senator from Georgia [Mr. GEORGE] made about the 2-cent tariff on coconut oil from other countries being effective, and the Philippine Islands having that advantage, there should be no objection to this 3-cent tax on coconut oil coming from the Philippine Islands; and I hope the amendment of the Senator from Mississippi will be defeated, especially the part of it which provides for the exemption from tax of 520,000,000 pounds of coconut oil from the Philippines.

Mr. STEIWER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. RUSSELL in the chair). The Senator will state it.

Mr. STEIWER. Is the amendment of the Senator from Mississippi [Mr. HARRISON] the pending amendment?

The PRESIDING OFFICER. It is.

Mr. STEIWER. Would an amendment to that amendment be in order?

The PRESIDING OFFICER. It would be.

Mr. STEIWER. I send to the desk an amendment to the amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. After the comma at the end of clause 2 it is proposed to insert:

But not more than 260,000,000 pounds thereof shall be brought into the continental United States in the form of coconut oil.

Mr. STEIWER. Mr. President, the purpose, and the only purpose, of the proposal which I now make is to insure that at least one half of the total amount of importations permitted under the amendment of the Senator from Mississippi shall be in the form of copra and not in the form of oil.

Of course, the reason for that is to insure that we shall retain our share of the crushing industry in this country. The amendment can have no other effect. It does not affect the total amount of importations which shall be permitted under the amendment proposed by the Senator from Mississippi. It does not affect the rate of tax. It has nothing at all to do with the importation of this oil except to insure, as I say, that 50 percent of it shall come into this country in the form of copra, and that American labor here in the United States may have the opportunity of crushing the copra into the oil, which, of course, is the product with which we are concerned.

I hope the Senator from Mississippi may look with favor upon that amendment, and that it may be written into the law as a part of the protection for American labor and American industry, and in order that the Filipino crushers, 80 or 90 percent of whom are foreign and foreign owned, may not take the crushing industry away from us under the limitations of this act.

Mr. HARRISON. Mr. President, I may say to the Senator that in one of the communications from one of the representatives of the Philippine government it was stated that they were afraid that action upon the part of the Congress might deprive them of this industry in the Philippines, namely, the industry of crushing the copra and making coconut oil from it.

I do not know just what effect this amendment would have. I do not know just what percent of the crushing is done in the United States. I have read the figures as to the amount of copra that comes into the United States, but the Senator desires to cut down the amount one half, as I understand. I do not know what the status quo is now. Does the Senator know?

Mr. STEIWER. I do not know exactly. I believe that there is a little more oil than copra imported—that is, not of course more in pounds, because the copra is heavier than the oil, but in terms of equivalent amounts of oil—at the present time there is a little more oil than copra imported. I think that has been true for several years last past.

Mr. HARRISON. That is why I asked the Senator the question, because this is a very delicate matter. It is loaded with dynamite. I do not want to see us do something here that will impel the President to veto the revenue bill. I am sure that if we do not make a reasonable exemption for the Philippines and carry out in spirit what we have already done in the Independence Act, there will be every justification for a veto. I know he would not want to do that, but I know the Senator's feelings. I know he does not want us to put something in the bill that will bring about that result.

Mr. STEIWER. No; of course I do not; but let me call the Senator's attention to the fact that in the Independence Act, to which considerable attention has been paid during the debate this afternoon, there is a limitation of 200,000 long tons of oil per year from the Philippines and no limitation at all upon the importation of copra from the Philippines; so that, in the light of the Independence Act, even this provision would permit a considerable reduction in the amount of copra received, and a considerable increase in the amount of oil, as against the Independence Act.

Mr. HARRISON. That is why I asked the Senator if he knew exactly what the amount was. I think, if we can hold the status quo, we shall be carrying out in spirit the Independence Act; but, if we fix the percentage of copra from the Philippines that must be crushed in this country at a larger amount than is now crushed in this country, it would seem to me that we are not holding the status quo.

Mr. STEIWER. May this amendment be permitted to go to conference, and let us ascertain the amount. It is a matter of figures. Let us ascertain the amount.

Mr. HARRISON. I am inclined to think that an amendment like that, going to conference, would be in conference in such a way that we might then arrive at the real facts on it.

Mr. STEIWER. I should think so.

Mr. HARRISON. I desire to bring out one thought.

Of course, Senators who are familiar with conferences—and all of you are—realize that the House bill made no exemption of coconut oil from the Philippines. The Senate Finance Committee's recommendation makes no exemption at all of coconut oil coming from the Philippines. If this amendment should be voted down, and the Senate committee amendment should be adopted, there would not be in conference between the House and the Senate any question of any exemption from the Philippines. In other words, what would be in conference, so far as coconut oil is concerned, would be the difference between a 3-cent tax and a 5-cent tax on coconut oil, and the bill would have to go to the President incorporating a tax somewhere between those figures.

So I sincerely hope that whatever we do here we shall leave the subject in conference so that we can get together upon something that will not violate the Independence Act, and at least try to benefit the people in this country who are interested in the matter. So I shall not object to the Senator's amendment if he desires to add it to my amendment.

Mr. STEIWER. I thank the Senator; and I shall be very happy to have the matter voted upon on that basis.

Mr. HARRISON. While I am on my feet, let me say—I do not see the senior Senator from Pennsylvania [Mr. REED] here, but I see the junior Senator from Pennsylvania [Mr. DAVIS] here—that the Committee on Finance did make an exception of palm oil, which goes into the manufacture of tin plate. I shall not object to a modification of the amendment to make that exception, carrying out the action of the Senate committee, so that that matter can be in conference, if the amendment shall be adopted.

Mr. JOHNSON. Mr. President, I shall not re-echo what the Senator from Mississippi has said, that this matter is surcharged with dynamite; but to some of us it is surcharged with difficulties and perplexities.

We are in a very singular situation with regard to this bill at the present time.

First, there is a suggestion made by the Senator from Maryland [Mr. TYDINGS], to which there seems to be some real substance, I think, that under the act granting independence to the Filipinos we have undertaken to do certain things, and have made certain promises, and that these will be violated in spirit, probably, if we proceed in the manner

in which the bill has been written either by the House or by the Senate committee.

I hoped, and I labored under the delusion, that the amendment presented by the Senator from Mississippi was in the nature of a compromise which might be reasonably acceptable to all parties to the controversy. I see, as we discuss it here upon the floor, that it is not of that character, and that it yields everything in the nature of a tax that might be imposed either by the bill of the House or by the measure that has been presented to the Senate, and leaves the situation as it has existed without change, and accomplishes nothing for those who are entitled to our efforts.

Every man of us here is sympathetic, of course, with the American farmer. Most of us in the past 10 years have stood upon this floor and voted for some very bizarre legislation in the hope that we might aid agriculture and those engaged in that basic industry.

All of us are sympathetic with our dairymen, and all of us would wish, wherever it be possible, to render such assistance as we can to them in any matter of consequence or any matter of importance at all. We all, of course, equally want to be just to any industry that exists, and we want to keep faith in any promise that we have made to any wards of this Nation and to any peoples who have been under our guardianship or our tutelage and a part of our Nation.

So there are difficulties and there are perplexities; and recognizing them, as we must, we can only act that the welfare of all concerned be preserved as best we can preserve it. Instead of the Harrison amendment presenting a way out, it simply proceeds upon the theory that such oils as have been permitted heretofore to come into this country will be permitted in the future to come in, in like fashion.

The Senator from Georgia demonstrates that those products thus coming in from the Philippines have a preferential rate of 2 percent, which will enable them to be exported into our mainland without real injustice or real hardship to those who send them to us.

It is probably a difficult thing for us therefore to determine what is best to be done, but as we view the whole picture today our perspective becomes clearer. The Senator from Oregon presents an amendment to the amendment of the Senator from Mississippi, which, it is admitted upon the floor here, no one understands in detail, but which ultimately would be determined in the conference which it is expected will be held upon the bill.

Mr. President, when we get into the last analysis upon this proposition, we are confronted with the bare fact of the controversy. It is whether we are going to tax coconut oil and copra coming into this country from the Philippines or whether we are not. The amendments of the Senators from Maryland and Mississippi will preclude any tax. If we adopt the bill which has been presented to us by the Finance Committee, and the bill which has come from the House, the tax will be imposed.

Phrased another way, the question comes to us as to whether the aid which will be accorded agriculture and our dairymen will be accorded under this bill, or whether, under the circumstances which exist, there is a moral obligation upon us not to accord any aid at all because of the Philippine Act.

Mr. President, I voted for the Philippine Act. I have that delicate sense, I think, which the Senator from Maryland expresses so very ably here, of not desiring, under any circumstances, to break a moral obligation which may rest upon us respecting the Filipinos. If we are breaking one in this bill, I would prefer not to participate in it. But, as I have listened to the arguments this afternoon, as I have listened to the Senator from Georgia in his very able presentation, I am not at all clear that we are guilty of the breach of any obligation, moral or otherwise, in passing the bill or adopting the amendment that was presented by the Committee on Finance.

In the final analysis, if I have to determine as to whether I will follow a course such as has been mapped out here today in relation to the particular method of rendering aid to the people of the United States, or the course of giving them no aid whatsoever, my course is just exactly as plain as that which was so eloquently portrayed by the Senator from Georgia. Our farmers and our dairy interests require our assistance. But one way have we of according it. That way, not wholly without doubt, I take.

Mr. DAVIS. Mr. President, I send an amendment to the desk which I ask to have stated.

The PRESIDING OFFICER. The junior Senator from Pennsylvania sends an amendment to the desk, which the clerk will state.

The Chief Clerk proceeded to state the amendment.

Mr. GEORGE. Mr. President, I have no desire to be captious; the Senator from Mississippi, of course, can accept these amendments, but they are not in order in the form of amendments, because they would be in the third degree. The Senator from Mississippi, however, can accept an amendment such as that just offered.

Mr. HARRISON. Mr. President, I will modify my amendment, if I may be permitted, as follows: At the end of clause 3, before the period, to insert a comma and the following words: "or (4) of palm oil used in the manufacture of tin plate." This is in accordance with the recommendation of the Committee on Finance.

The amendment proposed by Mr. HARRISON, as modified, was ordered to be printed and to be printed in the RECORD, as follows:

On page 214, strike out lines 3 to 15 and insert in lieu thereof the following:

"(a) There is hereby imposed upon the first domestic processing of coconut oil, sesame oil, palm oil, palm-kernel oil, perilla oil, sunflower oil, whale oil, fish oil (except cod-liver oil), or marine-animal oil, or any combination or mixture containing any such oil if there has been with respect to such oil no previous first domestic processing within the meaning of this subsection, a tax of 3 cents per pound of such oil, which tax shall be paid by the processor. Under regulations prescribed by the Commissioner, with the approval of the Secretary, the tax provided in this subsection shall not apply to the processing (1) of coconut oil brought into the continental United States from the Philippines on or before the date of the enactment of this act or produced from copra brought into the continental United States from the Philippines on or before such date, or (2) of 520,000,000 pounds of coconut oil of Philippine origin which is brought into the continental United States from the Philippines as coconut oil, or which is the product of copra of Philippine origin brought into the continental United States from the Philippines, during each period of 12 months after the date of the enactment of this act, but not more than 324,000,000 pounds thereof shall be brought into the continental United States in the form of coconut oil, or (3) of the following articles if the product of American fisheries or if produced in the United States: Fish oil, whale oil, and marine-animal oil. For the purposes of this section, the term 'first domestic processing' means the first use in the United States, in the manufacture or production of an article intended for sale or intended for further manufacture, of the article with respect to which the tax is imposed. For the purposes of the exemption granted by this subsection, the amount of coconut oil producible from copra shall be regarded as 63 percent by weight, or (4) of palm oil used in the manufacture of tin plate."

Mr. NORRIS. Mr. President, I should like to ask the Senator from Mississippi not to crowd this amendment to a vote tonight. I am just as anxious as he is to make headway with the bill, but the discussion today has developed the fact that a great many Senators are in grave doubt as to how they ought to vote, not only on the amendment of the Senator from Mississippi, but on the committee amendment, as well. I am included in that number.

I had no doubt at the beginning what I was going to do about this matter. I believe I had a misconception of the condition which exists, and I was in favor of the pending amendment. I have always been in favor of doing what the amendment suggests, without giving it any particular attention, beyond the fact that it seemed to me that as all the dairy interests of the country and all the farmers of the country were asking for it, they were entitled to it.

As I go into the matter deeper, as I have listened to the debate, I am in doubt, not as to the merits, not as to how I would vote if I followed my inclination, but I am in doubt as to whether the Government of the United States has any honorable right, when we consider the relationship we have with the Philippines, and the act purporting to give freedom to the Philippine Islands, to pass such a law; whether we are not obligated not to do what these amendments pro-

pose. I noticed in listening to other Senators, and in talking with them, that there are a great many of them who have the same doubt.

I would not want to cast a vote here which would be unjust or which would in any way be repugnant to the honorable position we ought to take in regard to the Philippine Islands. I have always felt that we had no justification, in honor, for levying a tax upon the products of the Philippine Islands while we were holding those islands under our Government without their consent. I am wondering whether we are not about to do that, and whether the act we have passed at this session of the Congress is not absolutely contradictory to the step we are asked to take now.

I doubt very much whether there is anyone here who would not like to levy the proposed tax on this oil. I would. I concede that I would vote to do that if I were free to vote my convictions. I have said many times that I was going to do so, but when I am confronted now with the condition which seems to confront me, I am wondering whether we as a Government have a right to take these steps.

We certainly have to keep our word to the Filipinos, even though it may be very much against our interest to do it.

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

Mr. NORRIS. I yield.

Mr. HARRISON. I wish to say that the Senator has expressed my sentiments thoroughly. I should like to put a tax on this product. However, it is a most reasonable request the Senator makes, and consequently I ask, if there be no objection, that this matter go over until tomorrow morning.

The PRESIDING OFFICER. Without objection, the amendment will be passed over.

Mr. HARRISON. There are some amendments I should like to have adopted in order to clarify the bill. One is to correct a typographical error.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. It is proposed, on page 167, line 24, after the word "under", to insert the article "a."

The amendment was agreed to.

Mr. HARRISON. I send another amendment to the desk, which I ask to have agreed to.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 212, after line 15, it is proposed to insert the following new section:

SEC. —. Venue for appeals from Board of Tax Appeals: (a) Section 1002 of the Revenue Act of 1926 is amended to read as follows:

VENUE

"SEC. 1002. (a) Except as provided in subdivision (b), such decision may be reviewed by the circuit court of appeals for the circuit in which is located the collector's office to which was made the return of the tax in respect of which the liability arises or, if no return was made, then by the Court of Appeals of the District of Columbia.

"(b) Notwithstanding the provisions of subsection (a), such decision may be reviewed by any circuit court of appeals, or the Court of Appeals of the District of Columbia, which may be designated by the Commissioner and the taxpayer by stipulation in writing.

"(c) Section 1002 of the Revenue Act of 1926, as amended by this section, shall be applicable to all decisions of the Board rendered on or after the date of the enactment of this act, and such section, as in force prior to its amendment by this section, shall be applicable to such decisions rendered prior thereto, except that subdivision (b) thereof may be applied to any such decision rendered prior thereto."

Mr. HARRISON. Mr. President, this is an amendment that is suggested by the American Bar Association and by the Treasury Department; and the explanation of the venue amendment, briefly stated, is as follows:

The amendment is proposed in order to remove doubt now existing in certain cases as to the proper court in which to appeal from a decision of the Board of Tax Appeals. Under existing law an individual must appeal from a decision of the Board of Tax Appeals to the circuit court of appeals for the circuit whereof he is an inhabitant. This rule leads to uncertainty in many cases, which uncertainty would be eliminated by the adoption of the proposed amendment.

This amendment fixes the circuit for appeal in accordance with the collector's office in which was filed the return which is the basis of the appeal. The existing law is further amended so as expressly to grant permission to the Commissioner and the taxpayer to reach an agreement and stipulate that any circuit court of appeals will have jurisdiction, or to stipulate that the Court of Appeals of the District of Columbia will have jurisdiction, regardless of whether or not the court so stipulated would otherwise have jurisdiction to review the decision.

Mr. REED. I have looked into this amendment, Mr. President. I believe it will bring about a considerable improvement over the present situation. I hope the amendment will be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Mississippi [Mr. HARRISON].

The amendment was agreed to.

Mr. REED. Mr. President, will the Senator from Mississippi permit me at this time to bring up the amendment which I previously offered?

Mr. HARRISON. I hope the Senator from Pennsylvania will not bring it up at this time, because the Senator from Michigan [Mr. COUZENS], who raised the question about it, is not now in the Chamber, and he probably would desire to be heard on it. So I hope the Senator will wait until the Senator from Michigan comes in.

Mr. President, I send to the desk a clarifying amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 222, line 21, it is proposed to strike out the words "benzol or naphtha (other than gasoline)" and to insert in lieu thereof "any of the foregoing (other than products commonly or commercially known or sold as gasoline)."

Mr. REED. What is the effect of that amendment, Mr. President?

Mr. HARRISON. The amendment is suggested by the Treasury Department. It is designed to remove an inequity in the gasoline tax. The committee amendment heretofore agreed to tax gasoline, benzol, benzine, naphtha, and any other liquid of a kind used or sold for use as a motor fuel, but exempts benzol or naphtha (other than gasoline) sold specifically for a non-motor-fuel use. A natural gas, butane, sold chiefly for the lighting of homes, has recently been used as an airplane fuel, and under the bill, since it is sold compressed in cylinders in a liquid form, all butane might be held taxable because of this minor new use.

Because of this and the possibility of similar cases arising, I propose an amendment to extend the tax-exemption on sales for non-motor-fuel uses to all the taxable liquids except gasoline, as has already been done in the case of benzol and naphtha. This is only a matter of common fairness, since this excise tax was designed primarily to reach motor fuels.

The Treasury Department approves this change.

The PRESIDING OFFICER. This being an amendment to a committee amendment which has previously been agreed to, it will be necessary to reconsider the vote by which the committee amendment was heretofore agreed to. Is there objection to the reconsideration? The Chair hears none, and the vote is reconsidered.

The question is on agreeing to the amendment offered by the Senator from Mississippi to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. CONNALLY. Mr. President, what is the effect of this amendment? Is it an exemption from the tariff duties or the excise tax?

Mr. HARRISON. It is an exemption from the excise tax, not from the tariff. It has nothing to do with the tariff at all.

I offer another amendment, which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 224, line 5, after the word "gasoline", it is proposed to insert "or lubricating oil."

Mr. HARRISON. This merely clarifies an error in the gasoline and lubricating-oil provision. The clarification is recommended by the Treasury Department.

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

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

Mr. HARRISON. Mr. President, there is an amendment still remaining on page 237, in section 611, Stamp tax on sales of produce for future delivery. I call the attention of the Senator from North Dakota [Mr. FRAZIER] to this amendment.

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

Mr. HARRISON. I yield.

Mr. ROBINSON of Arkansas. I understand that the Senator from South Carolina [Mr. SMITH] wishes to be present when this amendment is considered. He stated to me yesterday that he had decided to make some objection to the amendment, and asked me to have him advised when the amendment was reached.

Mr. HARRISON. I desire to pass it over at the instance of the Senator from North Dakota for the present anyway.

I offer an amendment, Mr. President, which was suggested by the State Department and on which the Senate Finance Committee acted favorably.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 237, after line 20, it is proposed to insert the following:

SEC. 612. Termination of tax on use of boats: Section 761 of the Revenue Act of 1932, as amended, shall not apply to the use of any boat after June 30, 1934.

Mr. HARRISON. That is a matter concerning which the Secretary of State sent down a communication, and the Senate committee took action. The explanation of it is that they want to repeal the tax imposed on the use of boats. There is already a protective tariff on boats built abroad.

Mr. REED. The committee was unanimous on it?

Mr. HARRISON. Yes; the committee was unanimous on it.

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

The amendment was agreed to.

Mr. REED. Mr. President, the Senator from Michigan [Mr. COUZENS] is here, and I desire to bring up again the amendment which I offered on page 192, which is lying on the clerk's desk. I ask to have the amendment stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 192, after line 25, it is proposed to insert the following new subsection:

(d) Payment of surtax on pro rata shares: The tax imposed by this section shall not apply if all the shareholders of the corporation include (at the time of filing their returns) in their gross income their entire pro rata 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 pro rata share, be exempt from tax in the amount of the share so included.

The PRESIDING OFFICER. It will be necessary, before this amendment is considered, to reconsider the vote by which the committee amendment was heretofore agreed to. Is there objection to reconsidering the vote by which the committee amendment was agreed to? The Chair hears none, and the vote is reconsidered.

Mr. REED. Mr. President, just a word of explanation of this amendment.

The holding-company section has been put in to prevent tax avoidance by means of what is called the incorporated pocketbook. Rich men have incorporated companies and put their securities in those companies, and have not declared in dividends a large part of the earnings which were received; and we have put in what is called the holding-company section to reach such cases.

The provision I am now offering will take care of the exact opposite of those cases. It will allow the stockholders, if for some reason they want to accumulate their surplus in the corporation, to do so, provided they pay the full amount of surtax which they would have to pay if all the earnings were distributed in dividends. My amendment will thus bring to the Government somewhat higher revenue than if it were not adopted. The effect of the holding-company section without this amendment is to compel the distribution of a large part of the corporate earnings.

There may be reasons—and there are, in some cases—why the stockholders do not want to have such dividends declared, but are nevertheless willing to pay the same surtax that they would have to pay if every cent were distributed. That sounds like a peculiar condition, but I can instance it in one case that perhaps will do for all.

A certain citizen of Great Britain, who is subject to the British income tax, has all her assets in a company in this country. If she has dividends declared out of that company, she will have to pay both the American surtax and the British supersurtax; and the two together in her case amount, under these new rates, to more than her income. In other words, she would be better off if the corporation did not earn anything than if the earnings were declared in dividends.

This amendment will permit her to leave the earnings in the company, and at the same time pay the American Treasury the full amount it would get if they were all declared and reported as dividends received by her.

The same provision is in the present law—that is, the law which will be superseded by the pending bill. The present law contains a provision in effect the same as that which I am now offering. The Treasury at first thought it would simplify things to leave out the provision, and it is true it does not apply to a great many cases; but it seems to me it will be a matter of simple justice, and it will net the Treasury a little more money than it would otherwise get—enough to compensate for the additional printing involved in including this provision in the bill, no doubt.

The amendment I have sent to the desk has been prepared by the legislative drafting clerk after consultation with representatives of the Treasury. I am not authorized to say that the Treasury desires the inclusion of the amendment, but I think I can fairly state that they do not object to having it included in the bill.

Mr. COUZENS. Mr. President, it is true that this provision is in the existing law. It first appeared in the bill passed in the Seventy-second Congress, I find, but the language is somewhat different. It also appears that two or three cases have arisen in the Treasury Department under this particular provision.

The representatives of the Treasury Department have told me they prefer not to have it in the bill, that it is a cumbersome provision and will be very difficult of execution. I do not know what they have told the Senator from Pennsylvania and I have no desire to contradict what he has stated; but after the amendment had been twice offered and twice withdrawn I took occasion to confer with the experts of the joint tax commission and with Treasury officials, and there is a difference of opinion among them. It is very unusual that we should be asked to enact legislation for two or three cases. The draftsmen tell me it is almost impossible to write the provision in proper legislative language that will cover the situation. I think it a perfectly absurd and objectionable provision to put into a tax law, but they may be able to work it out in conference and frame it in more understandable language.

I fail to understand the explanation of the Senator from Pennsylvania when he says that it would be better if this lady's domestic corporation did not make any money at all, and yet under his proposed amendment he wants to permit her to add to her income whatever share of her earnings there may be in the corporation, and pay a tax on it. We do not know whether there will be any tax. We do not know whether there will be any surtax. We do not know whether they will exercise this option when taxes are high or whether they will suspend operation of the privilege until taxes are low. It is a privilege for two or three people, as I understand, who live in Great Britain.

Mr. REED. Mr. President, I am perfectly certain the Senator from Michigan wishes to represent the Treasury viewpoint accurately. I have just asked Dr. McGill, the assistant to the Secretary who is present on the floor of the Senate, and I believe I remember his words accurately because he spoke only a moment ago. He said that the attitude of the Treasury is that this suggestion is fair; that it would be difficult to administer if there were a great multitude of cases coming under it, but there are not a great multitude; that the cases will be few. I was impressed by his words in saying that the purport of the amendment is fair.

I agree with the Senator from Michigan that it may well be that between now and the conference we will be able to decide upon an improvement in the wording. It seems to me it is clear, but if anybody can suggest an improvement I will join with him in urging its adoption.

Mr. COUZENS. Mr. President, I do not want to get into any controversy about what Dr. McGill said, but this very afternoon he told me—and I do not think he is a member of the "brain trust"—that they preferred not to have the amendment.

Mr. HARRISON. Mr. President, I do not want Dr. McGill to be placed in that attitude here. It is his opinion that the amendment would appertain to one particular case, and he was not advocating the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Pennsylvania to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. REED. Mr. President, the legislative draftsmen tell me that in order to complete this action it is necessary to insert the same language in another place. Accordingly I send to the desk another amendment.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. It is proposed, on page 60, after line 14, to insert the following new subsection:

(d) Payment of surtax on pro rata shares: The tax imposed by this section shall not apply if all the shareholders of the corporation include (at the time of filing their returns) in their gross income their entire pro rata 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 pro rata share, be exempt from tax in the amount of the share so included.

The PRESIDING OFFICER. It will be necessary to reconsider the vote by which the committee amendment was agreed to. Without objection, the vote is reconsidered, and the question is on agreeing to the amendment of the Senator from Pennsylvania to the committee amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. REED. Mr. President, I hardly have sufficient audacity to offer for consideration tonight an amendment of the sort I am now going to propose, because I think it is in the mind of the Senator from Arkansas [Mr. ROBINSON] now to take a recess. The amendment may go over for consideration until tomorrow.

I propose, on page 85, line 16, to strike out the sentence reading:

Despite the provisions of section 117 (a), 100 percent of the gain so recognized shall be taken into account in computing net income.

The PRESIDING OFFICER. The amendment will lie on the table.

Mr. TYDINGS. Mr. President, as bearing on the coconut-oil tax, I ask permission to have printed in the RECORD two short editorials and a brief memorandum showing the purpose of the proposed amendment.

There being no objection, the editorials and memorandum were ordered to be printed in the RECORD, as follows:

[From the Newark (N.J.) News, Apr. 6, 1934]

UNFAIR TO FILIPINOS

One of the reasons for the misbegotten Philippines independence bill was to get rid of the competition of coconut oil. It is the most important article of trade from the Philippines. One of its main uses is in the manufacture of soap. Large quantities are bought for that purpose. Although the ink on the independence bill is hardly dry and the Philippines Legislature has until next October to decide whether to accept it, the general revenue bill now before Congress proposes a tax of 3 cents a pound on coconut and other oils. No time is being wasted in grabbing for the benefits promoters of the bill were seeking.

How little thought of the interests of the Filipinos there has been in the independence negotiations is made clear by Governor Murphy, of the Philippines, who, in a cable protesting adoption of the tax, reports that 4,000,000 Filipinos would suffer from it and our trade with one of our largest markets would be seriously harmed. Five members of President Roosevelt's Cabinet have expressed themselves as against the tax.

Secretary Dern specifically warned against taxation of Philippine imports prior to independence. "We still have obligations to these people", he said. "An excise tax is equivalent to a tariff, and we have no right to apply the tariff to these islands until they are free." If we are set upon defending some of our commercial interests from competition with these islands, which have been our wards, we might at least be decent enough to wait until they have their independence and have had a chance to adjust themselves economically to the new state of affairs.

[From the Washington (D.C.) News, Apr. 7, 1934]

AN UNWISE TAX

There should be no compromise with the proposed coconut-oil tax in the pending revenue bill.

It is a tax that would mulct consumers of many millions, and yield the Government little. The difference would flow into the pockets of the cottonseed crushers, packers, and processors of dairy products.

It is a tax that would prostrate a basic industry in the Philippine Islands, and thus destroy a profitable foreign market for American farm products and manufactures.

It is a tax that would violate the United States' 3-weeks-old independence pledge to the Filipino people, and endanger success of our peace policy in the Far East.

The following shows the comparative purchases of American cotton goods from the United States by the Philippine Islands and Japan for the years 1931, 1932, and 1933:

1931

Total amount of cotton goods purchased by the Philippines, ₱32,802,095. Of this amount, purchases from United States amounted to ₱16,221,271. Purchases by the Philippine Islands from Japan ₱10,106,079.

1932

Total amount of cotton goods purchased by the Philippines ₱33,523,234. Of this amount, purchases from United States amounted to ₱21,147,596. Purchases by the Philippine Islands from Japan ₱6,112,523.

NINE MONTHS IN THE YEAR 1933

Total amount of cotton goods purchased by the Philippines ₱24,078,467. Of this amount, purchases from United States amounted to ₱13,719,858. Purchases by the Philippine Islands from Japan ₱6,002,731.

Of course, Japan is gaining in her trade with the Philippine Islands, due fundamentally to rate of exchange and cheaper labor, as shown by figures for the month of September 1933, when their sales to the Philippine Islands amounted to ₱795,455, and American sales amounted to ₱1,363,737. There are no textile industries in the Philippine Islands, comparatively speaking.

Mr. HARRISON. Mr. President, in view of the fact that the coconut-oil controversy has gone over until tomorrow, I ask unanimous consent to insert in the RECORD several letters which I have received from the Secretary of State, the Secretary of War, and the Secretary of Agriculture relating to the question.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,
Washington, D.C., March 30, 1934.

Hon. PAT HARRISON,
United States Senate.

DEAR SENATOR HARRISON: Secretary Wallace asked me to send you this memorandum prepared in our Bureau of Agricultural Economics on the fat and oil situation and proposed import quota.

Yours very truly,

MARY HUSS,
Personal Secretary to Secretary Wallace.

THE FATS AND OILS SITUATION AND PROPOSED IMPORT QUOTA

The continued production of large quantities of vegetable and animal fats and oils in the United States in the face of declining exports and reduced consumption without corresponding reductions in imports has resulted in enormous stocks of fats and oils in this country. Prices fell 50 percent from 1929 to 1932. The recent advance in the prices of raw materials extended to fats and oils, and this advance was accompanied by increased imports in spite of the very large stocks on hand. Any further improvement in prices and any curtailment in domestic production is likely to bring increased imports. The proposal to establish import quotas is offered as a measure for protecting the Agricultural Adjustment program and making it possible for the United States to use up some of its surplus stocks before receiving larger imports from other sources.

The program of the Agricultural Adjustment Administration may curtail the domestic production of fats and oils, including butter, lard, and cottonseed oil, by as much as 900,000,000 pounds within a year. Assuming a normal production season, the Adjustment program may reduce butter production by about 200,000,000 pounds, lard production 400,000,000, and cottonseed-oil production 300,000,000. These estimates are, of course, only approximate, assuming a reduction of about 10 percent in butter, 15 percent in lard, and 25 percent in cottonseed with some allowance for a carry-over of seed. This reduction in supply would provide an opportunity for consuming a considerable amount of the excess stocks of fats and oils unless it were offset by a reduction in exports and increased imports.

Before the depression the exports of fats and oils were declining and imports increasing. Exports declined from 1,390,000,000 pounds in 1923 to 1,090,000,000 pounds in 1929, whereas imports increased from 1,467,000,000 to 2,174,000,000 pounds. Lard is the most important item exported from the United States, and recently foreign barriers have been increased against its sale abroad. The exports of all fats and oils declined from an average of 1,015,000,000 pounds in the 5-year period 1926–30 to 800,000,000 pounds for the period 1931–33. Exports of lard have continued in considerable volume but at very low prices. Some curtailment in exports is to be expected with a reduction in hog production. The average of imports declined from 1,787,000,000 pounds in the predepression period to 1,580,000,000 in the depression period. However, the increase of about 460,000,000 pounds from 1932 to 1933 indicates the promptness with which importation may expand in response to a curtailment in domestic production unless some restraint is placed upon importation.

The consumption of fats and oils in the United States is likely to increase with improvement in the general economic situation. Consumption declined from nearly 8,980,000,000 pounds in 1929 to about 8,149,000,000 in 1932. Apparently this decline was due primarily to reductions in the industrial uses. The apparent disappearance into consumption from all sources averaged 8,571,000,000 pounds in the period 1926–30 and declined to an average of 8,306,000,000 in the 3-year period 1931–33. Since the improvement in economic conditions in 1933 has increased consumption to 8,238,000,000 pounds, it seems likely that a continuation of the improvement might increase consumption to about 8,500,000,000 pounds in the 12-month period beginning with July 1934. This increase in consumption might be offset, however, by a reduction in exports without absorbing any of the surplus stocks unless the total supply is curtailed through reduced production and/or reduced imports.

Stocks of vegetable fats and oils in the United States at the end of 1933 were more than double what might be considered a normal quantity of stocks on hand at the end of a calendar year. The accumulation of excess stocks began with the large cotton crop of 1926. The stocks at the end of 1925 amounted to 881,000,000 pounds, and the average for December of the years 1923–25 was 862,000,000 pounds. The cottonseed-oil stock has accumulated at a rapid rate since 1925. Increased production of animal fats in the face of some curtailment in exports and consumption has contributed to surplus stocks. Increased imports of coconut, palm, and marine oils have also contributed largely adding to the accumulation of surplus stocks. Increasing stocks were a contributing factor in causing prices to decline from 1925 to 1929 and also in the depression since 1929. A large proportion of these surplus stocks must be moved into consumption before there can be any material improvement in the fats and oils currently produced in the United States or in foreign countries.

IMPORT QUOTAS

An import quota based upon the average imports of the 3 years 1931–33 is proposed as a means of preventing importations from increasing at a rapid rate, while the United States reduces the production of domestic fats and oils, and at the same time of preserving a fairly well-balanced supply of imported fats and oils for consumers in the United States. It is believed that importations in the next fiscal year, the equivalent of the average of the past 3 years—together with the stocks on hand and domestic production—would provide an ample supply of fats and oils for all purposes, without undue increases in prices to consumers or without denying them supplies for essential uses. The imports of all fats and oils, including the raw materials, averaged about 1,580,000,000 pounds in the period 1931–33. This is 324,000,000 pounds in excess of the imports in 1932, but nearly 150,000,000 less than the imports in 1933 and 214,000,000 pounds less than the average of the period 1926–30. It should be observed, however, that the larger imports in 1933 were accompanied by a material increase in stocks, and that in the period 1926–30 stocks increased at the rate of more than 100,000,000 pounds per year, with consumption at a high level.

Although it is impossible to estimate exactly what would be the effect of imposing such quota limitations upon imports, it seems likely that it would tend to hold in check importations into the United States, would result in some curtailment in stocks, and contribute something toward an improvement in the economic position of domestic fats and oils. If domestic production were reduced 900,000,000 pounds and exports 200,000,000 pounds, holding imports to 1,580,000,000 pounds would provide for an increase of about 250,000,000 pounds in consumption over that of 1933 and a reduction of 600,000,000 pounds in stocks. This would be a material contribution to an improvement in the fats and oils situation.

TABLE 1.—*Production of fats and oils from domestic products, United States, average 1926–30, 1931–33, calendar year 1933, and estimated production, July 1934 to June 1935*

[Million pounds]

Commodity	Average		Calendar year 1933 (preliminary)	Estimated production, July 1934 to June 1935
	1926–30	1931–33		
Butter	2,092	2,253	2,302	2,100
Lard (including neutral)	2,443	2,433	2,510	2,100
Cottonseed oil, crude	1,646	1,462	1,398	1,100
Corn oil, crude	123	116	128	125
Peanut oil, crude	15	14	14	15
Soybean oil, crude	7	35	26	30
Tallow oil	47	61	59	60
Oleo oil	130	86	89	100
Stearin, animal, edible	65	41	39	50
Total	6,568	6,501	6,565	5,630
Linseed oil	346	258	204	250
Grease	378	347	344	300
Tallow, inedible	540	611	637	600
Total, all above	7,832	7,717	7,750	6,830
Fish and whale oil	97	88	109	100
Grand total	7,929	7,805	7,859	6,930

Division of Statistical and Historical Research. Compiled from Fats and Oils, United States Production, Trade, and Consumption, 1912–33 (Mar. 1, 1934), tables 17 and 20.

TABLE 2.—*Fats and oils: Imports into the United States, average 1926–30, 1931–33, and 1933*

[1,000 pounds]

Commodity	Average		
	1926–30	1931–33	1933
Vegetable:			
Castor oil, including castor beans in terms of oil	54,329	42,806	48,793
Coconut oil, including copra in terms of oil	629,470	614,752	723,399
Corn oil		[1] 9,169	9,169
Linseed oil, including flaxseed in terms of oil	371,016	226,982	266,746
Olive oil, edible	85,095	72,141	71,917
Olive oil, inedible	8,583	12,238	12,910
Olive oil foots	46,162	41,099	40,464
Palm oil	199,145	251,196	282,767
Palm kernel oil, including palm kernels in terms of oil	55,481	19,789	18,923
Peanut oil [2]	5,122	726	1,314
Perilla oil [2]	5,836	17,529	22,776
Rapeseed oil [2]	18,280	9,942	11,949
Sesame oil, including sesame seed in terms of oil	17,939	30,215	19,186
Soybean oil	16,691	2,682	3,669
Sunflower-seed oil	[3] 5	26,054	23,849
Tung oil	99,675	87,268	114,544
Vegetable tallow	6,692		
Total	1,619,521	1,464,588	1,672,375

[1] 1 year only, 1933.
[2] Does not include imported raw material.
[3] 1930 only.

TABLE 2.—*Fats and oils: Imports into the United States, average 1926–30, 1931–33, and 1933*—Continued

[1,000 pounds]

Commodity	Average		
	1926-30	1931-33	1933
Animal:			
Butter	4,988	1,272	945
Lard compounds	209	171	189
Fish oils:			
Whale oil	60,153	48,547	5,224
Other fish oils	73,607	52,942	41,608
Oleic acid (red oil)	117	577	304
Oleo oil	334	36	3
Oleomargarine	2	1	0
Stearic acid	3,970	5,944	5,277
Stearin, animal, edible	1,733	901	94
Tallow, inedible	11,688	804	239
Wool grease	10,386	4,400	4,416
Total	167,187	115,595	58,299
Grand total	1,786,708	1,580,183	1,730,674

Division of Statistical and Historical Research.

TABLE 3.—*Stocks of oils and fats in the United States as of Dec. 31, 1925, 1929, and 1933*

Commodity	Stocks as of Dec. 31		
	1925	1929	1933
	Million pounds	*Million pounds*	*Million pounds*
Vegetable oils:			
Cottonseed	279	533	926
Coconut	55	182	187
Linseed	156	141	158
Palm	26	52	106
Tung (Chinese wood)	33	29	42
Corn	15	23	34
Soybean	2	15	13
Olive, edible	7	6	5
Palm-kernel	9	14	12
Peanut	2	4	3
All other	21	52	49
Total	605	1,051	1,535
Marine oils:			
Whale	20	33	39
Herring	6	52	----------
Menhaden	24	10	----------
Cod and cod-liver	6	8	9
Other	3	15	109
Total	59	118	157
Animal fats:			
Tallow, inedible	52	100	256
Lard, including neutral	45	74	101
Other	5	5	5
Total	102	179	362
Greases:			
Yellow	10	12	17
Brown	5	14	17
White	5	11	30
Garbage or house	11	16	11
Other	10	13	22
Total	41	66	97
Other products:			
Lard compounds and other lard substitutes	23	32	27
Hydrogenated oil	15	16	23
Red oil	9	7	13
Oleo oil	10	8	10
Other	17	18	17
Total	74	81	90
Grand total	881	1,495	2,240

Source: Division of Statistical and Historical Research.

Amendment proposed to the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes, viz: On page 196, strike out lines —— to ——, inclusive, and insert the following:

(a) Having due regard to the welfare of domestic producers and to the protection of domestic consumers and to a just relation between the prices received by domestic producers and the prices paid by domestic consumers, the Secretary of Agriculture may forbid processors, handlers of animal and vegetable fats and oils and/or the raw materials thereof, and others from importing fats and oils into continental United States for consumption, or which shall be consumed, therein, and/or from marketing, transporting, receiving, or processing fats and oils, from the Territory of Hawaii, Virgin Islands, Puerto Rico, Philippine Islands, the Canal Zone, American Samoa, the island of Guam, and from foreign countries, including Cuba, respectively, in excess of quotas based on average importations and receipts therefrom into continental United States for consumption, or which was actually consumed, therein, during the 3 years, 1931–33, inclusive, and may allot such quotas and readjust any such quota or allotment, from time to time, among processors, handlers of animal and vegetable fats and oils and/or the raw materials thereof, and others.

(b) All provisions of the Agricultural Adjustment Act as amended necessary to carry out the foregoing powers shall be applicable insofar as they are not inconsistent with the foregoing provisions.

(c) There shall be levied, assessed, and collected upon such amount of animal or vegetable fats or oils, in excess of any such quota or allotment, imported into, or received in, continental United States, a tax at the rate of 5 cents per pound. Such tax shall be paid prior to the release of such excess amount of animal or vegetable fats or oils from customs custody or control. The tax provided by this subsection shall be collected by the Bureau of Internal Revenue, under the direction of the Secretary of the Treasury, and shall be paid into the Treasury of the United States.

DEPARTMENT OF STATE,
Washington, March 26, 1934.

The Honorable PAT HARRISON,
Chairman Finance Committee, United States Senate.

MY DEAR SENATOR HARRISON: I wish to put before the committee of which you are chairman the information that the Connally amendment to H.R. 7835 pending before the committee has led to serious expressions of apprehension on the part of the diplomatic representatives of many countries with which we have extensive commercial dealings.

The representatives of the Governments of Great Britain, of Canada, of Belgium, of the Netherlands, of China, and of Norway have all made to the Department statements to the effect that the proposed new excise taxes would be of great concern to them and would work serious injury to their trade with the United States. As you know, the government of the Philippines has likewise shown great concern.

I wish to put before the committee my judgment that these proposed taxes would not carry substantial benefit to any important branches of American industry or agriculture. On the other hand, they would be very likely to lead to such new complications in various branches of domestic industry and in our trade relations with other countries as to accentuate the difficulties now faced by American agriculture. They would be likely to interfere gravely with plans for developing new trade interchanges between ourselves and the rest of the world.

Though I know what study has been made of the subject by your committee, I wish to transmit a copy of a memorandum prepared in the Department of Agriculture upon the economic aspects of the proposed excise tax, which indicates in more detail the grounds for the conclusions I have stated above. I would not again take the time of your committee in connection with this matter did I not hold the opinion that the imposition of this tax at the present time will create new obstacles in the attempt to work out a permanent program for American agriculture which will at once provide a satisfactory standard of return for American agricultural producers and also keep clear of further extension of Government activity in this field.

Sincerely yours,

CORDELL HULL.

Enclosure: "Memorandum upon the economic aspects of the excise tax imposed upon various animal and vegetable oils by the internal revenue bill as reported to the Senate by the Senate Finance Committee", prepared by the Department of Agriculture.

MEMORANDUM UPON THE ECONOMIC ASPECTS OF THE EXCISE TAX IMPOSED UPON VARIOUS ANIMAL AND VEGETABLE OILS BY THE INTERNAL REVENUE BILL AS REPORTED TO THE SENATE BY THE SENATE FINANCE COMMITTEE

The oils upon which an excise tax of 3 cents per pound is imposed by the internal revenue bill as approved by the Senate Finance Committee are coconut oil, sesame oil, palm oil, palm-kernel oil, sunflower oil, imported whale oil, imported fish oils, and imported marine-animal oil. In this memorandum consideration will be given to two major economic questions which arise in connection with the proposed tax. These questions are:

(1) How far will the proposal result in a benefit to the domestic industries producing oils and fats?

(2) How far will the proposal injure other domestic interests?

Effect on domestic oil-producing industries

The oil- and fat-producing industries which it is claimed will be advantageously affected by the proposed excise tax are those producing cottonseed oil, dairy products, soybean oil, fish oils, and inedible animal oils. The probable effect in each of these industries is discussed below.

THE COTTONSEED-OIL INDUSTRY

One of the most important groups urging the imposition of the proposed tax upon imported oils are the cottonseed oil crushing and refining industries. Nevertheless it is difficult to see how those industries would be materially benefited. Any increase in the edible uses of cottonseed oil which might result from the imposition of the proposed tax would probably be so small as to have little effect in increasing its price. In fact, the only edible use in which a material increase might possibly be expected would be in the margarine industry. Even in this industry, however, the increase would probably not be quantitatively very significant

unless, as seems unlikely, an all-cottonseed-oil margarine should be developed. Some increase would doubtless result from the substitution of animal-oil margarine, containing 20 to 30 percent cottonseed oil, for vegetable-oil margarine, containing only a small admixture of cottonseed oil with coconut oil.

The only important inedible use of cottonseed oil is in soap making. At one time a large proportion of the production of cottonseed oil went into the soap kettle, but that was in the early days when its production was much smaller than now and before methods of refining it for edible uses had been perfected. With the perfecting of such methods, cottonseed oil was gradually drawn away from the lower-price soap industry into higher-price edible industries, particularly into the production of lard substitutes and salad oils. In recent years, as a rule, only off-grade cottonseed oil, not suitable for refining, and cottonseed oil foots, have gone into soap. Cottonseed oil of edible grade would go into that use in large quantities only if the price of cottonseed oil should fall to the level of soap oils or if the price of soap oils should rise to the level of edible-oil prices. If the latter should happen, it would, of course, result in a considerable increase in the cost of soap to the consumer. It would, moreover, result in a radical change in the character of the soaps used by the American people. This is true because imported soap oils have peculiar characteristics for soap making which in general are not possessed by cottonseed oil.

In conclusion, in regard to cottonseed oil, it should be stressed that so far as the proposed tax on the various imported oils included in the pending proposal should result in a rise in the price of cottonseed oil, it would increase the cost of lard substitute, the principal cottonseed-oil product, and handicap it in competition with lard. At the same time the reduction in the competition with lard would be of little benefit to the hog industry as long as the United States remains on a heavy export basis as to lard.

THE DAIRY INDUSTRY

It is claimed that the proposed tax on coconut oil will benefit the dairy industry by increasing the price of vegetable-oil margarine, which is made principally of coconut oil, and hence result in an increase in the price of butter. There can be no doubt that the excise tax of 3 cents a pound on coconut oil will tend to discourage the manufacture of vegetable-oil margarine in the United States. But in the absence of any other restrictions on the production of margarine, it will not necessarily greatly reduce the total amount of margarine produced in the United States, inasmuch as there will be a tendency for animal-oil margarine to replace vegetable-oil margarine. Any beneficent effect upon the dairy industry, however, could come only through a reduced production of margarine, although it has been estimated by experts that even the total elimination of margarine would not increase the price of butter by more than 1½ to 2 cents a pound. It is obvious, therefore, that the proposed tax upon coconut oil can have but little effect upon butter prices.

THE SOYBEAN INDUSTRY

The proposed tax will probably not materially affect the soybean-oil industry except through an increase in the price of sunflower oil. Both soybean and sunflower oil are drying oils, either of which may be used for mixing with perilla oil as a substitute for linseed oil. However, any increase in the price of soybean oil, causing an increase in its production, would cause a disproportionate increase in the output of soybean cake. The resulting fall in the price of soybean cake would necessarily have a detrimental effect on the market for corn and other livestock feeds with which soybean oil is more or less interchangeable.

So far soybean oil has been used to an almost negligible extent for edible purposes, and, owing to difficulties of refining, it is doubtful how quickly edible uses can be developed. In soap making its position is about the same as cottonseed oil, except that of the two, cottonseed oil is preferred.

THE FISH-OIL INDUSTRY

Fish oils are used mainly in paints and varnishes and in soap making, although in the latter use they are usually hydrogenated. By taxing all the oils covered in the bill it is probable that the demand for and the price of fish oils might be to some extent increased. The fish-oil industry, however, is a small marginal-cost industry, and any benefit which it might obtain by the proposed tax would be out of all proportion to the burden and inconvenience which it would impose on the oil-using industries and on the ultimate consumer.

THE INEDIBLE ANIMAL-OIL INDUSTRY

Since the supply of inedible oils is insufficient to meet the demand for hard oils in soap making, the proposed tax on palm oil, which is more or less interchangeable with inedible animal oils, will almost certainly lead to an increase in the price of those oils. This, however, would not result in any material benefit to the livestock industry, inasmuch as an increase in the supply of inedible fats and greases would involve either an increase in the production of livestock, thus lowering meat prices, or an increase in the recovery of inedible fats by the packing and rendering industries. At existing prices there is a considerable potential supply of waste animal fats which are not now recovered, but it is extremely improbable that a greater recovery would at all affect livestock prices. It is also improbable, even if the tax on imported oils should be made much higher than is proposed, that the domestic output of inedible oils would be increased sufficiently to replace entirely the palm and whale oils now used in domestic soap making.

THE BURDEN OF THE PROPOSED EXCISE TAX ON DOMESTIC INTERESTS

The proposed excise tax of 3 cents a pound upon the various oils enumerated in the internal revenue act as reported by the Senate Finance Committee would result in a burden to various industries of the United States and to ultimate consumers far out of proportion to any benefits which may be conferred upon industries which it is intended to assist. Injury would result particularly as follows:

(1) American crushers of imported materials from the oils taxed will be severely hit by the tax. This is particularly true of the copra-crushing industry located chiefly on the Pacific coast. This industry represents an investment of about $6,000,000, and the equipment of the industry could be converted for use in the crushing of domestic oil-bearing materials only with difficulty and at great cost. Moreover, the plants located on the Pacific coast are not well located so far as accessibility to supplies of domestic oil-bearing materials is concerned.

(2) Probably even more disastrous would be the effect upon the coconut-oil-crushing industry of the Philippines, which has been developed chiefly to supply the American market. In this industry is invested about $5,000,000 of American capital.

(3) How far the manufacture of vegetable-oil margarine, in which there is invested from $75,000,000 to $100,000,000 by independent companies, would be able to continue operations under the handicap of a 3-cent excise tax on its principal raw material, coconut oil, cannot be foretold, but it seems likely that the industry would be materially injured and that the tax would greatly accelerate the recent trend toward increasing control of margarine production by the large packers. The packers produce largely animal-oil margarine, the production of which would probably be increased by the tax. Between 1925 and 1931 the share of the packers in total margarine production increased from 28 to 39 percent.

(4) In the soap industry the proposed tax would be specially onerous and disturbing. It would cause an increase in the price of soap to the consumer and would probably lead to a decline in the consumption of soap, particularly in view of the availability of substitutes for soap in many uses. More important, however, are the readjustments which it would compel the soap industry to make. It would find it necessary to change the character of the soap produced, inasmuch as there are no satisfactory domestic substitutes for such oils as coconut and palm kernel, which are used practically interchangeably in soap making to supply hardness, solubility and lathering qualities. These oils are particularly necessary in the production of toilet soap, white laundry soap, soap powder, and textile soap for laundering rayon and other fabrics.

Tallow does not meet the same requirements as coconut oil because it lathers much more slowly and is soluble only in very hot water. Moreover, domestic oils such as cottonseed oil and soybean oil, because of their tendency to rancidity and for other reasons, are not satisfactory soap oils, especially for toilet and textile soaps. Palm and whale oils, however, are somewhat similar to tallow for soap-making purposes, although palm oil can be used advantageously only in making colored soaps and whale oil only in the lower grades of toilet and laundering soaps. Insofar as the tax should reduce the imports of these oils, the demand for inedible tallow and other inedible oils and fats will be increased. It is unlikely, however, that the supply of such oils and fats could be expanded sufficiently to replace entirely imports of palm and whale oil. If this should occur it would entail a serious hardship upon soap plants on the eastern seaboard making advertised brands of soap, which obtain their distinguishing name or characteristics from palm oil.

The situation in the soap industry is as follows: For certain of these imported oils there is no domestic substitute. Either they must continue to be imported over the tax with corresponding pecuniary burden to consumers or else, if they are not, the soap industry will have to discontinue the manufacture of the soaps for which they are peculiarly adapted, with consequent burden both to the industry and to ultimate consumers. For certain other imported oils on which the proposed tax is to be imposed, there are domestic substitutes, which, however, are not available in sufficient quantities entirely to replace the imported oils, and which, moreover, could not be substituted without considerable burden to some branches of the soap industry.

(5) The burdensome effects of the tax would also extend to many other domestic industries in which the imported oils are used. These include the tin-plate industry, in which considerable palm oil is used, and the leather and rubber industries, in which considerable quantities of coconut oil are used. In the tanning of white leather, for example, coconut oil, on account of its lauric-acid content, is regarded as virtually indispensable.

BURDEN TO EXPORTING INDUSTRIES

An important aspect of this tax proposal is the burden which it would entail for our exporting industries, including some of the most important branches of American agriculture. The tendency of the tax will be not only to reduce the total imports of the taxed oils but also to lower the prices received by the foreign producers for such quantities as they can continue to export to this country in spite of the tax. The result will inevitably be a decline in foreign purchasing power for American exports. In part this may be reflected in a reduction of the volume of our exports to the oil-producing areas themselves; in part it may be reflected indirectly in reduced exports to other countries from which these oil-producing areas import commodities.

Precisely what will be the resultant decline in foreign purchasing power for American products there is no means of foretelling. It is worth noting, however, that the value of our imports of the various oils which it is now proposed to tax averaged during the period 1928–32 some $57,274,000, having reached the high total of $81,145,000 in 1929. Should the adoption of this proposal be followed by agitation for increased import restrictions on other fats and oils, as it may well be, it is significant also to note that the value of our imports of animal and vegetable oils and fats of all types during the period 1928–32 averaged $125,668,000, and in 1929 attained the high total of $193,335,000. Moreover, the tax will tend to encourage tariff and other economic retaliation in foreign countries, a development possibly more significant for our export trade than the direct loss of purchasing power which would be entailed.

Furthermore, the imposition of the tax might well serve to encourage other industries in the United States to press for similar severe restrictions on imports which compete with their products. This has a special application to raw materials. A large part of our imports consist of raw materials. For some of these, substitutes can be found which, while more costly and less satisfactory, are at least technically within the range of possible production. If it is to be our policy to force this sort of substitution with respect to those particular uses for which certain of our imported oils are admittedly best suited, it is not unlikely that we shall be increasingly urged to do so with respect to other products. All of this would add still further to the present low state of international trade and would be at direct variance with the program now getting under way for the restoration of our foreign trade by tariff negotiation and in other ways.

Especially would it tend to burden important branches of our agriculture. Those branches which are still dependent on foreign markets, such as cotton, tobacco, wheat, and fruits, would face additional difficulty. It is a fair question, for example, whether the adverse effects on prices received for cotton might not greatly outweigh any benefits arising to the growers from higher prices for their cottonseed. For the hog industry additional difficulties would arise in the export field. Our lard exports would be subject to increased competition in foreign countries owing to enhanced foreign production of lard substitutes brought about by reduced world prices of the oils used in manufacturing lard substitutes in consequence of the diversion of these oils from the American market. In this connection it is well to remember that in some European countries such products as butter, oleomargarine, lard, and lard substitutes are more closely linked by intersubstitution than in the United States. The diversion of vegetable oils to other markets, and the consequent depression of world-market prices of them, would not only tend to retard our lard exports but would at the same time lower the world-price base upon which it is sought to erect an elevated domestic price structure for those domestic products with which the domestic oils tend to compete.

It will not be convenient here to enumerate the main items in our export trade with all of the overseas areas which would be directly affected by the proposed excise tax. The Philippines, from which we import practically all of our coconut oil and about three fourths of our copra, will suffice as an example.

In 1932 about 61 percent of our exports of iron and steel sheets (galvanized) went to the Philippines; about 30 percent of our exports of dairy products (chiefly condensed and evaporated milk); some 27 percent of our exports of cotton manufactures; and nearly 10 percent of our exports of wheat flour. Altogether, in that low-trade year, we exported nearly $45,000,000 worth of products to the Philippines, including $9,881,000 worth of cotton manufactures, $4,060,000 of petroleum products, $3,200,000 worth of vehicles, $2,448,000 worth of tobacco products, $1,810,000 worth of dairy products, $1,741,000 of industrial machinery, and $1,718,000 of wheat flour. It is especially noteworthy that agricultural products constitute an important part of our exports to the Philippines, amounting in 1932 to nearly $7,000,000, or, in other words, to 15.4 percent of the aggregate value of our exports to all countries of tobacco and dairy products, wheat flour, fruits, and vegetables. Inclusion of other agricultural products and consideration of the importance to our farming industry of such items as cotton manufactures, leather, and other commodities composed of agricultural raw materials, still further enhances the importance of the Philippine trade for American agriculture. For cotton manufactures and for condensed and evaporated milk, the Philippines are, indeed, our leading market.

Nor would the burden to American interests be confined to loss of market outlets. Continuing with the Philippines as an illustration, it is worth noting that an American investment of nearly $5,000,000 in coconut-oil-refining plants in the Philippines will be jeopardized by the tax, and perhaps much also of another $5,000,000 invested by Americans in Philippine coconut plantations. American shipping interests will likewise suffer. Freight earnings on traffic with the Philippines will be reduced. Copra and coconut oil, because they make good ballast, are especially desirable as cargo. Without them, freight charges on other cargo would have to be increased and trade thus obstructed. Shipping earnings will tend to be reduced owing not alone to the decline of the traffic in copra and coconut oil but also to the decline in other traffic. Part of this burden will fall on foreign shipping interests, with a corresponding decline in foreign purchasing power. But since about 38 percent of our inbound, and 55 percent of our outbound, trade with the Philippines is carried in American vessels, much of the burden will fall directly upon American shipping.

EFFECTS UPON PHILIPPINE RELATIONS

Reference has just been made to the manner in which our commercial relations with the Philippines would be affected. So great is the importance of the coconut industry (including oil-crushing) in Philippine economy and so great her dependence upon the United States as an outlet, that it can scarcely be doubted that a severe blow would be dealt to the islands and that American industries engaged in Philippine trade would feel the effects of it.

There is, moreover, another aspect that should be emphasized. Any sudden and drastic curtailment of our imports of copra and coconut oil at this time would add greatly to the difficulties that already characterize our political relations with the Philippines. In January 1933 the Hawes-Cutting bill, providing for Philippine independence, was enacted into law. Subject to certain stipulations and conditions, it provided for independence at the end of a transitional period of 10 years. This 10-year period was to have started from the adoption of a constitution, at a time which, under the procedure laid down in the act, could not have been earlier than May 17, 1935. But it was provided that the act must be accepted by the Philippine Legislature within 1 year from its enactment. Instead of this, on October 17, 1933, after extended debate in which there was vigorous criticism both of the conditions imposed during the transitional period and of the genuineness of the independence that was to be granted at its close, the Philippine Legislature rejected the terms of the act. In rejecting them, a way was left open for a reversal of this action if a sufficient modification of the act could be secured before its lapse. A new independence mission was sent to the United States to press for such modification. On January 17, 1934, however, the act formally lapsed. Reenactment of the bill with modifications is now pending in Congress.

Much of the Philippine opposition to acceptance of the Hawes-Cutting Act was to the trade provisions. These provided for a transitional period in which Philippine industry would have opportunity gradually to become accustomed to the loss of free trade with the United States. They provided for quota limitations on the quantities of sugar, coconut oil, and cordage to be granted free entry into the United States. They provided also for an export tax, beginning with the sixth year, on all those products destined for the United States that were subject to duty when imported into the United States from foreign countries.

This tax was to be equal to 5 percent of our import duty during the first year and to increase 5 percent each year until it reached 25 percent of the duty during the last year prior to independence. On sugar and cordage the duty-free quotas were below actual imports in 1932 by considerable margins. On coconut oil the duty-free quota of 200,000 long tons was, however, nearly double the actual shipments to the United States in 1932; while copra continued to be admitted free and without limit as to quantity.

The Filipinos have regarded these trade provisions as both burdensome and inequitable. Sugar and cordage would be handicapped at once by the quotas; while the exports of both, as also of coconut oil and cigars, would, they have contended, be completely stifled by the export tax even before the arrival of independence. As to equity, they have pointed significantly to the fact that imports into the Philippines from the United States were to continue to be admitted without restriction or tax throughout the transitional period—a provision which they have regarded as peculiarly one-sided and unjust. In addition it is well to remember that other legislation is pending which would restrict imports of sugar from the Philippines. It is into this situation that the tax on copra and coconut oil—the second largest Philippine export—would be injected.

WAR DEPARTMENT,
Washington, March 23, 1934.

Hon. PAT HARRISON,
Chairman Committee on Finance,
United States Senate, Washington, D.C.

DEAR SENATOR HARRISON: In connection with the proposed excise tax on coconut oil (sec. 602 of the revenue bill, H.R. 7835), reference is made to the views of the Committee on Ways and Means as set forth in that committee's report to accompany H.R. 8687 entitled "A bill to amend the Tariff Act of 1930" (H.Rept. 1000, 73d Cong., 2d sess., Mar. 17, 1934). The following statement appearing on page 15 under Modern Procedure would appear to be pertinent to the provisions of section 602 of H.R. 7835:

"Particular notice should be taken, moreover, of the fact that the President may seek from other countries promises that their excise duties shall not be such as to nullify the results of their promises to modify their tariff duties. * * *

"In order that the necessary reciprocity may be accorded, the President is empowered to promise that existing excise duties which affect imported goods will not be increased during the term of any particular agreement. It should be carefully noted, however, that the President is given no right to reduce or increase any excise duty."

Under the provisions of section 17 of the Philippine independence bill, which has now passed both Houses, the act will become effective when accepted by concurrent resolution of the Philippine Legislature or by a convention called for that purpose. Section 6 thereof will govern future trade relations between the Philippine Islands and the United States. The proposed excise tax on coconut oil will, therefore, immediately become an infringement of the implied agreement between the two countries.

I am bringing this to your attention in the hope that it may be possible for your committee to give further consideration to this subject with a view to eliminating from the revenue bill the provisions for an excise tax on coconut oil.

Very sincerely,

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

WAR DEPARTMENT,
WASHINGTON, *April 4, 1934.*

Hon. PAT HARRISON,
Chairman Committee on Finance,
United States Senate, Washington, D.C.

DEAR SENATOR HARRISON: On my return to Washington General Cox, Chief of the Bureau of Insular Affairs, advised me of the conference which took place in the office of the Secretary of Agriculture on March 30, 1934, relative to an amendment to section 602 (a) of the revenue bill (H.R. 7835). He informed me that this conference was held at your suggestion and that there was present, in addition to the Secretary of Agriculture and certain representatives of his office, a representative (Mr. Feis) of the State Department.

General Cox informs me that, in view of the position taken by me regarding the proposed excise tax on coconut oil, he stated that he was not authorized to agree to any proposal not in accord with the views previously expressed by me. He pointed out, however, that in case a quota should be established for the Philippine Islands, it should be fixed at not less than 520,000,000 pounds of combined coconut oil and copra equivalent as the minimum amount that would preserve the substantial interests of the islands at the established level of the coconut industry. He also expressed the view that the establishment of a quota would be an infringement of the implied agreement contained in the trade-relations provisions of the Philippine Independence Act approved March 24, 1934.

My views are fully set forth in my previous statement and letters addressed to your committee on this subject. I still feel that it would be unwise to either establish a quota or impose a tax on coconut oil at this time.

The table attached hereto contains certain information relative to coconut oil and copra shipments from the Philippine Islands to the United States over a period of several years. It will be noted that since 1927 the average shipments to the United States for any 3-year period is well above 540,000,000 pounds, except for the 3-year periods, including the 1932 shipments, which were abnormally low both for coconut oil and copra. The reason for these low shipments in 1932 has been attributed to the prevalence of leaf miner pests, which in 1931 and 1932 greatly reduced the size of the nuts for the crop which was shipped to the United States in 1932. The average for the 5-year period 1929–33, which includes the high and low years, is nearly 520,000,000 pounds. This figure is accordingly taken as the established level of this trade for several years past. However, the establishment of a quota at this or any other level would be out of line with the policy set forth in the Independence Act, which places no limitations on these shipments until the commonwealth government of the Philippine Islands is established under that act.

It is accordingly recommended that coconut oil be not included in any quota that may be established against foreign oils as it is mainly received from the Philippine Islands which, under existing laws, is treated as domestic territory. If, however, it should be decided to assign a quota to the Philippine Islands at this time, it is suggested that it be such as not to infringe the terms of the independence act. A quota of 200,000 long tons of coconut oil and an additional amount of copra based on the average copra shipments to the United States during the 3-year period, 1931–33, would, under existing commitments of the United States, be the minimum that should be considered.

In conclusion, I desire to reaffirm my former recommendation against the enactment of any legislation that would in any way alter the provisions of the independence act governing future trade relations between the United States and the Philippine Islands. The establishment of a quota or the imposition of a tax on Philippine coconut oil at this time would have this effect.

Very sincerely,

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

WAR DEPARTMENT,
BUREAU OF INSULAR AFFAIRS,
Washington, April 7, 1934.

Hon. PAT HARRISON,
Chairman Committee on Finance,
United States Senate, Washington, D.C.

DEAR SENATOR HARRISON: With reference to my conversation with you yesterday, I am enclosing herewith a copy of a suggested amendment to section 602 of H.R. 7835 as reported by the Senate Committee on Finance.

If this amendment could be added to subparagraph (a) of section 602, it would be in conformity with the spirit and the implied agreements of the Philippine Independence Act approved March 24, 1934. This, in my opinion, is the least that should be done at this time and would be in accord with the position taken by the Secretary of War on this subject.

Very sincerely,

CREED F. COX, *Chief of Bureau.*

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President, 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.

THE CALENDAR

The PRESIDING OFFICER. There being no reports of committees, the calendar is in order.

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. I ask that the treaty be passed over.

The PRESIDING OFFICER. The treaty will be passed over.

RECORDER OF DEEDS, DISTRICT OF COLUMBIA

The legislative clerk read the nomination of William J. Thompkins, of Missouri, to be recorder of deeds, District of Columbia.

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

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. ROBINSON of Arkansas. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

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

IN THE MARINE CORPS

The legislative clerk proceeded to read certain nominations in the Marine Corps.

Mr. ROBINSON of Arkansas. I ask unanimous consent that nominations in the Marine Corps be considered en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered. That concludes the calendar.

JOHN R. FETTER

Mr. McKELLAR. Mr. President, on April 4 the nomination of John R. Fetter to be postmaster at Hopewell, N.J., was confirmed by the Senate. It seems that the Department made some mistake in reference to the nomination. Therefore, I ask unanimous consent that the President be requested to return the notice of confirmation and that the nomination be recommitted to the Committee on Post Offices and Post Roads for such disposition as the committee may desire to make.

The request was reduced to writing, and in the form of a resolution was agreed to, as follows:

Resolved, That the President of the United States be respectfully requested to return to the Senate the resolution advising and consenting to the appointment of John R. Fetter to be postmaster at Hopewell, N.J., on April 4, 1934.

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 10 minutes p.m.), the Senate took a recess until tomorrow, Wednesday, April 11, 1934, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 10 (legislative day of Mar. 28), 1934

RECORDER OF DEEDS, DISTRICT OF COLUMBIA

William J. Thompkins to be recorder of deeds, District of Columbia.

PROMOTIONS IN THE NAVY

MARINE CORPS

Benjamin S. Berry to be colonel.

Ross B. Kingsbury to be lieutenant colonel.

Edwin N. McClellan to be lieutenant colonel.
Edwin P. McCaulley to be major.
Graves B. Erskine to be major.
Louis R. Jones to be major.
Cordon Hall to be captain.
William S. Fellers to be captain.
Edward L. Hutchinson to be second lieutenant.

POSTMASTERS

MARYLAND

John E. Morris, Princess Anne.

MONTANA

Harry H. Howard, Bozeman.
Dudley W. Greene, Columbia Falls.
Joseph P. Sternhagen, Glasgow.
Allen S. McKenzie, Philipsburg.
Joseph Buckhouse, St. Ignatius.

NORTH CAROLINA

Roberts H. Jernigan, Ahoskie.

HOUSE OF REPRESENTATIVES

TUESDAY, APRIL 10, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Infinite Spirit, we know that Thou art the High and Holy One before whom the angels and the archangels veil their faces saying, "Holy, Holy, Holy, Lord God Almighty." Heavenly Father, read our hearts; they feel emotions which are unutterable and cannot be spoken. We praise Thee for the measureless sweep of Thy merciful providence. We rejoice that Thou hast said, "The sun shall not smite Thee by day, nor the moon by night." O Love Eternal—no mortal tongue can reach and the stretch of our imagination dies away in wonder. At Thy holy altar may we surrender ourselves to Thee, and may our dedication to the cause of our fellow men be complete. May we help folks who have been disfranchised of their right to rest, peace, and joy. Bless all happiness makers whose tongues carry sweetness and sow contentment along their way. Keep us from those sins that bruise the soul. Heavenly Father, deal patiently with us and ever allow dreams and visions, ideals and expectations to supply the forces that urge us on and on to final triumph. In the name of our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

PERMISSION TO ADDRESS THE HOUSE

Mr. SHANNON. Mr. Speaker, I ask unanimous consent that on next Friday, April 13, the one hundred and ninety-first anniversary of the birth of Thomas Jefferson, at the conclusion of the reading of the Journal and the disposition of business on the Speaker's table, I be permitted to address the House for 30 minutes on the subject of Thomas Jefferson.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, and I shall not object, if there is any Democrat that believes in Thomas Jefferson, he should have the opportunity to speak.

Mr. PARSONS. Mr. Speaker, reserving the right to object, on what day is this address to be delivered?

Mr. SHANNON. On Friday.

Mr. LUCE. Mr. Speaker, reserving the right to object, I looked in the encyclopedia, and it is stated there that Thomas Jefferson was born on April 2.

Mr. SHANNON. That is according to the old calendar. According to the new calendar it is April 13. The difference in dates is due to the difference in the two calendars. It is April 13 in the new calendar and April 2 under the old calendar.

Mr. LUCE. Why did not the gentleman accept the luckier day of the two?

Mr. SHANNON. The calendar fixed the date for me.

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

There was no objection.

THE NEED OF A FEDERAL AUTHORITY IN CALIFORNIA, ARIZONA, AND NEVADA

Mr. COLDEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein House Resolution 290.

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

There was no objection.

Mr. COLDEN. Mr. Speaker, an amusing story was recently published in California newspapers concerning the Arizona navy which was described as stemming the dirty-dun and swarthy-saffron waters of the Colorado River to the Arizona side of an inaccessible canyon and conveying the State's army to defend the sacred soil and precious rights of the great State of Arizona at the point where the Metropolitan Water District of Southern California proposes to divert a portion of the river for the domestic supply of water for Los Angeles and other neighboring cities. The navy consisted of a single-motor launch and the army was comprised of a corporal and four privates from the National Guard of Arizona.

This story provoked many a laugh and served to divert for the moment the bitter contest that Arizona has carried on for some years against what Arizona deems an intrusion and an encroachment upon the rights of the State and her claims to the waters of the Colorado. Many comical references continue concerning the Arizona army and navy and the enemy, consisting of the sentries and workmen of the Metropolitan Water District of Southern California. Beneath this newspaper mirth lies an embittered controversy that has already been expensive to the parties involved.

It is not my purpose to discuss the rights and arguments of each State, and it is not my purpose to convince you that Arizona is wrong and that California is right. To the average citizen the whole controversy is too complicated, and the whole matter lies buried in great heaps of legal opinions, the fine-spun arguments of many able and high-priced attorneys, the declarations of State officials, county and municipal officials, until it requires a Chinese philosopher and a Philadelphia lawyer to even follow with uncertainty the tangled legal threads. It is a continuous battle of words and a free fight in which many have engaged. As a citizen of southern California, it is my purpose to establish an unbiased and competent authority that will give to Arizona every drop of water and every spark of power to which she is entitled, and at the same time enable southern California to proceed with the unmolested development of that to which she is rightfully entitled.

I crave for no advantages over either of our neighboring States, but am seeking a way out of this dilemma by a procedure that will assure fair dealing and undeterred development in all the States concerned.

I desire at this time to call attention to House Resolution 290, introduced by myself on March 3, 1934, and to emphasize to the Members of Congress the necessity and benefits of my proposal. The resolution requests the Secretary of the Interior to furnish the House of Representatives a comprehensive plan for the improvement and development and coordination of the rivers and other water resources of the States of California, Arizona, and Nevada by a Federal authority, with the additional function of promoting subsistence homesteads and the encouragement of home ownership.

The program, as outlined in House Resolution 290, would provide for an authority with a wide jurisdiction over the controversial problems of the three States and also over the numerous other projects within the States. The proposed C.A.N.A. (California, Arizona, and Nevada Authority) would have supervisory and administrative capacity not only over the rivers and other water resources of these great States but also over the kindred problems and uses of water, such as irrigation, reclamation, development, and distribution of

power, navigation, flood control, reforestation, erosion, preservation of game and fish, and recreational areas. In addition to the development of the river and other water resources to their greatest capacity and use by the populations of the three States, it is urged that such an authority is necessary to secure correlation and coordination of these resources and thereby to avoid endless and expensive litigation and other contests over these resources, thus avoiding endless delays and affording the machinery for the expedition of this development. The homestead idea is an additional feature that is entitled to careful consideration.

A Federal authority removes the involved controversies from the prejudices, fears, and grasping designs of local and interested communities and places them on a broader basis of public and general welfare. It places jurisdiction in a tribunal free of personal and local influence and affords all parties to such controversies an equal and impartial opportunity. The Boulder Dam project is yet uncompleted, and yet its entire path of progress has been disturbed and delayed by conflicting interests. With the development of the great Boulder Dam project, there are certain to continue after its completion numerous other problems and disputes that will be prolific of expense and delay and injurious to many citizens in the States concerned.

The prosperity of California—and especially of southern California—is indissolubly linked with that of Arizona and Nevada. In California the adjoining States find profitable markets. Through California these inland States reach the California ports and thereby the markets of the world. Our development and progress go hand in hand. There is no sound reason why California should seek any advantages over the inland States. What rivalry exists is usually of a local nature, and I am convinced is not shared by the majority of the population of either of the States, the prosperity of all being so closely intertwined and interlinked. In my estimation such an authority, as proposed in the resolution introduced by me, will be a long step in the orderly and efficient development of the three States and the benefits and prosperity will be shared by all.

But the situation involves much more than the controversies between the States. Because of their arid nature, water is queen in the Far West. Out in these open spaces numerous watersheds require the protection from fires and erosion. Great areas of forest by an efficient program and direction may be restored and new ones developed. Numerous valleys, fertile with alluvial soil washed down by infrequent rains, are dominated with sage and cactus awaiting the water, the plow, and dominion of man, ready to yield abundantly to his numerous requirements of food, clothing, and shelter. To develop these vast resources, to furnish homes to our increasing population, to prepare for the best ultimate results, a plan should be devised now to supervise and develop these great potentialities. We should not delay this important program until vast riches of soil and timber and water have been wasted and depleted.

Along with the growth of these three States, numerous new projects are certain to be promoted and developed. In fact, important development already has been made in each of these States. As this development proceeds, projects crowding one upon another will raise endless local and domestic disputes that will deter and thwart the march of development. Already in the State of California, the rights and claims of rival and adjoining districts and projects have jeopardized growth in some localities. Some have more water than they can use to best advantage and others have too little. By this lack of water farms and ranches and orchards decline and the community itself becomes stagnant and sometimes dies and becomes the graveyard of the hopes and ambitions of industrious citizens who dreamed of the dependency and comfort of home. A Federal authority to supervise or administer these conflicting projects and do justice to all would redound to the peace and progress and prosperity of all.

The financial benefits to California, Arizona, and Nevada would reach a tremendous amount, saving millions of dollars in interest, eliminating the costs of refinancing and much litigation, and stabilizing investments. The investor would have a much greater assurance of the soundness of his investment under the direction of a Federal authority. The dangers of poor engineering and uncertain private financial promotion would be eliminated to a large degree. Under the supervision of such an authority the depreciation of irrigation-district bonds would be reduced to a minimum because of the additional protection and supervision of the distribution of water and the unhampered development of power where available and usable.

In its present financial straits, the State of California and its political subdivisions have placed an exceedingly heavy burden upon their taxable wealth. The cities and the counties of the State are staggering under the tax load. Two water districts alone are authorized to expend nearly $400,000,000, the Metropolitan Water District of Southern California, two hundred and twenty million, and the Central Valley project of California, $170,000,000. If either of these great projects should become insolvent and be unable to meet its interest- and sinking-fund obligations, the tax resources, the income and the credit of the State, might become seriously impaired.

The State of California obtains its revenues from franchises, corporations, licenses, and sales taxes, and the lesser political divisions by a direct tax on real estate and personal property. But the bankruptcy of either of the two great projects of California would bear so heavily upon the taxable wealth of the respective communities as to reduce greatly the income of the State itself. To place these and similar projects under a Federal authority would lift a great load from numerous localities, reduce the rate of interest, lower the cost to those participating in the project, and afford greater security to the investor.

Arizona and Nevada have similar domestic projects of great promise, but private capital is difficult to secure and in any event at greater cost than under Federal authority. Both of these States have great potentialities that await development and an increasing population. The lands await water; the mines, industries; and the farms require power. The mineral, agricultural, and horticultural possibilities of these States have been but scratched and their productive capacities can be multiplied many times. A Federal authority would be able to survey, estimate, plan, and develop these vast resources in an orderly and conservative program and avoid much of the waste and fruitless effort of poorly planned pioneering.

The provision in this resolution to authorize the Federal authority to purchase and improve and resell lands is of vital importance, in my opinion. Why should a favored few be the beneficiaries of a comprehensive Federal program that is carried on at the authorization and by the credit of all the people? Why should not the fruits of such a plan be enjoyed by the largest possible number of citizens? Why should the owner of a ranch of thousands of acres be the recipient of a colossal fortune and the thousands of forgotten men be deprived of a home and a place in the sun?

Such a program will preserve for all the people the vast benefits of hydroelectric power, so essential to a land devoid of coal, so vital to the farm and its many irksome labors, so needful to the mine and factory, where no other source of power is available, so necessary to supply the comforts of home and to relieve the drudgery of the wifehood and motherhood bending at their household duties. Electricity is the boon of our generation, the greatest gift of the ages to toiling humanity, and its blessings should be placed within the reach of every individual and every home.

Navigation in this area is limited to the streams of central California. The control of floods and the conservation and proper distribution of its waters are of primary concern to every part of these three great States. The problem of reforestation and erosion also is of much moment and involves large and scattered areas. The utilization of the mountains, deserts, canyons, streams, and artificial lakes for recreational purposes is one of the important social and economic values of this mountain West. The preservation of fish and game is of importance to this and future generations.

Our country is suffering from two major ills, the concentration of wealth in the hands of a privileged few and the decline of home ownership. The home is the foundation of the school, the church, and the state. The home builds stability of citizenship. The home has made America great. The decline of the home is a menace to society and civilization and the greatest shadow on our future. It is our patriotic duty to encourage and to cherish it.

To former generations the inviting West was the open door of opportunity and of a home. It may have been a simple cabin, crudely carved from nearby forests; its chimneys reared from the nearby rocks; its lights from the dim, flickering candle of tallow of nearby herds. The clothes of the occupants were homespun and ill-fitting—his cap from the fur of the nearby streams and woods; his food from the fields, the gardens and orchards, and the wild woods; but this rugged life developed an independence of spirit, a freedom from want, and a courage and a self-reliance that have been the marvel of the world. All the centuries depict no such an epic as has been achieved by the pioneer of America.

But another day has dawned; new problems confront us. The prairies of freedom, the abundant forests of yesterday, are no more. The young man and the young woman of today are denied the opportunity of their ancestors. It is incumbent upon us to reopen the door of opportunity to ourselves and to our posterity and to restore the home to its former prestige, that America may march onward to a greater destiny—a destiny that will afford every citizen a full and abundant life, of which our President so eloquently speaks.

In conclusion, Mr. Speaker, I desire to include in my remarks a copy of the resolution I have discussed.

House Resolution 290

Resolved, That the Secretary of the Interior be, and he is hereby, requested to send to the House of Representatives a comprehensive plan for the improvement and development of the rivers and water resources, the agricultural, horticultural, mineral, and industrial resources of the States of California, Arizona, and Nevada with a view of giving to Congress information for the direction of legislation which will provide for the maximum amount of flood control, reforestation, prevention of erosion, preservation of game and fish, recreational facilities, navigation, irrigation, and the development of hydroelectric power and the distribution thereof; and for the correlation and the coordination of Federal, State, county, municipal, and district projects in said States, including the Boulder Dam, the Roosevelt Dam, the Coolidge Dam, the Parker-Gila project, the All-American Canal, the Central Valley project of California, the Metropolitan Water District, the Humboldt River, and other projects established or contemplated; and furthermore, that said plan provide for a Federal administration, including authority to utilize public lands, to purchase private lands, to reclaim, drain, irrigate, and improve said lands, to subdivide and resell the same in order to establish subsistence homesteads and to encourage home ownership.

LOTTERY

Mr. KENNEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include a radio address delivered by me.

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

There was no objection.

Mr. KENNEY. Mr. Speaker, under leave to extend my remarks, I include an address entitled "Lottery", delivered by me in part from radio station WOR of Columbia Broadcasting Co., March 25, 1934, and over a Nation-wide hook-up from radio station WEAF of National Broadcasting System, April 5, 1934.

"Hands off!"
"Let it alone."
"Don't touch it."
"It's dynamite and will blow you up."

These warnings were sincere. They were given to me, in the words quoted, by personal friends of mine in the House of Representatives, when they learned of my intention to offer in the present Congress the measure which has become entitled "H.R. 7316: A bill to authorize the raising of funds by lottery for the purpose of providing additional means of defraying the cost of Government, including expenditures authorized for veterans and their dependents, and for other purposes."

Now, as a man, lawyer, and holder of political office, I am open—I trust at all times and always appreciatively—to the honest advice of my colleagues and constituents. In this instance there could not be any doubt they had my political fortunes at heart. But I believed their warning a mistaken one. It is reassuring to be able to report that since the statement of the purpose and character of the bill which I was privileged to make in the House, these colleagues have declared themselves for the measure.

What caused honest gentlemen to reserve their attitude? I have not asked them, yet I know. They have perceived, with me, that participation in an orderly lottery, conducted by Government for public benefit, is not gambling.

Let us take a moment and look at gambling. What makes it evil? Why is the straight-thinking element of society against it? Why is it outcast of the law? What does it do to human beings, to their circumstances, their character, their lives, that is hurtful or destructive?

One of the few men who really know the unwritten story of the elder Rockefeller's personality once told a brilliant correspondent why the oil master never drank. In determining his attitude toward a proposal or a policy, this man related, whether of business procedure or individual conduct, it was Mr. Rockefeller's way to set down privately two opposing columns of facts and figures. In one column he would enter the items favorable to it, in the other the items unfavorable to it. The column which yielded the greater total supplied his decision to be for or against it.

"I am perfectly sure", the informant said, "that early in his youth Mr. Rockefeller, breaking ground for a business career in a day of general drinking by business men, set down in one column the items of profit he could expect to earn by investing certain sums of money in social whisky, and in an opposite column the assessments he should expect to pay as penalties; that with his bookkeeper pen he cast the totals, and had then and there his lifelong decision."

I know of no more satisfactory method to answer the question, "Why is gambling evil?"

Let us set down in the profits column these items: Money (or other valuable consideration) which may be won; agreeable excitement of making the wagers; pleasure of anticipating success; thrill of winning; benefit of using the winnings. In the opposing column we enter: Money bet; time spent in betting; distraction from vocation; questionable associations formed through the indulgence; formation of a costly habit; emotional stress of striving to "beat the game"; mental and spiritual depression of losing money whose loss could not be afforded; temptation to obtain dishonestly the means to continue betting; temptation to dissipation as a false refuge of the loser and an unwise jubilation of the winner; lessening appreciation of things earned and increasing appetite for things won; gradual weakening of the bettor's character.

Certainly the answer to our question: "Why is gambling evil?" is expressed by the total of the second column, and we deliberately take our place with the straight-thinking element of society opposing the evil.

So what?

This: When you are reflecting upon what I have said, if you do, ask yourself, frankly, is participation in an orderly lottery, operated by government for the public benefit, gambling?

If you will do that in the calm spirit of inquiry, unswayed by any preconceived bias and uninfluenced by tradition, I believe you will come and stand beside me and my colleagues of the House who themselves came to warn and returned to pledge their support, being the genuine type of men who are not afraid to reconsider opposition.

Presumably every American school boy and girl knows that the first regular Congress of the United States held its sessions in the city of New York. But how many Americans know that lottery money provided a roof for that Congress to meet under?

The year was 1789, and the new Nation's legislative body had no quarters of its own. In this public dilemma the young metropolis came forward with an offer of its city hall, which was quickly and gratefully accepted. But the building was unsuitable in arrangement and appointments for the purpose, so the municipality remodeled and repaired it. The deficit was £13,000, as money was then reckoned in America, a huge obligation in the final decade of the eighteenth century.

The city treasury was utterly unable to shoulder the expense. It was a post-war period of hard times and high taxes—words freighted with significance to us of today. So the city laid its problem before the State legislature.

That body's response was to enact a law authorizing New York City to set up and conduct a public lottery to raise £13,000. The preamble of the act explained that a public emergency existed which could not be met through ordinary sources of revenue. The lottery was a quick success, and the city paid its bill.

I have not anywhere read of the self-respecting sturdy American patriots of that day taking shame to themselves because their country's lawmaking body "had its rent paid" by citizens' contributions made in the form of lottery participation. I have not learned that the guiding sense of social propriety, which may God preserve to us, was damaged by any of the lottery participation that created funds for the building of churches and public edifices throughout our country. Yet it may be that some zealous goalers of the public will cried out against the spectacle and called it "gambling"; as perhaps others previously did when the lottery in an emergency fed and clothed the Continental Army which won our independence. George Washington discerned the value of the lottery and purchased the first ticket for the relief of his suffering soldiers.

Remarkable to relate Elwood Washington, a living kinsman of the Father of our Country, has lately communicated to me his approval of my bill and with the blood of the greatest American coursing his veins in a spirit not of a gambler but of the true patriot has proffered to purchase the first ticket to be issued under this bill. We have had always, doubtless always shall have, sincere conscientious objectors who counsel extremely because they have not considered to think straightly. From that befuddlement emerged the eighteenth amendment upon its tragic reign of mischief.

The passage by Congress of last year's Economy Act led me to propose the present bill for a Government lottery. The Economy Act did two concrete things: It fixed the attention of the country upon the economically grave fact that $1,000,000,000 was then the annual disbursement cost of the Veterans' Administration, the actual figure being $966,838,000, and it permitted the cutting down of that cost to about $500,000,000. Since then $100,000,000 of the billion has been restored by the President, and lately Congress added $83,000,000 more, so that the current disbursement stands well nigh $700,000,000 a year. Here I shall quote a particularly pertinent Associated Press dispatch published under Washington date in the morning newspapers of January 30 last:

"Gen. Frank T. Hines, Administrator of Veterans' Affairs, told a Senate appropriations subcommittee today that 486,926 veterans had been taken off compensation rolls under the Economy Act. He said that the principles of the revised act and regulations issued under it were 'sound and should be continued.'

"Appearing on proposals to amend the economy sections of the independent offices bill in the interest of former soldiers, General Hines said that many veterans undoubtedly would be restored by review boards and President Roosevelt wanted studies continued to eliminate inequalities.

"The average monthly payments to nonservice disabled, he said, had increased in 4 months from $13.35 to $23.83."

I need not, I think, elaborate the fact that every dollar is sorely needed if our war-impaired citizen soldiers and their dependents are to receive the full measure of their country's help; the attitude and actions of the President toward this decent obligation of ours speak more forcefully than could I.

But neither can we ignore the fact that the Government is seriously impeded in its recovery campaign by having to take out of the Treasury what approaches even now $1,000,000,000 yearly for veterans' relief. The only revenues that flow into the Treasury are those created by taxation of one type or another. Nobody hands money to the Government as a gift.

But hosts of citizens, many thousands of persons monthly, would cheerfully and gladly contribute small sums of gift money to their Government for this decent obligation, if they were permitted to do so by participation in a federally authorized and federally operated lottery.

It is my considered judgment that upon a basis of the Government taking 40 percent of a $2 ticket and devoting 60 percent to participation awards, or prizes, the annual yield to the Treasury for veterans' relief would become not less than $1,000,000,000. France, with a population half our own and a national spirit certainly not superior to ours, estimates that her newly established lottery will return the Government $500,000,000. France is now 1 of 30 or more countries gathering needful revenues through government lottery, and it is to be noted that French veterans are not going uncared for. England, while proposing to ban other lotteries, has before Parliament a proposal to revert to the governmental lottery as an emergency source of operating income. I do not think that prim adherence to a doubtful tradition will qualify us to hold ourselves either holier or wiser than they.

Only 2 percent of American citizens pay an income tax. The ability of that one fiftieth of the adult population so to pay cannot sagaciously be made the perennial justification for increasing their levy in the richer brackets, since it is chiefly from the nonpaying portion of the public the residents of those brackets derive their incomes.

Yet we dare not for a moment turn our faces from the fact that now and henceforth, in a measure never before approached in the peace-time annals of the country, our Government must be supplied with larger and steadily larger financial support.

Through crucial necessity and not at all by choice the President and Congress have committed the Government to rehabilitation expenses staggering in their proportions. The millions of taxpayers, depleted in vitality by long confinement to depression's sick bed, stumble under triple loads of Federal, State, and community assessments. Some of them less Spartan than the rest would like furtively to contemplate themselves as the unfortunates Markham meant in his throbbing lines about "the long, long patience of the plundered poor." Self-pity need never to go visiting to be fed.

Nevertheless, America is still the richest country in the world, and Americans are still the warders of vast stores of hoarded wealth. I look upon a Government lottery as an ideal way to tap that timid treasure for the public good.

Charles Pickett in the Harvard Law Review (May 1932) says, "The theory behind the lottery laws is that people should be protected from dissipating their money by gambling against odds which usually are not fully appreciated." Such protection may be the theory, but a theory very far from working out. Our lottery laws in the Nation and the States are comprehensive and not gentle, yet they do not prevent Americans from sending $200,000,000 out of this country yearly in their purchase of participation in foreign sweepstakes. They do not prevent countless churches and charitable organizations from holding bazaar drawings which are lotteries in every detail but name. They prohibit, but they do not prevent.

Now, I do not believe that the adult person who indulges in the mild and pleasing dissipation of buying a chance in a Government lottery is thereby a gambler, a victim, and in need of protection against "odds which are not fully appreciated." The picture does not paint itself to me that way. What purchaser of such a lottery ticket does really seriously expect to win one of the prizes? Or is made cast down or irrational by failure to win? I have not heard of such. Have you?

As for the odds, the bill which I have introduced in the House of Representatives authorizes the Veterans' Administration, with the approval of the President, to conduct a lottery to raise funds not exceeding $1,000,000,000 in any one year, which shall be covered into the Treasury as a miscellaneous receipt. Remember the words, "not exceeding", for I shall refer to them again.

And as for the billion dollars, hearken to this: "During the past 2 years no less than a billion dollars have been kept from going out of this country in support of foreign lotteries. This was the startling statement made August 23, 1933, by Horace J. Donnelly, Solicitor of the Post Office Department." Note that the years mentioned by Mr. Donnelly were the leanest of recent times. Mr. Donnelly also stated that operators of lotteries, foreign and domestic, many of them dishonest, did not confine their activities to the large cities, but preyed upon those located in every section of the country.

It may be remembered, too, that the President recently transmitted to Congress, "for its information", copies of a report on stock-market regulation prepared for him by Assistant Secretary of Commerce, Mr. John Dickinson. Read the report: "It must always be recognized that the average man has an inherent instinct for gambling. If abolished in one form, it seems always to crop out in another. In America the man of average income has, perhaps, turned to the stock-market exchange because of the prohibition of various forms of gambling. If the speculative tendencies of our people could be turned into other channels, this instinct might be satisfied without far-reaching economic consequences."

Mr. Dickinson appeared upon the hearings on the stock-market regulation bill before the House Interstate and Foreign Commerce Committee, of which I am a member, and in the course of his testimony said that he did not oppose in principle a national lottery. Mr. Richard Whitney, president of the New York Stock Exchange, at the same hearings, agreed that a Federal lottery might take care of the little fellow and "keep him out of a lot of trouble."

I honestly believe that a national lottery would control in large measure the gambling evil. Incidentally, if I am any judge of our lovable chairman, Mr. RAYBURN, and the level-headed, straight-thinking members of the House committee, the country will get a good and acceptable stock-exchange regulation bill.

My bill authorizes the Administrator of Veterans' Affairs, subject to the approval of the Secretary of the Treasury, to prepare and issue rules under which the lottery shall be conducted. The Administrator is given power to appoint, employ, and fix the compensation of the necessary officers, employees, and agents, but no salary shall exceed $8,000 a year. The Postmaster General is authorized to place the post office and postal machinery and facilities at the service of the Veterans' Administration for operating the lottery.

The forging or counterfeiting of tickets or the selling of false tickets is made punishable by maximum fine of $10,000 or maximum imprisonment for 5 years, or both. (Death was the extreme penalty provided by the New York Legislature in 1790 to protect the integrity of the congressional lottery tickets, and that was before the racketeer as a figure in American crime had being.)

The final section of the bill provides: "All pensions, allowances, and other benefits accruing to veterans and their dependents which existed prior to the 20th day of March 1933 shall be restored immediately upon the enactment of this act."

While the measure as introduced leaves the details of operation to the Veterans' Administration, assisted by the other specified Government agencies, certain suggestions toward carrying out the lottery may be offered tentatively in this discussion of it.

I think, for example, that a monthly drawing, 12 yearly, would best serve the purpose of the adventure.

I would propose one grand award of, say, not more than $120,000, and specify $500 as the minimum award. Rather than fixing a number of capital awards at amounts spaced closely below the principal prize, I should favor a very much greater number of awards graded upward from the minimum figure. In other words, I would afford participants more chances to win substantial but not extravagant slices of good luck instead of offering bigger purses with less possibility of winning at all. With fantastic prizes, such as, say, a quarter or half million dollars, I would have nothing to do.

The setting in the bill of a limit to the revenue to be raised in any one year practically determines in advance the odds against the participant to win. It being an ascertained fact that a Government lottery, once established beyond its introductory period, receives a stable volume of patronage, the participation hazard resolves itself thus: To produce $1,000,000,000 revenue as the Government's 40-percent share for the veterans, there would be sold $2,500,000,000 of tickets. The price of a ticket being $2, the total of tickets sold in the year would be 1,250,000,000, or, monthly, 104,166,666 tickets. The odds against winning an award can then be determined by the participant by dividing the total number

of the offered prizes into the figure "104,166,666." Thus, if the total number of offered prizes for the month should be 5,000, the participant by dividing 5,000 into 104,166,666 would learn that his ticket had 1 chance in 20,833 to win a prize. But no figuring known to the brain of man could tell him which prize, whether the $120,000 jumbo, or a modest $500 one, or some less splendid or more substantial intermediate award. Since the total of tickets to be sold is limited and publicly known, his chance of winning could not be less than 1 in 20,833; should the month's sale total fall below the limit, his chance of winning would be arithmetically better.

While the foregoing calculations are not of material importance, they are adventurously attractive. And they serve to supply the reason, too, why none of us ever seriously expects to win an award in a lottery or ever is cast into gloom by not winning, though we do know that in such a lottery as is here discussed a certain percentage of all the tickets have to win in every drawing. I look upon it as a game quite worth its inexpensive candle. We all of us who play it will get some fun building tinted castles in Spain, some of us will get awards, the veterans will get what is decently coming to them from their countrymen, the Government will get a billion-dollar gift from its citizens, and the heavily burdened taxpayers will get a hand up in distress.

I think it may be highly desirable to make the higher awards payable partly in spot cash and partly in short-term annuities. If, for example, Joe Mack's family's ticket wins and calls for $15,000, it would mean they would be paid the Government's check for, say, $5,000 and additionally $1,000 a month for 10 months. The wisdom of such a form of redemption seems to me obvious.

I would be opposed to the sale of tickets to persons under 18 years of age.

I suggest that tickets be purchasable at post offices only, and that payments of awards be made by post offices of sale. I believe this manner of handling would be the surest safeguard against racketeer invasion for purposes of counterfeiting and other frauds.

I would make half tickets at $1 available to the public.

Periodically there come times when the people of a country decide to give theory in government a vacation and sit down in the kitchen with facts. When they do this, history begins the writing of a new chapter. Behind such occasions, though we may not confess the fact until after the chapter has been finished, is the normal social yearning to reprove by making a change that, after all, life and liberty are worth while only as affording opportunity to human beings to pursue happiness. We do not seriously demand to capture, but you shall not too long—at one stretch—forbid the pursuit.

We have sent the theory in government of compulsory abstinence from liquor away upon a long vacation, and we are still sessioning in the kitchen. We have decreed leaves of absence to quite a number of historic means and manners which, we agreed, were cluttering the trails of our discountenanced pursuit. It may be that for a while at least we are of majority opinion that government by theory has become a lot of tall grass for shapes to crawl in.

What do you think?

CALENDAR WEDNESDAY

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that business on tomorrow, Calendar Wednesday, be dispensed with.

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

There was no objection.

LEGISLATIVE APPROPRIATION BILL—1935

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 8617) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1935, and for other purposes, with Senate amendments, disagree to the Senate amendments, and ask for a conference.

The Clerk read the title of the bill.

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

There was no objection.

The Chair appointed the following conferees: Mr. LUDLOW, Mr. GRANFIELD, Mr. SANDLIN, Mr. BUCHANAN, Mr. MCLEOD, and Mr. SINCLAIR.

CANADA AND PREFERENTIAL TARIFFS

Mr. EDMONDS. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD on Canadian reciprocity and to include a statement made in reference to the New England situation by the Foreign Trade Club of Boston.

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

There was no objection.

Mr. EDMONDS. Mr. Speaker, one of the most remarkable developments of the past several years in connection with the growth of business in Canada has been its promotion by law enactments of its home business at the expense of business in the United States.

Laws or regulations have been promulgated to attract the installation of new manufacturers, and the use of Canadian facilities for transportation by rail or water, with such great success that they must marvel at our own simplicity in allowing the necessary discriminations without any attempt on our part to retain what was our own.

In 1928 an official representative of the Canadian Government told me at Buffalo that over 1,200 American business firms were represented in Canada, over half by factories established there, and others by offices sufficiently representative so that they could secure the advantages furnished by their Government through its laws and regulations.

An investigation of the causes of this movement of American business can readily be seen upon investigation; for instance, American western wheat was gradually drawn to the Canadian markets, principally because Canadian wheat inspection was such that the shipper gained financially by shipping that way. This, as the years rolled by, practically made, during the fall and summer months, Montreal the great market for American western-grown wheat. On the other hand, Canadian wheat was almost all shipped abroad from United States ports, as most of it came into the market after the close of navigation on the St. Lawrence River. It will be noted that we accepted the Canadian inspection on their bonded wheat, contrary to their practice with ours.

Although this would indicate a fair exchange in tonnage between the two countries, leaving out the wheat inspection, the Canadian being in doubt as to what our policy might be in the future, as we had requested through the State Department that our inspection should be recognized as we recognize theirs, started a building program at the ports of St. Johns and Halifax, established during the winter months an exceedingly low rate of freight from the grain elevators to these ports, so as to care for the closed St. Lawrence season, then followed 2 years ago by placing a prohibitive tariff in the United Kingdom on Canadian wheat shipped through the United States ports, unless each individual car was consigned to a legitimate purchaser in the United Kingdom from the Canadian point of shipment. This resulted in taking away of cargo from our shipping to United Kingdom points, and of course materially affected the business of our North Atlantic and Pacific ports, as it covered millions of bushels of grain annually.

As a result, the Canadian ports are rapidly increasing in size and facilities, and even now Montreal is making a survey and proposing the doubling of the amount of grain-elevator space at that port in order to accommodate the additional business expected, and many of the largest grain dealers in the United States now have subsidiary offices in Canada in order to secure the advantages offered.

However, you cannot operate a ship profitably on grain alone; you must have other inbound cargo, and more profitable cargo outbound, so what do our Canadian friends do but start to get these necessary shipments. Their plan was to attract American manufacturers to open subsidiary companies in Canada. To do this they were obliged to offer an attraction; this they did in a number of promotion ways in which cheap sites and cheap taxes were a small factor. They agreed with manufacturers who would establish Canadian factories that they would only require a minimum part of the finished product to be made in Canada providing the assembling was done there. This allowed the manufacturer to make at his home factory the vital parts of his product in the United States. After these factories were established they gradually raised the minimum required by successive tariffs until he was forced, in order not to lose his investment, to enlarge his plant until most of the product was made in Canada, the penalty being that unless he complied he could not receive the benefit of the various tariffs or other regulations.

The principal way of attracting business was by the manipulation of their tariffs. They were careful not to be

foolish like we have been and tie themselves up in most-favored-nation tariffs. They prepared a tariff, then negotiated treaties with many European nations trading preferential tariffs, both nations giving discounts, and further, made a British Empire agreement for another still lower tariff to British possessions. We must not forget they were after cargo for the grain ships, so they limited the preferential tariff with foreign nations so that it would only be applicable to ships delivering goods to or taking goods from Canadian ports.

These are only a few of the high spots of Canadian discrimination which we have let come into existence with hardly any resistance on our part; there are many smaller matters that make shipping through Canada attractive to shippers. Goods from abroad today are shipped through Canada to St. Louis and beyond, so that you can readily see the disastrous loss these Canadian regulations have caused, both to our ships and railroads.

In order to at least try to retain our American business for our shippers and railroads, I have introduced a bill, H.R. 4493, a bill to prevent discrimination against American ships and ports, and for other purposes. This bill will charge a special tax or tariff of 10 percent upon all foreign goods brought into the United States through Canada, and the charge is only in effect as long as the Canadian discriminations are continued against us; a fair bill which surely should not be protested by our neighbors as long as they originated the idea.

Merchandise consigned to the United States and shipped through Canada in bond, when arriving at port of entry of the United States, pays the regular duty; on the contrary, as explained, shipments made from countries where there is in existence preferential duty arrangement with Canada, and not delivered directly to a Canadian port, but shipped through a port of the United States in bond, lose their preferential status and pay the higher duty, so that under the present arrangements the Canadians retain their own business for their own facilities, and owing to our own inattention we are losing to them a very large tonnage of merchandise which should be carried upon American ships and railroads and through American ports.

It is proposed by H.R. 4493 to correct this discrimination insofar as imports are concerned unless the Canadians are willing to treat shipments through our country on an equal basis with our treatment of theirs.

The Foreign Commerce Club of Boston have prepared a very complete statement covering the whole subject, which is as follows:

The Foreign Commerce Club of Boston, Inc., wishes to place itself on record as approving the following bills, all treating on the same subject:

H.R. 4493, introduced by Hon. G. W. EDMONDS, of Pennsylvania.
H.R. 1637, introduced by Hon. ROBERT LUCE, of Massachusetts.
S. 3516, introduced by Hon. WALLACE H. WHITE, JR., of Maine.
S. 1525, introduced by Hon. CLARENCE C. DILL, of Washington.

The Foreign Commerce Club of Boston, Inc., is made up of some 200 members, each of whom is engaged in business allied with the foreign commerce of the port of Boston. The membership is composed of steamship agents, railroad representatives, customs brokers, freight forwarders, stevedores, weighers, pilots, towboat companies; in fact, every branch of industry connected with foreign trade.

Our scope of activity is not limited to local maritime matters, but it is interested in all matters which relate to foreign trade as it affects the country as a whole. Especially does it interest itself in all cases where the commerce of the United States is jeopardized.

The members of our club have during the past 7 or 8 years seen the foreign commerce of our port, insofar as it pertains to contiguous countries, drop to a very low position. For many years prior to 1927 the port of Boston was favored with a very large traffic in foreign merchandise arriving for destinations in Canada and the Middle West of the United States.

While the number of steamers arriving at this port has not diminished greatly, still the amount of cargo unloaded at Boston from each ship is almost infinitesimal. Prior to 1927 it was not uncommon for vessels arriving from Far East ports (Indian especially) to unload at Boston from 5,000 to 7,000 tons of freight, the greater portion of which was through traffic—that is, not for local consumption.

For the past 7 or 8 years these same vessels have unloaded from 200 to 600 tons, which cargo is discharged in a few hours after arrival of the steamer in port. The total amount of earned freight often does not pay for port expenses. These steamers come to Boston, notwithstanding the great losses incurred, in order to keep up the service for local interests.

The Canadian customs tariff contains certain regulations (particularly chapter 30, section 3 (1) (a), section 4 (g), and section 5) which are especially detrimental to United States shipping. These regulations, which originally became effective in 1907, have been gradually changed to the extent that, at the present time they constitute a direct and almost absolute barrier to foreign goods imported into Canada via the United States. Thus, through changes in the basic Canadian customs regulations, as well as upward revision of Canadian tariff rates as they apply to United States products and all imports via the United States, Canada has gradually forced the routing of its foreign imports away from the natural and economical trade channels of shipping from foreign countries via United States ports and in transit to Canadian destinations. Such tariff policy by Canada has not only been instituted by severe Dominion duty discrimination against imports received via the United States, but has been fostered and abetted by consistent action of subsidizing, and even building, or initiating Canadian ports, railroads, and steamship lines, at great cost.

Without delving into the ramifications of the Canadian tariff, the following explanation of the required qualifications for admission of Canadian imports at reduced rates of duty will indicate the salient regulations which militate against shipment via the United States.

The British preferential tariff (lowest rates accorded to practically all of the British Empire), and the intermediate tariff (medium rates accorded to practically all of the principal commercial nations, except the United States) apply to goods of the areas and countries mentioned when conveyed without transshipment from the country of origin to a sea, lake, or river port of Canada, provided that such goods, when shipped on a through bill of lading to a port of Canada, may be transferred at a British port and then conveyed without transshipment to a port of Canada, and be entitled to the lower rates of duty under the preferential or intermediate tariffs.

As a further inducement for direct shipments of British Empire goods to Canadian ports, a discount of 10 percent of the duty is allowed on most goods entitled to the preferential duty rates (providing the duty exceeds 15 percent of the value) if the goods are conveyed as specified in the above paragraph, that is, not shipped via the United States to Canadian destination.

The importance of this restriction of preferential and intermediate tariff-rate application only to goods imported directly into Canada from countries of origin or British ports can be gaged by the fact that most of the British preferential duties are about 50 percent and the intermediate rates about 25 percent less than the general rates, the latter rates applying on commodities of or shipped via the United States.

Increase of duty cost on shipments routed to Canada via the United States is augmented by application of sales and excise tax which, at the present time, amounts to 9 percent of the value of goods, plus the duty, and applies on practically all goods imported into Canada. This sales and excise tax applies on commodities imported, regardless of country of origin, but it will be noted that the 9 percent is assessed on the duty-paid value of shipments. Thus, in view of the fact that the general or highest rate of duty applies on foreign shipments received in Canada via the United States, the sales and excise tax assessment provides an accumulative and additional cost on intransit shipments to Canada through the United States.

Although this policy of granting lower rates of duty to products from certain countries, when shipped directly to Canadian ports, became definitely established during 1907, its import and effect was negligible until recent years—from 1926 to date. Up to 1926 the Canadian preferences were not, for the most part, numerous or extremely low as compared with the general rates. However, with increase in preference advantages and the institution of the sales tax with its subsequent increases and the establishment of an excise tax, Canada has consistently and methodically increased the general rates of duty and decreased the preferential rates so that increased cost of duty, sales, and excise tax on commodities imported from foreign countries via the United States as against lowered costs on goods imported directly into Canada from country of origin or via British port ranges between 15 percent to 50 percent in favor of direct shipments to Canada as against shipments received via the United States.

Results of this constant and increasing discrimination against shipments imported via the United States have been: sharp reduction in ocean cargo tonnage from foreign countries for Canada via United States ports; decrease of freight and liner services to United States ports, caused by diversion of many of these services to Canadian ports; and the increase of exports from and imports into the United States via Canada. The far-reaching effects of this Canadian policy is evidenced by a statement in Heaton's Handbook of Canada, 1932, which has the following note (p. 687, bottom): "An increasing number of Americans are returning from Europe by Canadian ports." Unfortunately, this statement is correct, for United States citizens are not only returning via Canadian ports, but an increasing number are sailing from Canadian ports, and it is an axiom of ship operation that passenger service is the final proof of well-established ocean-port service, which has as its basis adequate port and terminal facilities with substantial movement of ocean freight. Through Canadian legislation we have lost American import and export shipments as well as freight destined from foreign countries through the United States to Canada, and by these losses of freight American steam-

ship and railroad companies have lost tremendously in revenue, while Canadian interests and the ports of Montreal, Quebec, Halifax, St. John, Vancouver, and Victoria have gained proportionately.

Bearing on this last statement, we quote from the Daily Freight Record, published in New York, edition of June 22, 1932: "Halifax port traffic: Cargo handled on the piers of the Halifax Harbor Commission during the week ended June 10 totaled 6,724 tons, an increase of 2,700 tons over the volume for the same week in 1931, according to a statement issued. This marked the third consecutive week in which the increase over business volume a year ago was more than 40 percent. The total volume handled during the 3 weeks ended June 10 was 26,214 tons, compared with 15,407 tons during the same period of 1931, an increase of about 70 percent. The total increase from the beginning of 1932 to June 10, as compared with same period of last year, was 6¾ percent."

Further, we quote from the New York Journal of Commerce, edition of December 12, 1932: "Transshipments of major imports to this country destined for other foreign markets are on the wane owing to rising trade barriers abroad. The latest example of decline in such trade is the contraction in reexports to Canada.

"Recent reports show that the Lever interests are shipping palm oil direct to Canadian ports from Africa. Formerly a large portion of Canada's palm-oil requirements was supplied by transshipment from the United Sttaes.

"Canadian rubber factories, to take another example, are understood to be arranging for direct shipments of crude rubber from the Far East. Formerly large quantities of crude rubber were reexported from New York and Boston to Canada."

In our opinion, this great increase in tonnage direct to Canadian ports is that tonnage which, prior to the Canadian Act of 1926, section 1, chapter 7, effective April 1, 1927, usually came to the United States Atlantic, Pacific, and Gulf ports. While we have not the statistics for Vancouver, it is presumed that the same ratio of increase can be applied to that port, while the Pacific coast ports have suffered proportionately.

In reference to the statement above quoted, in reference to the increase in tonnage at the port of Halifax, we beg to call the committee's attention to the fact that this great increase was enjoyed during depression years, when Canada suffered as much as we. While Canadian ports have been prospering, our ports have been doing practically no business.

Many of the steamers arriving at Halifax are from the Far East. These steamers carry commodity cargoes; that is, only a few different classes of merchandise, but large quantities of each. They arrive at Halifax with full cargoes, the bulk of which is not only for Canadian consumption but for consumption in the middle-west sections of the United States. This cargo, when arriving at Halifax, is shipped over Canadian rails to our own Midwest, thereby allowing no revenue to our rails. In former years this business was tremendous to our railroads.

Not only do shipments travel west from Halifax and St. John but east from Vancouver to New York State, Massachusetts, and, in fact, all Eastern States.

Trainloads, not carloads, of silk are continually arriving at the Port of New York from Vancouver and carloads of wool at Boston. If these shipments would arrive at United States Pacific ports the American railroads would have the entire haul, and, being for American merchants, who has a better right to enjoy the land haul than these same American railroads, which are maintained by American money and pay taxes here?

A great many speeches in the Congress and numerous articles in the newspapers of the country continually lay stress on the terrible condition of the railroads. How to rehabilitate them has been a great and grave question. Certainly they cannot be brought to life, or even nourished in the slightest degree, by paying toll to the Canadian roads. Without income, dividends are passed, interest on bonds suspended, and bonds finally repudiated, which will end in the roads going into the hands of receivers, as many have already done, and calling on the taxpayers, in the person of the United States, to refinance them in order to sustain their lives. It is time to give this matter extended and earnest thought.

The blow occasioned by the aforesaid Canadian Act of 1926 not being sufficient to lay the United States trade in its tracks, so Canada, which is extremely wise in its generation, took it upon itself to be the chief inaugurator and finally the prevailing force in bringing about the so-called "Ottawa pact", which in a few words said, "Trade among ourselves only (meaning the British Empire), but if not then you will be penalized." And, with this slogan, they are accomplishing what they set out to do.

We cannot be too harsh in our criticism of the Canadian Government for this—it was doing what it felt was best for Canada. "Canada for the Canadians!" What a powerful and penetrating phrase. Should we follow their example, or simply stand by until our business has fallen into decay?

Let us consider the matter thoroughly to the end that United States trade, carried on by our citizens of this country, will be protected, whether it be water- or rail-borne.

Canada is not the only country which has customs laws favoring its own country, and which are in themselves discriminatory.

Under the caption "Customs Surtaxes" in the French tariff, we read: "There is a surtax of origin imposed on most articles of non-European origin when imported through a European country." This tax varies with the commodity, but, in general, amounts to 3.60 francs per 100 kilos. (Extract from report of the Department of Commerce, Division of Foreign Tariffs, dated Washington, June 15, 1932.)

The interpretation of this measure is that merchandise shipped from the United States to France through, say, London, Liverpool, Antwerp, Rotterdam, or other ports, pays the excise tax, which is a penalty for not shipping merchandise direct to France or in French bottoms.

Portugal also has a preferential tariff, the substance of which is "The preferential rebate of the duties on all imports (except tobacco) granted by Portugal on foreign merchandise arriving in Portuguese vessels has been reduced from 8 percent to 6 percent of the duties by a decree effective January 3, 1933, according to a cablegram of January 4 from Commercial Attaché R. C. Long, Lisbon." (This item taken from Commerce Reports, Jan. 14, 1933.)

Brazil also has a law in effect that a rebate or reduction of 50 percent of the fees is allowed to shippers using the Lloyd Brasiliero vessels. These original fees are collected on the consular invoice covering merchandise shipped to Brazil; and if shipped in Brazilian bottoms, the rebate above mentioned is allowed. As small as this fee might be, it, however, establishes a principle of direct preference for shipping in national vessels.

Dependence for revenue cannot be made on United States vessels bringing to this country only cargoes for our own consumption or for use in coastal territory only. These steamers must carry in-transit cargoes as well, and, as an example how our commerce is being diminished, we will later quote some statistics which show how our business in foreign trade is affected by the present Canadian embargo—for such it is.

Reverting to the subject of the three classes of Canadian tariff, we give a list of the following countries that are favored by Canada in the so-called "intermediate tariff":

Germany, Italy and her colonies, Czechoslovakia, Denmark, Belgium, Luxemburg, Estonia, Finland, Hungary, Latvia, Lithuania, Netherlands and her colonies, Norway, Portugal, Rumania, Spain (and certain of her possessions), Sweden, Switzerland, Yugoslavia, Argentina, Brazil, Colombia, Venezuela, and Japan.

This intermediary tariff is contingent only on the condition that the imported merchandise is shipped direct to Canada or through British Empire or possessions. If the merchandise arrives in Canada via United States ports, then the general tariff applies.

The foregoing shows that nearly every country in Europe and South America enjoys the privilege of the Canadian intermediate tariff, while we, speaking the same language, of the same basic race, and separated from Canada only by a boundary line, are excluded from any and all privileges of carrying on foreign trade with Canada, except under severe penalty.

Especially are we cut off from trade that originates in foreign countries and is shipped in transit through the United States to Canada.

Now, how has this law affected us? may be asked.

As an example, let us take the Canadian tariff, item no. 446a, which includes iron and steel manufactures. The Canadian duty, according to the 1932 tariff, is as follows:

	Percent
Preferential tariff	15
Intermediate tariff	27½
General tariff	35

A shipment of steel, valued at $1,000 f.o.b. point of origin, arriving in Canada, pays the following rates of duty:

	Duty	Difference in favor of intermediate countries	In favor of British Empire
If imported from or via United States	$471.50		
If imported from countries enjoying intermediate privilege (direct)	389.75	$81.75	
If imported from British Empire (direct)	253.50		$218

The above represents duty, plus sales and excise taxes.

We take this item, not because it covers steel alone but because the article covers so many different forms of steel manufactures.

We also refer to one other item—that is, bananas.

Item 98 and 98A in the Canadian tariff allows bananas to be imported into Canada from British West Indies free of duty, provided they enter Canada direct. If they are shipped from the same territory via United States port, they pay a duty of 50 cents per bunch or stem.

Item 8 in the Canadian tariff covers canned meat. The duty on this class of merchandise is: Preferential, 15 percent; intermediate, 30 percent; and general, 35 percent.

As can be testified to, thousands of cases of canned meats annually formerly arrived in Boston from the Argentine in vessels, destined for Canada. None of this cargo comes here now for reason of the 5 percent additional duty. Argentina being in the intermediate class is favored with a 30-percent rate of duty. Consequently the merchandise is shipped direct to Canada or via British Isles.

What is shown by the foregoing is simply an example, but covers every commodity of commerce, with the exception of some few articles which are by Canadian law free of duty.

In the case of British Empire goods, if the merchandise is shipped via the United States to Canada, the general or highest rate applies. Therefore, this is an indirect subsidy for shipments of goods from foreign countries of origin to Canadian ports, precluding the use of American seaports for in-transit shipments.

The crux of the situation is that goods imported into Canada via the United States are penalized by assessment of higher duties and increased sales and excise tax cost, which has resulted in a discontinuance of in-transit shipments via United States to Canada.

This condition has created a vicious circle for American marine and transportation facilities, through the diversion of waterborne and rail in-transit traffic away from the United States to the extent that steamship services from Canadian ports have increased so that already American exports and imports are moving in considerable quantity via Canadian ports which in the past moved from United States ports.

Some have suggested that an export tax be assessed on United States goods exported via a contiguous country. The Constitution strictly forbids a tax on exports, so there is no chance for action there.

The following tables show the amount of trade passing through the United States from foreign countries and vice versa, from and including the years 1921 to 1931 (the 1932 figures are not available). These figures were obtained from the Department of Commerce reports and are, therefore, authentic:

1921

Imports received:	
Total through Canada to United States	$181,220,771
Total through other North American countries to United States	194,953,605
In-transit shipments via United States to—	
Canada	21,958,735
Other countries	41,419,113

1922

Imports received:	
Total through Canada to United States	214,662,365
Total through other North American countries to United States	233,412,361
In-transit shipments via United States to—	
Canada	27,978,250
Other countries	50,504,403

1923

Imports received:	
Total through Canada to United States	$273,861,313
Total through other North American countries to United States	298,846,377
In-transit shipments via United States to—	
Canada	36,754,672
Other countries	70,536,179

1924

Imports received:	
Total through Canada to United States	226,409,725
Total through other North American countries to United States	252,056,004
In-transit shipments via United States to—	
Canada	32,270,677
Other countries	67,188,282

1925

Imports received:	
Total through Canada to United States	303,133,270
Total through other North American countries to United States	332,984,400
In-transit shipments via United States to—	
Canada	24,701,206
Other countries	68,480,665

1926

Imports received:	
Total through Canada to United States	275,891,229
Total through other North American countries to United States	300,069,800
In-transit shipments via United States to—	
Canada	37,748,332
Other countries	82,115,372

1927

Imports received:	
Total through Canada to United States	338,611,964
Total through other North American countries to United States	371,418,930
In-transit shipments via United States to—	
Canada	38,068,575
Other countries	91,284,808

1928

Imports received:	
Total through Canada to United States	252,359,492
Total through other North American countries to United States	286,993,549
In-transit shipments via United States to—	
Canada	132,402,743
Other countries	174,214,545

1929

Imports received:	
Total through Canada to United States	$249,081,959
Total through other North American countries to United States	288,133,424
In-transit shipments via United States to—	
Canada	36,293,125
Other countries	81,054,817

1930

Imports received:	
Total through Canada to United States	167,736,029
Total through other North American countries to United States	204,094,747
In-transit shipments via United States to—	
Canada	34,180,553
Other countries	74,202,170

1931

Imports received:	
Total through Canada to United States	95,430,830
Total through other North American countries to United States	123,497,344
In-transit shipments via United States to—	
Canada	17,557,267
Other countries	45,571,489

The above statistics cover only Canadian and other North American countries, such as Central America, Newfoundland, Miquelon, Labrador, Mexico, West Indies, Cuba, Dominican Republic, and Virgin Islands. We quote these for the reason that the bills presented to the House and Senate, supra, cover only merchandise shipped to the United States through contiguous countries.

It is quite evident from the foregoing that our foreign in-transit trade has been demoralized and cannot be improved or recovered unless corrective measures are taken to offset this practical embargo.

If such a law as requested in the bills, the subject of this brief, were in effect during the 10-year period above, duties would have been paid to the United States on foreign merchandise shipped through Canada to this country in amounts ranging from approximately $9,500,000 in 1931 to $34,000,000 in 1927.

Trade of Canada for the fiscal year ended March 31, 1931, contains several statements and tables which should be of especial interest, some of which read as follows: "In view of the current discussion respecting direct purchasing from overseas countries, it is of interest to point out that for many years past Canada has purchased large quantities of products, largely raw or semimanufactured, from the United Kingdom and the United States which did not originate in these countries. During the calendar years 1929 and 1930, the exports of foreign produce from the United Kingdom to Canada represented about 7 percent and in the case of the United States about 5 percent of the total exports from these countries to Canada. Foreign exports from the United States to Canada in 1929 totaled $46,302,000, and in 1930, $31,283,000." The commodities involved were as follows:

Foreign exports from United States to Canada

Commodities	1929	1930
Total, foreign exports	$46,302,000	$31,283,000
Principal foreign exports:		
Crude rubber	15,876,000	8,441,000
Raw silk	5,121,000	4,997,000
Sisal and henequen	4,955,000	2,020,000
Raw furs	2,470,000	1,529,000
Bananas	2,597,000	1,488,000
Tin bars, blocks, etc	834,000	1,375,000
Raw hides	3,190,000	1,232,000
Manila or abacá	610,000	775,000
Painting and statuary	236,000	619,000
China wood oil	761,000	529,000
Coal	211,000	517,000
Raw tobacco	367,000	510,000
Peanut oil	9,000	449,000
Nitrate of soda	382,000	371,000
Raw cotton	1,178,000	343,000
Raw wool	445,000	324,000
Furs, dressed	141,000	258,000
Raw cocoa	360,000	249,000
Precious stones	5,000	226,000
Shellac	282,000	225,000
Hemp, unmanufactured	562,000	212,000
Eggs, frozen	120,000	184,000
Wood pulp	103,000	173,000
Potash, muriate of	42,000	170,000
Gums, and resins, n.o.p	262,000	168,000
Pineapples	267,000	131,000
Nuts, edible	257,000	127,000
Leather, unmanufactured	246,000	108,000
Vegetable wax	76,000	95,000
Varnish gums, n.o.p	160,000	94,000
Dates	196,000	86,000
Vegetable drugs	84,000	83,000
Bristles	154,000	82,000
Spices	82,000	80,000
Palm and palm kernel oil	176,000	59,000
Coffee, raw	67,000	45,000

The statistics in the following table show Canada's imports by continents via the United States for the fiscal years 1921 and 1931 and indicate that the percentages of Canada's imports by continents show a decrease during the past decade for each continent with the exception of Africa:

Canada's imports via the United States, by continents, fiscal years ending Mar. 31, 1921 and 1931

Continents	Imports via the United States		Percentage of imports	
	1921	1931	1921	1931
Europe	$6,755,443	$1,466,503	2.55	0.65
North America	9,477,508	1,504,472	15.97	6.42
South America	4,002,875	1,525,729	20.68	5.96
Asia	5,033,966	3,805,152	15.02	13.53
Oceania	599,850	457,374	9.30	3.18
Africa	65,936	198,074	9.11	2.90
Total	25,935,578	8,958,204	6.75	2.78

The following information is given by a certain railroad operating out of Boston. The figures given are in tons and represent the amount of in-transit import freight shipped through Boston to Canada:

	Tons
1926	26,321
1927	24,857
1928	21,371
1929	32,238
1930	27,252
1931	15,339
1932	10,292

The increased tonnage for 1929 and 1930 was caused by approximately 10,000 tons of a certain commodity which does not enter here now. With this amount deducted from the totals of 1929 and 1930, the total miscellaneous cargoes would show 22,238 and 17,252, respectively. The percentage of decrease between 1926 and 1932, inclusive, is therefore approximately 61.5 percent.

Shipments of bananas, which we are informed were considered local and not imported traffic, would increase the above tonnage to around 5,000 tons per year up to 1930, at which time exports of this commodity to Canada via the United States began to stop.

In connection with the decrease of imports from foreign countries via the United States, it is interesting to note that several steamship companies during the past year or so have inaugurated direct sailings from eastern Canadian ports to various points on the globe. Direct lines, during certain seasons of the year, connect the eastern Canadian seacoast with the British West Indies and with South Africa, and it is certain that increasing amounts of produce from these areas are exported direct to Canada rather than through the United States.

The following item is quoted in full from the Boston Evening Globe of January 18, 1933, which shows the trend of commerce between Canada and Great Britain, to the detriment of United States commerce. We admit that this increase has been occasioned in a measure by the so-called "Ottawa pact", but it bears out our contention that a movement is already in operation to eliminate the United States as a trading nation:

"Canada's export trade in 1932 swung into empire channels. From the opening of the imperial economic conference at Ottawa in July, a pronounced increase in Canadian domestic exports to the United Kingdom was noticeable in trade returns. In the calendar year 1932, the Dominion Bureau of Statistics reports, Canada exported goods to the value of $178,171,680, an increase of $6,636,858 over the 1931 exports of $171,534,759.

"But the large increase began in July. In the last 6 months, the exports to United Kingdom totaled $116,487,568, as against $102,533,809 in the same period of 1931.

"In other words, 65 percent of Canada's exports to the United Kingdom in 1932 were sent since the conference opened in Ottawa and 35 percent in the 6 months prior to it. The United Kingdom now is very definitely Canada's leading market, taking the place formerly occupied by the United States.

"Canada's domestic exports to the United States in 1932 totaled $162,630,779, or $15,540,901 less than to the United Kingdom. In 1931, the domestic exports to the United States amounted to $256,942,045, or $85,407,223 more than to Great Britain, and in 1930 the amount was $395,738,375, or $160,514,416 more than to Great Britain.

"Domestic exports to British Empire countries in December totaled in value $20,580,547, compared with $20,262,873 a year ago, a reduction of $46,326 in value, but an increase in volume.

"During the last 6 months of 1932 the domestic exports to Empire countries totaled $137,209,418, compared with $126,483,054 in the same period of 1931, a gain of $10,726,364.

"Despite the heavy reduction of almost $10,000,000 in Canada's domestic exports to the United States as compared with December a year ago, there were some increases, such as rubber, chiefly tires and footwear, $6,000 to $11,000; raw wool, $4,000 to $10,000; shingles, $127,000 to $135,000; aluminum, $11,000 to $19,000; raw gold, $399,000 to $444,000; silver, $95,000 to $111,000; asbestos, $180,000 to $181,000; acids, $62,000 to $143,000; fertilizers, $59,000 to $112,000."

We could quote from the daily, shipping, and trade papers throughout the country on this subject, but we would simply be filling up the record with repetition.

The United States Government, as well as private interests, has spent millions of dollars developing its merchant marine in order to bring back to this country the shipping and foreign commerce we lost just after the Civil War when the business successfully carried on by our clipper ships was taken from us by Great Britain.

The American merchant marine, as well as the American railroads, must live. We have all been converted in the past few years to the realization that the carrying on of foreign commerce belongs to us as well as to other countries, and it is our purpose to see that this right is not taken from us. If we are to submit to the efforts made by other nations to destroy our commerce and shipping without some form of resistance, then we should either scrap our vessels or turn them over to foreign owners. When and if this is accomplished you will see the business of rate raising started immediately and American commerce will then have to pay excess freight to compensate for the purchase of those vessels we were forced to sell.

By the same token we must not stand by to see the Canadian railroads enjoying the foreign shipments destined to Midwestern States which rightfully belong to the United States.

The loss of this transportation for American ports, railroads, and allied interests has had its proportionate effect on the employment situation. The abnormal decreases as evidenced by the statistical data mentioned above have had a far-reaching effect, as may be seen in the number of idle piers, decreased business, and marine and rail unemployment, which in no small part may be attributed to this diversion of natural and economical in-transit trade for Canada and interior United States points.

The facts and arguments set forth justify the position we take in favor of these bills and conclude with the request that said bills be given your favorable decision, with recommendation to both the House and Senate that they should be passed.

Respectfully submitted.

THE FOREIGN COMMERCE CLUB OF BOSTON, INC.,
By WALTER E. DOHERTY, *President*.

Approved:

IRVING SORGE,
Chairman of the Board of Directors.

Attest:

ELMER E. ELWELL, *Secretary.*

PUBLIC GRAZING LANDS

Mr. GREENWOOD. Mr. Speaker, I call up House Resolution 307; and, pending that, may I ask the gentleman from Massachusetts if he desires time on the rule?

Mr. MARTIN of Massachusetts. I suggest the gentleman give us the usual time. We probably will not use all of the time. I note the rule provides for 3 hours, therefore I would suggest that the gentleman yield us 30 minutes.

Mr. GREENWOOD. I shall yield the gentleman from Pennsylvania [Mr. RANSLEY] 30 minutes.

Mr. STEAGALL. Mr. Speaker, will the gentleman permit an interruption in order to make a request?

Mr. GREENWOOD. Mr. Speaker, I yield to the gentleman from Alabama for a request.

HOME OWNERS' LOAN BILL

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 2999) to guarantee the bonds of the Home Owners' Loan Corporation, to amend the Home Owners' Loan Act of 1933, and for other purposes, with House amendments, insist upon the House amendments, and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

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

There was no objection.

Mr. LUCE. Mr. Speaker, I present a motion to instruct the conferees, which I send to the desk.

The Clerk read as follows:

Mr. LUCE offers the following: *Resolved*, That the managers of the conference on S. 2999 on the part of the House be instructed to agree to section 2 (n) thereof, as follows:

"(n) In the appointment of agents and the selection of employees for said Corporation, and in the promotion of agents or employees, no partisan political test or qualification shall be permitted or given consideration, but all agents and employees shall be appointed, employed, or promoted solely upon the basis of merit and efficiency. Any member of the Board who is found guilty of a violation of this provision by the President of the United States shall be removed from office by the President of the United States, and any agent or employee of the Corporation who is found guilty of a violation of this section by the Board shall be removed from office by said Board."

Mr. BLANTON. Mr. Speaker, I make the point of order against the motion that it is not authorized by the rules of the House.

The SPEAKER. The Chair will hear the gentleman from Texas.

Mr. DOWELL. Mr. Speaker, I submit that a motion to instruct the conferees is now in order.

Mr. BLANTON. Mr. Speaker, here is the situation There was a bill passed in the Senate making provisions for the guarantee of home-loan bonds. This was the primary purpose of the bill. Because Democratic Congressmen were allowed to appoint the appraisers and attorneys it did not set well with some Senators and Republicans, so a Republican Member of the Senate offered an amendment to require all appointments to be nonpolitical, by which term he meant that all appointees must be Republicans. He called them "nonpolitical" appointments. Whenever there is a nonpolitical appointment, some Republican gets the job. There is no such thing, Mr. Speaker, as a nonpolitical appointment. If you let the bank board or the State managers or anybody else make the appointments, they are nevertheless political appointments.

Mr. MAPES. Mr. Speaker, I make a point of order against the gentleman's statement.

Mr. BLANTON. Mr. Speaker, I am discussing the point of order.

Mr. MAPES. Mr. Speaker, I make the point of order the gentleman is discussing the merits of the legislation and not the point of order.

Mr. BLANTON. Mr. Speaker, I am discussing what was in the bill as it came to the House.

The SPEAKER. The Chair thinks the statement of the gentleman from Texas is in order.

Mr. BLANTON. I repeat there is no such thing as a nonpolitical appointment.

Mr. MAPES. Mr. Speaker, I repeat my point of order.

The SPEAKER. The Chair desires to hear the gentleman from Texas on his point of order.

Mr. BLANTON. I think I know the rules as well as my friend from Michigan, and I will admit that the gentleman is a good parliamentarian.

Mr. MAPES. The gentleman knows the rules, and the gentleman knows he is not conforming to the rules right now.

Mr. BLANTON. I have the Speaker with me. He has overruled the gentleman's point of order.

Mr. MAPES. No; the Speaker is not with the gentleman.

The SPEAKER. The point of order is overruled. The Chair will hear the gentleman from Texas.

Mr. BLANTON. Mr. Speaker, under Cannon's Revised Rules and Precedents this motion to instruct is not in order. I repeat that there is no such thing as a nonpolitical appointment. No matter who is to make the appointments, they will be political. The House has already voted down the Senate amendment, and this motion seeks to have the House act again on the same issue. The House has already decided that we Democrats are going to continue to make these appointments.

Mr. MAPES. Mr. Speaker, I renew the point of order.

The SPEAKER. The point of order is overruled.

Mr. BLANTON. Now, our good friend from Michigan ought to sit down.

Mr. Speaker, this bill came from the Senate to the House committee, and our committee very promptly and righteously and properly struck out that Senate amendment. The bill was then reported to this House and passed under suspension of the rules without any such proposal in it, although it was argued at length.

I realize that there is a precedent sustaining the position taken by the gentleman from Massachusetts [Mr. LUCE] and the gentleman from Michigan [Mr. MAPES], both of whom are able parliamentarians, in the ruling that was made by Mr. Speaker Longworth, holding that such a motion to instruct is in order. And I realize that Mr. Cannon did not cite precedents sustaining the doctrine he enunciated. And if the Speaker should overrule my point of order, I hope that the Democrats in the House will vote down this Republican motion, which, of course, will be supported by every Republican in the House.

The SPEAKER. The Chair is prepared to rule.

The provision to which the motion to instruct refers is in the bill. It was in the bill as it passed the Senate. The proposition now is to send the bill with the House amendment to conference, and the Chair knows of no parliamentary reason why the conferees may not be instructed to agree to a portion of the Senate bill. The point of order is overruled.

Mr. WOODRUM. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. WOODRUM. I understood the Speaker to say he knew of no reason why the House conferees should not be instructed.

The SPEAKER. If the House desires to do so.

Mr. WOODRUM. If the House desires to do so; yes.

Mr. STEAGALL. Mr. Speaker, I move the previous question on the motion to instruct the conferees.

Mr. PARSONS. Mr. Speaker, I ask unanimous consent that the motion may again be reported for the information of the House.

Mr. BLANTON. We have all heard it, and we all know what it is.

Mr. PARSONS. Mr. Speaker, I renew my request.

Mr. BLANTON. I object; we all know what it is.

The SPEAKER. The question is on ordering the previous question.

The previous question was ordered.

The SPEAKER. The question is on the motion of the gentleman from Massachusetts [Mr. LUCE] to instruct the conferees.

The question was taken; and on a division (demanded by Mr. LUCE) there were—ayes 68, noes 81.

Mr. LUCE. Mr. Speaker, I question the vote on the ground of the absence of a quorum.

The SPEAKER. Evidently there is not a quorum present. The call is automatic.

The question was taken; and there were—yeas 115, nays 229, answered "present" 1, not voting 85, as follows:

[Roll No. 124]

YEAS—115

Andrew, Mass.	Dockweiler	Kelly, Pa.	Reece
Andrews, N.Y.	Dondero	Kennedy, N.Y.	Rich
Arens	Dowell	Kinzer	Rogers, Mass.
Bacharach	Edmonds	Kopplemann	Seger
Bacon	Ellenbogen	Kvale	Shoemaker
Bakewell	Eltse, Calif.	Lambertson	Sinclair
Beedy	Englebright	Lea, Calif.	Stalker
Blanchard	Evans	Lehlbach	Strong, Pa.
Bolleau	Fernandez	Lemke	Studley
Bolton	Fish	Luce	Swick
Britten	Focht	Lundeen	Taber
Brown, Ky.	Foss	McFadden	Thomas
Brown, Mich.	Frear	McGugin	Thomason
Brumm	Gifford	McLean	Thurston
Burnham	Gilchrist	McLeod	Tinkham
Cannon, Wis.	Goodwin	Maloney, Conn.	Tobey
Carpenter, Kans.	Goss	Mapes	Traeger
Carter, Calif.	Guyer	Martin, Mass.	Treadway
Carter, Wyo.	Hancock, N.Y.	Merritt	Wadsworth
Chase	Hancock, N.C.	Millard	Welch
Christianson	Higgins	Monaghan, Mont.	Whitley
Clarke, N.Y.	Hoeppel	Montague	Wigglesworth
Cochran, Pa.	Hollister	Mott	Withrow
Collins, Calif.	Holmes	O'Malley	Wolcott
Cooper, Ohio	Hope	Peavey	Wolfenden
Crosser, Ohio	Howard	Perkins	Wolverton
Culkin	James	Plumley	Woodruff
Dirksen	Jenkins, Ohio	Powers	Young
Disney	Kahn	Ransley	

NAYS—229

Abernethy	Burch	Coffin	Doughton
Adams	Burke, Calif.	Colden	Douglass
Arnold	Burke, Nebr.	Cole	Drewry
Ayers, Mont.	Busby	Colmer	Driver
Ayres, Kans.	Byrns	Connery	Duffey
Bailey	Cady	Cooper, Tenn.	Duncan, Mo.
Beiter	Carden, Ky.	Corning	Durgan, Ind.
Bland	Carmichael	Cox	Eagle
Blanton	Carpenter, Nebr.	Cravens	Edmiston
Bloom	Cartwright	Cross, Tex.	Eicher
Boehne	Cary	Crowe	Ellzey, Miss.
Boland	Castellow	Cullen	Faddis
Boylan	Celler	Cummings	Farley
Brennan	Chapman	Deen	Fiesinger
Brown, Ga.	Chavez	Delaney	Fitzpatrick
Brunner	Church	DeRouen	Flannagan
Buchanan	Claiborne	Dickinson	Fletcher
Buck	Clark, N.C.	Dies	Ford
Bulwinkle	Cochran, Mo.	Dingell	Foulkes

Frey	Kniffin	Owen	Stubbs
Fuller	Kramer	Palmisano	Sumners, Tex.
Fulmer	Lambeth	Parker	Sutphin
Gambrill	Lamneck	Parsons	Swank
Gavagan	Lanham	Patman	Sweeney
Gillette	Larrabee	Peterson	Tarver
Glover	Lehr	Peyser	Taylor, Colo.
Goldsborough	Lesinski	Pierce	Taylor, S.C.
Granfield	Lewis, Colo.	Polk	Terrell, Tex.
Gray	Lindsay	Prall	Terry, Ark.
Green	Lloyd	Ramsay	Thom
Greenway	Lozier	Randolph	Thompson, Ill.
Greenwood	McCarthy	Rankin	Thompson, Tex.
Gregory	McClintic	Rayburn	Truax
Griswold	McCormack	Reilly	Turner
Haines	McDuffie	Richards	Umstead
Hamilton	McFarlane	Richardson	Utterback
Harlan	McGrath	Robertson	Vinson, Ga.
Hart	McKeown	Robinson	Vinson, Ky.
Harter	McReynolds	Rogers, N.H.	Wallgren
Hastings	Maloney, La.	Romjue	Walter
Healey	Mansfield	Ruffin	Warren
Henney	Marland	Sanders	Wearin
Hildebrandt	Martin, Colo.	Sandlin	Weaver
Hill, Ala.	Martin, Oreg.	Schuetz	Weideman
Hill, Knute	May	Schulte	Werner
Hill, Samuel B.	Mead	Scrugham	West, Ohio
Huddleston	Meeks	Sears	White
Hughes	Miller	Secrest	Whittington
Jenckes, Ind.	Milligan	Shallenberger	Wilcox
Johnson, Okla.	Mitchell	Shannon	Williford
Johnson, Tex.	Montet	Sirovich	Williams
Johnson, W.Va.	Moran	Smith, Wash.	Wilson
Jones	Morehead	Smith, W.Va.	Wood, Ga.
Kee	Murdock	Snyder	Wood, Mo.
Keller	Musselwhite	Somers, N.Y.	Woodrum
Kenney	O'Connell	Spence	
Kerr	O'Connor	Steagall	
Kloeb	Oliver, N.Y.	Strong, Tex.	

ANSWERED "PRESENT"—1

Dunn

NOT VOTING—85

Adair	Crump	Kelly, Ill.	Reed, N.Y.
Allen	Darden	Kennedy, Md.	Reid, Ill.
Allgood	Darrow	Kleberg	Rogers, Okla.
Auf der Heide	Dear	Knutson	Rudd
Bankhead	De Priest	Kocialkowski	Sabath
Beam	Dickstein	Kurtz	Sadowski
Beck	Ditter	Lanzetta	Schaefer
Berlin	Dobbins	Lee, Mo.	Simpson
Biermann	Doutrich	Lewis, Md.	Sisson
Black	Doxey	Ludlow	Smith, Va.
Brooks	Eaton	McMillan	Snell
Browning	Fitzgibbons	McSwain	Stokes
Buckbee	Gasque	Marshall	Sullivan
Caldwell	Gillespie	Moynihan, Ill.	Taylor, Tenn.
Cannon, Mo.	Griffin	Muldowney	Turpin
Carley, N.Y.	Hartley	Nesbit	Underwood
Cavicchia	Hess	Norton	Waldron
Collins, Miss.	Hoidale	O'Brien	West, Tex.
Condon	Imhoff	Oliver, Ala.	Zioncheck
Connolly	Jacobsen	Parks	
Crosby	Jeffers	Pettengill	
Crowther	Johnson, Minn.	Ramspeck	

So the motion to instruct the conferees was rejected.

The following pairs were announced:

On this vote:

Mr. Snell (for) with Mr. Bankhead (against).
Mr. Darrow (for) with Mr. Rudd (against).
Mr. Crowther (for) with Mr. Allgood (against).
Mr. Doutrich (for) with Mr. Auf der Heide (against).
Mr. Allen (for) with Mr. Sullivan (against).
Mr. Beck (for) with Mr. Browning (against).
Mr. Eaton (for) with Mr. Berlin (against).
Mr. Hess (for) with Mr. Condon (against).
Mr. Reed of New York (for) with Mr. Lanzetta (against).
Mr. Knutson (for) with Mrs. Norton (against).
Mr. Ditter (for) with Mr. Griffin (against).
Mr. Marshall (for) with Mr. Black (against).
Mr. Connolly (for) with Mr. Beam (against).
Mr. Muldowney (for) with Mr. Dickstein (against).
Mr. Simpson (for) with Mr. Kelly of Illinois (against).
Mr. De Priest (for) with Mr. Gavagan (against).
Mr. Buckbee (for) with Mr. McSwain (against).
Mr. Kurtz (for) with Mr. McMillan (against).
Mr. Turpin (for) with Mr. Sabath (against).
Mr. Waldron (for) with Mr. Sisson (against).
Mr. Moynihan of Illinois (for) with Mr. Carley (against).
Mr. Cavicchia (for) with Mr. Gasque (against).
Mr. Taylor of Tennessee (for) with Mr. Jeffers (against).

Until further notice:

Mr. Ludlow with Mr. Stokes.
Mr. Underwood with Mr. Reid of Illinois.
Mr. Cannon of Missouri with Mr. Hartley.
Mr. Oliver of Alabama with Mr. Hope.
Mr. Collins of Mississippi with Mr. Johnson of Minnesota.
Mr. Lewis of Maryland with Mr. Rogers of Oklahoma.
Mr. Brooks with Mr. Bierman.
Mr. Kleberg with Mr. Caldwell.
Mr. Doxey with Mr. Gillespie.
Mr. Smith of Virginia with Mr. Adair.
Mr. Crosby with Mr. Imhoff.
Mr. Crump with Mr. West of Texas.
Mr. Fitzgibbons with Mr. Hoidale.
Mr. Darden with Mr. Schaefer.
Mr. Ramspeck with Mr. Lee of Missouri.
Mr. Parks with Mr. Dobbins.
Mr. Dear with Mr. Nesbit.
Mr. O'Brien with Mr. Pettengill.
Mr. Jacobsen with Mr. Zioncheck.

Mr. COCHRAN of Missouri. Mr. Speaker, how am I recorded?

The SPEAKER. The gentleman is recorded as voting "aye."

Mr. COCHRAN of Missouri. I wish to change that vote to "no."

The result of the vote was announced as above recorded.

The SPEAKER. The Chair appoints the following conferees: Mr. STEAGALL, Mr. PRALL, Mr. GOLDSBOROUGH, Mr. LUCE, and Mr. BEEDY.

CLAIMS OF THE TURTLE MOUNTAIN BAND OF CHIPPEWA INDIANS, NORTH DAKOTA

Mr. HOWARD. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill S. 326, 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, insist on the House amendment, and agree to the conference asked for.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. Reserving the right to object, has the gentleman consulted the Republican members of the committee?

Mr. HOWARD. I have consulted a magnificent member of the committee, the gentleman from Wisconsin [Mr. PEAVEY].

Mr. MARTIN of Massachusetts. And they have no objection to this?

Mr. HOWARD. No.

There was no objection, and the Speaker appointed as conferees on the part of the House Mr. CARTWRIGHT, Mr. CHAVEZ, and Mr. PEAVEY.

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent to proceed for 3 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. WOLCOTT. Mr. Speaker and gentlemen, I have asked for this time in order to call your attention to the McLeod bill, H.R. 7908. A petition has been laid on the Clerk's desk for the discharge of the committee.

I am informed that a goodly number have already signed the petition, and it is desirable that we obtain sufficient signatures today. To discharge the committee and thus assure us of a hearing on the floor, it is necessary that 145 Members sign the petition.

The bill authorizes the release of 100 percent of the deposits which are at present tied up in the closed banks. It is estimated that it will release a potential purchasing power of about $1,800,000,000.

There is no criticism of anybody with respect to this bill. We think it is far-reaching and important enough so that it should be brought up and disposed of immediately.

One reason why we think we should consider it immediately is that many small banks have reserves and surpluses on deposit with the larger urban banks. Under the ruling of the Supreme Court the small banks have the same status as individual depositors. If this bill is passed the small banks will be able to open up and pay the depositors, which will relieve a great deal of distress in America today, because many people cannot recoup their losses otherwise due to infirmity, old age, and incapacity to work. Many of this class have funds tied up and cannot get relief by employment in the C.W.A. or any agency, and are therefore on welfare rolls. The bill should be passed and I plead with Members to sign the petition and enact it as soon as possible.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. WEIDEMAN. It has been estimated that the Government will pay out a billion or a billion and a half to the C.W.A. and relief agencies this year. If the R.F.C. takes over

the assets of these banks, it is estimated it will cost about one billion to one and one half billion dollars. If we do this, the Government will receive assets greater than the deposit liability of the banks, and the Government should not lose anything in an orderly liquidation. In addition many people who are now on welfare rolls will be taken off the rolls.

Mr. WOLCOTT. Yes; and it would relieve the taxpayers of the burden of carrying these people on the welfare rolls at a tremendous cost to the people who were in nowise responsible for the plight of millions dependent upon their hard-earned savings for a livelihood.

TAX-FREE SECURITIES

Mr. SHOEMAKER. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. SHOEMAKER. Mr. Speaker, a great many Members have introduced bills asking for a constitutional amendment, which would do away with tax-free securities. If I am correctly informed, about 150 Members of the Seventy-third Congress have already introduced this same bill. The other day I took a group of names of those who had introduced this same bill, practically verbatim, and I picked out the Patman bill and laid it upon the desk here for signers. All of you who introduced that bill have an opportunity to show that you stand behind it. It has been charged in campaigns that Congressmen all introduced this bill for a constitutional amendment to do away with tax-free securities so that they can have it referred to the Committee on the Judiciary and have it printed, and then take it home and wave it before their constituents in a campaign and say, "Here is what I have done to do away with these tax-free securities." For that reason I have given everybody in this House an opportunity to step up here to the desk and sign that petition to do away with tax-free securities in the United States and do away with the Wall Street graft that has been going on in this country with regard to tax-free securities. Without reflection upon the Committee on the Judiciary, where all these bills have been referred, I ask you at this time to come up here and sign this petition to take the bill away from the committee and put it up for passage.

The amendment would be submitted to the several States of the Union, to do away with tax-free securities or tax-free bonds issued by the United States Government. The petition is on the desk, and I ask every one of you to sign that petition so that we may submit this constitutional amendment to the various States.

LEAVE TO FILE REPORT UNTIL MIDNIGHT

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary may have until midnight tonight to file a report on what is known as the "Johnson bill", dealing with public utilities.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, is there to be a minority report filed upon that bill?

Mr. SUMNERS of Texas. Yes.

Mr. MARTIN of Massachusetts. Will the gentleman not include in the request that the minority also have that same opportunity?

Mr. SUMNERS of Texas. Yes. I thank the gentleman for his suggestion. I modify my request, Mr. Speaker, to make it both the minority and the majority.

The SPEAKER. The gentleman from Texas asks unanimous consent that the majority and the minority may have until midnight tonight to file reports upon the so-called "Johnson bill." Is there objection?

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate agrees to the amendments of the House to bills and a joint resolution of the Senate of the following titles:

S. 2545. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near Astoria, Oreg.;

S. 2571. An act 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;

S. 2675. An act creating the Cairo Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the Ohio River at or near Cairo, Ill.; and

S.J.Res. 15. Joint resolution extending to the whaling industry certain benefits granted under section 11 of the Merchant Marine Act of 1920.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 828) entitled "An act to authorize boxing in the District of Columbia, and for other purposes", requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. KING, Mr. COPELAND, and Mr. CAPPER to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 8617) entitled "An act making appropriations for the legislative branch of the Government 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. TYDINGS, Mr. BYRNES, Mr. COOLIDGE, Mr. HALE, and Mr. TOWNSEND to be the conferees on the part of the Senate.

IMPROVEMENT AND DEVELOPMENT OF THE PUBLIC RANGE

Mr. GREENWOOD. Mr. Speaker, I call up House Resolution 307, which I send to the desk and ask to have read.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H.R. 6462, a bill to stop injury to the public grazing lands by preventing overgrazing and soil deterioration, to provide for their orderly use, improvement, and development, to stabilize the livestock industry dependent upon the public range, and for other purposes, and all points of order against said bill or any amendment recommended by the Committee on the Public Lands are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Public Lands, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

With the following committee amendment:

Page 2, line 2, strike out the word "two" and insert the word "three."

Mr. GREENWOOD. Mr. Speaker, I am presenting House Resolution 307, from the Committee on Rules, for the consideration of the bill (H.R. 6462) to stop injury to the public-grazing land by preventing overgrazing and soil deterioration, to provide for their orderly use, improvement, and development, to stabilize the livestock industry dependent upon the public range, and for other purposes. This is a bill which passed a former House and was known as the Colton bill. It is a conservation measure that many of our Representatives who reside in the West think is very badly needed. The rule is an open rule and provides for 3 hours of debate, and the bill is subject to amendment. Under the rule, the bill will be so considered. It is for the regulation and placing under the Interior Department of about 175,000,000 acres of the public domain, which have not been homesteaded, that are still uncontrolled and largely uninhabited, that are mostly vacant, or that have been used in times past by people grazing cattle and sheep unrestrictedly. Very often the grazing land is grazed rather closely and destroyed, because there are no regulations. The rule waives all points of order because there is provided in the bill a

certain charge to be made under regulation by the Secretary of the Interior. The bill provides how the money charged shall be paid—25 percent for the improvement of the land itself, 25 percent for local taxation purposes, and 50 percent to the Federal Treasury. The Secretary of the Interior and the Secretary of Agriculture have reached an agreement that the regulation of this land shall come under the Secretary of the Interior, who now has control of the entry of the land. There has been considerable controversy in the past between different groups of men who use this land for grazing purposes, those who use it for cattle grazing and those who use it for sheep grazing. In order to bring this under control and put it in charge of the proper official of the Government, it has been deemed best the Secretary of the Interior shall take charge of the control of the land. This is a matter that is very urgent, and the Committee on the Public Lands came before the Committee on Rules asking for the rule. Inasmuch as the bill has heretofore passed the House, the Rules Committee thought it best to grant this open rule for the consideration of the bill at this time. The rule provides for 3 hours of debate on the bill.

If no questions are to be asked concerning the rule, I yield to others that may desire to speak.

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Connecticut [Mr. Goss].

Mr. GOSS. Mr. Speaker, if I may indulge the permission of the House for a few minutes, this is the first rule that has been adopted by the Rules Committee, since the sitting of the subcommittee of the Committee on Appropriations, which creates another permanent appropriation. That is what I desire to direct my remarks to briefly at this time.

The Appropriations Committee appointed a subcommittee to study all permanent appropriations. I call the attention of the House to the fact that there are about 500 permanent appropriations which open the back door of the Treasury of the United States to amounts that are impossible to estimate. There is a committee sitting at this very minute in the Appropriations Committee, of which I have the honor to be a member, studying this very question. We are not opposing legislation that comes on the floor as such, but we are opposing legislation that comes on the floor which brings with it an appropriation. In other words, we have no quarrel with any authorization that the legislative committees desire to bring in, but this rule waives all points of order, and, of course, our committee would have made a point of order against the paragraph that sets up the grazing fees. I am not here trying to argue the value of those grazing fees at all. I am simply trying to call the attention of the Members to a policy that has been very disconcerting to all Government agencies and especially the Comptroller General. Within the next 2 or 3 weeks this subcommittee expects to bring a bill to the floor to try to correct those practices that have been coming into Congress during the past 150 years, if you please. It is simply another example of the camel getting his nose under the tent; they come here and create their permanent appropriations over which not only Congress has no jurisdiction but many hundreds of which never even get into the Budget.

There is not a single member of the subcommittee, when we started to study this situation, who realized or even dreamed that such things were possible. It has come to light now during our hearings which have covered the last 5 weeks, and which within the last 2 days has gone to the Printer. As I say, we are going to bring out a bill in the very near future to try to correct these bad practices, bad in the eyes of the Government departments; because if we have an authorization for all such items as that in this bill, then the department would be required to come before the Subcommittee on Appropriations each year to justify that appropriation, the same as they do for appropriations under the annual supply bills. In other words, what we are attempting to do is to simply let the permanent appropriations stand, as far as the authorization goes, but to require the department to come before the Subcommittees on Appropriations to justify the particular appropriation in which they are interested.

Mr. CULKIN. Will the gentleman yield?

Mr. GOSS. I yield.

Mr. CULKIN. Can the gentleman tell me what the permanent appropriations with reference to reclamation and irrigation, which never come into the House, amount to?

Mr. GOSS. Oh, there are many, many. I cannot say just how many on irrigation and reclamation. I will say there are dozens of them.

The SPEAKER. The time of the gentleman from Connecticut [Mr. Goss] has expired.

Mr. RANSLEY. Mr. Speaker I yield the gentleman 5 additional minutes.

Mr. CULKIN. Can the gentleman give the House an estimate of the amount that goes into this for reclamation and irrigation?

Mr. GOSS. No. It is impossible for anyone to state that, because these various appropriations are in many classes, some of which are in the Budget, as the gentleman knows, some of which are called to the attention of the House in the reports from the Subcommittees on Appropriations. Again, there are laws that have been down there for a hundred years and more that do not even enter the Budget, but the status of them is that the department head could bring them to light at any time if he so desired.

Mr. CULKIN. And there is no review of the present status of the subject matter appropriated for?

Mr. GOSS. Certainly not, because most of them are of an indefinite nature, which only time can tell what might be involved in the future, if they desire to bring those so-called "dead" appropriations to light again.

Mr. CULKIN. But under the existing law the appropriation is mandatory upon your committee?

Mr. GOSS. Certainly. Not upon our committee, but upon the Treasury of the United States. That is what we are complaining about. The Committee on Appropriations has no jurisdiction in the matter whatsoever at any time, when they once become permanent law, such as is in this bill.

Mr. RICH. Will the gentleman yield?

Mr. GOSS. I yield.

Mr. RICH. Does the bill which the gentleman's committee expects to bring in require that before any organization can be set up by the Government it must have the approval of the Appropriations Committee, so that they will know what the cost of this will be?

Mr. GOSS. That is the intention, I will say to the gentleman; yes, sir.

Now, I want to say to the Members at this point that the Chairman of the Committee on Appropriations appeared before the Rules Committee on this very bill, as opposed to appropriating money. He had no objection to the authorization. I am sure the proponent of the bill, in all fairness to him, as a member also of the Committee on Appropriations, if he felt that our committee was going to treat everybody alike in this instance, might be willing to accept an amendment to the bill which would make it purely an authorization rather than an appropriation. I see the gentleman from Colorado here, and I want to ask the gentleman if he would not cooperate with the Committee on Appropriations and accept an amendment to procure an authorization instead of an appropriation of an indefinite and permanent character?

Mr. TAYLOR of Colorado. The gentleman from Connecticut has stated the situation. The gentleman and I are both members of the Committee on Appropriations. We created a new subcommittee, as the gentleman just stated, to look into the permanent and indefinite appropriations. There are many hundreds of them. The committee is conscientiously doing that. What they are trying to do is to require the appropriations to go through the Treasury and come out in the regular way.

Mr. GOSS. Not only appropriations but special funds and trust funds as well.

Mr. TAYLOR of Colorado. As a matter of fact, we feel that there are some funds that have been created as this one is being created; and that is really not Federal funds

at all. Nevertheless, for the purpose of having system and order about it, I would not object to this amendment; but, of course, it makes us come before Congress every year to get back the money that we ourselves paid in.

Mr. GOSS. Does not the gentleman feel that the Congress of the United States, of which body he is a Member of long seniority, a man who holds a high-ranking position on the Appropriations Committee, that Congress itself should really go into all these matters?

Mr. TAYLOR of Colorado. Oh, I think so.

Mr. GOSS. Especially in those cases when we are dealing with matters of public interest, such as the public lands. I am sure the gentleman agrees with me on that.

Mr. TAYLOR of Colorado. Oh, yes; there are, of course, a number of large funds that are automatically carried without any consideration at all. I do feel that the committee of which the gentleman from Connecticut speaks is rendering a great service to the country; and we should not throw any monkey wrenches into its machinery. I believe these things will work out satisfactorily.

Mr. GOSS. I may say to the gentleman from Colorado that the Chairman of the Appropriations Committee himself has issued instructions to the clerk of the Appropriations Committee and is taking a personal interest in it.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 5 additional minutes to the gentleman from Connecticut.

Mr. GOSS. We are endeavoring insofar as it is humanly possible to watch every bill that comes before Congress, to see if the bill contains anything in the nature of a permanent, indefinite, or specific appropriation. We are making points of order against such items. As a matter of fact I, as a member of that subcommittee, have the assurance of members of the Rules Committee that in the future at least the present Committee on Rules will not report out a rule unless and until the Chairman of the Appropriations Committee has had an opportunity to come before the Rules Committee.

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

Mr. GOSS. I yield.

Mr. DEROUEN. It is also proposed to introduce a bill for the purpose of removing most of the permanent appropriations from all the other departments.

Mr. GOSS. Yes; to remove the permanent appropriations but not the authorizations for them, I may say to the gentleman.

Mr. DEROUEN. Only those that are permanent.

Mr. GOSS. Since the gentleman has brought the subject up and in order to be absolutely fair to the House, I think there may be a few exceptions such as interest on the public debt, the sinking fund, and possibly one or two other things. It would not be good policy for the Government to come before Congress and have Congress change the interest rate on bonds when the obligations are already outstanding; but there will be very, very few exceptions. It is going to be the policy of this committee to go right through the list of all permanent appropriations; and again I ask those in charge of the bill to cooperate with the Appropriations Committee today and accept an amendment making this simply an authorization instead of a permanent appropriation. I am sure such an amendment can be drafted to the satisfaction of all concerned.

Mr. TAYLOR of Colorado. We have an agreement with the Appropriations Committee that we will introduce such an amendment.

Mr. GOSS. I thank the gentleman; and I want to take this opportunity of thanking the gentleman from Colorado for his cooperation, because I stand here fully informed that he could have insisted on his point, because under the rule all points of order are waived; but it is heartening indeed to see this spirit of really trying to work out a program in cooperation. I wish to pay my respects and compliments to the gentleman from Colorado for his broad-mindedness, for he really had the matter in his pocket had he wanted to insist upon his rights.

Mr. GREENWOOD. As I understand, an amendment along the line suggested by the gentleman from Connecticut will be offered to the bill.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. PEYSER). The gentleman yields back 1 minute.

Mr. RANSLEY. Mr. Speaker, there is no further demand for time on this side of the House. So I surrender the balance of my time.

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

The previous question was ordered.

The committee amendment was agreed to.

The resolution was agreed to.

Mr. DEROUEN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 6462) to stop injury to the public-grazing lands by preventing overgrazing and soil deterioration, to provide for their orderly use, improvement, and development, to stabilize the livestock industry dependent upon the public range, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H.R. 6462, with Mr. DOXEY in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

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

Mr. Chairman, this is a conservation measure for the purpose of protecting the public domain of the United States.

I think no one will dispute that the regulation of grazing on forest lands has been a very great help to those lands. In fact, it has been a very great help not only to the lands themselves but to the livestock men that use these lands for grazing purposes.

The grazing on the great area of the public domain has not been regulated, as no one has that authority now. Since that authority does not exist in the Government, the result is that these lands are being greatly injured by overgrazing, and no protection is given to water holes. The lands are being injured and a great waste has already occurred, and a very valuable asset is being dissipated. Unless it is done very soon, it will be too late to save these valuable resources.

Bills similar to this one have been before the committee for several years, and this bill is the result of the hearings held in the past. This bill before you takes care of all reasonable objections which were brought to the attention of the committee. I do not recall one witness who did not admit the urgent need of some regulation.

At the last session of the Seventy-second Congress this committee reported the Colton bill—and it was passed in the last days of the session, but, unfortunately, the Congress adjourned before the Senate took any action on the bill.

Let me point to you what the present bill does: H.R. 6462, as indicated by its title, is a general bill, applicable to all public lands of the United States outside of Alaska and not included in national forests, parks, and monuments, or Indian reservations.

Section 1 would authorize the Secretary of the Interior to establish grazing districts or additions thereto subject to prior existing valid claims.

Section 2 would authorize the Secretary of the Interior to make necessary rules and regulations and to do those things necessary to carry out the purposes of the act.

Section 3 would authorize the issuance of permits to graze livestock in such grazing districts to homesteaders, residents, and other owners of livestock upon payment annually of reasonable fees; the permits to be issued to individuals, groups, or associations for not exceeding 10 years, but subject to renewal, in the discretion of the Secretary of the Interior. It also provides that preference shall be given

occupants and settlers on land within or near a district to such range privileges as may be needed to permit proper use of lands occupied by them.

Section 4 permits the placing of such improvements as fences, wells, reservoirs, and so forth, upon permitted areas in connection with their development and use.

Section 5 authorizes the Secretary of the Interior to permit limited free grazing within such districts of livestock kept for domestic purposes and also to permit the use under existing laws, or future laws, of timber, stone, gravel, and so forth, by bona fide settlers, miners, and prospectors.

Section 6 expressly continues in force in such districts the laws of Congress authorizing the granting of rights-of-way for the prospecting, locating, developing, entering, leasing, or patenting of mineral resources.

Section 7 authorizes the Secretary of the Interior to examine and classify lands in grazing districts which are valuable and suitable for agriculture and to open such areas to homestead entry in tracts not exceeding 320 acres.

Section 8, recognizing that these districts will necessarily contain lands in private ownership or owned by States or railroads, makes provision for the Secretary of the Interior, in his discretion, to make exchange of lands for the mutual benefit of those concerned.

Mr. SAMUEL B. HILL. Will the gentleman yield?

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

Mr. SAMUEL B. HILL. Does this bill withdraw from homestead entry lands now subject to homestead entry which may be included in a grazing district?

Mr. DEROUEN. No.

Mr. SAMUEL B. HILL. In this connection I should like to have the chairman of the committee explain what the significance of the language is to which I just referred in section 7 of the bill "and to open such lands to homestead entry in tracts not exceeding 320 acres in area."

Mr. DEROUEN. I may explain that the 320 acres was placed in there later. The bill as originally written contained 160 acres under the homestead law, but in the hearings it was discovered that this would not take care of the dry area in arid parts of the country. This was raised from 160 to 320 acres in order to take care of the situation.

Mr. SAMUEL B. HILL. That is not the point I have in mind.

Mr. DEROUEN. I think I understand what the gentleman has in mind.

Mr. SAMUEL B. HILL. Why is it necessary for the Secretary to open such land to homestead entry if the provisions of the bill do not in any way affect the rights of homesteaders as to these lands?

Mr. DEROUEN. It does in one instance. This eliminates the 640-acre homestead law that we have for grazing purposes. That is eliminated and goes out of the law. This does not prevent or injure those who are going to homestead on either 160 or 320 acres.

Mr. AYERS of Montana. Will the gentleman yield?

Mr. DEROUEN. I yield to the gentleman from Montana.

Mr. AYERS of Montana. I may say to the gentleman from Washington that the bill takes in all of the land in all of the public-domain States and puts the land into a reserve, the same as the national forest reserve. After these reserves are created in this manner, then on application to the Secretary of the Interior the lands therein may be set aside and homestead entries may be permitted upon them.

Mr. SAMUEL B. HILL. Then, as a matter of fact, this does withdraw them from homestead entry under the present state of the law?

Mr. AYERS of Montana. It does.

Mr. ENGLEBRIGHT. Will the gentleman yield?

Mr. DEROUEN. I yield to the gentleman from California.

Mr. ENGLEBRIGHT. I think the gentleman from Washington is correct. The bill practically abrogates all existing homestead laws and gives the Secretary of the Interior the right to designate the areas under which homesteads may be taken under this 320-acre provision.

Mr. SAMUEL B. HILL. On application by a prospective entrant?

Mr. ENGLEBRIGHT. Yes. That is according to my understanding.

Mr. DEROUEN. Yes.

Mr. AYERS of Montana. Will the gentleman yield for another observation?

Mr. DEROUEN. I yield to the gentleman from Montana.

Mr. AYERS of Montana. That, however, does not affect any existing application for a homestead or other public-land application or right.

Mr. DEROUEN. That is what I had in mind.

Mr. CULKIN. Will the gentleman yield?

Mr. DEROUEN. I yield to the gentleman from New York.

Mr. CULKIN. Then, in effect, this statute will result in discontinuing further settlement of the great open spaces in the West?

Mr. DEROUEN. No; it does not.

Mr. CULKIN. This suspends it, at least, as I read the statute.

Mr. DEROUEN. Yes; but it does not have the effect the gentleman suggests.

Mr. CULKIN. How long does this bill, in fact, suspend the matter?

Mr. SAMUEL B. HILL. If the gentleman will yield, I have read the bill rather hurriedly, and it strikes me it would limit the homestead entries to lands suitable for agricultural purposes and would not permit homesteading on lands suitable for grazing and other purposes.

Mr. CULKIN. What is the limit?

Mr. SAMUEL B. HILL. It is unlimited.

Mr. DEROUEN. As soon as the bill is passed the Secretary will have a survey made to determine which lands are suitable for agriculture. This will take a little time.

Mr. CULKIN. It amounts to more bureaucracy.

Mr. DEROUEN. No. I think the gentleman is in error. This bill, I may say, or one similar to it, was approved by Mr. Hoover, his Secretary of the Interior and Secretary of Agriculture, some 4 years ago.

Mr. CULKIN. May I say to the gentleman that I was a great admirer of Mr. Hoover, but I did not subscribe to all his tenets.

Mr. DEROUEN. That is very kind of the gentleman.

Section 9 requires the Secretary of the Interior to provide for suitable regulations for cooperation with local associations of stockmen and with such supervisory boards as may be named by such associations; the views of these boards are to be given consideration in the administration of the area. This section also authorizes the Secretary of the Interior to accept contributions toward the administration, protection, and improvement of the district.

Section 10 provides for allocation of money received.

Section 11 deals with lands which have been ceded to the United States by Indians for disposition under the public-land laws upon condition that the receipts therefrom shall be credited to the Indians.

Section 12 authorizes the Secretary of the Interior to cooperate with any department of the Government in carrying out the purposes of the act and in the coordination of range administration, particularly where the same stock grazes part time in a public-domain grazing district and part time in a national forest or other reservation.

Mr. Chairman, may I call your attention to the fact that this bill fits in exactly with the provisions of the act of March 31, 1933, Public, No. 5, Seventy-third Congress, known as the "Emergency Conservation Act", for the relief of unemployment through performance of useful work. In view of the rapidity with which important problems have developed and the necessity of formulating broad and comprehensive plans carrying forward this important measure without interruption, it would seem the part of wisdom to enact H.R. 6462.

The proposed bill, in addition to its inherent merits, would clothe the Interior Department with the power to regulate the use of the remaining public lands so as to justify the un-

dertaking of important work looking to flood control, the protection of watersheds and water supplies, the checking of erosion, and the regulation of grazing, including the development of water holes and stock driveways.

Mr. Chairman, the enactment of this bill is of tremendous importance, and it would be a step forward in the interest of true conservation.

Mr. RICH. Will the gentleman yield?

Mr. DEROUEN. I yield to the gentleman from Pennsylvania.

Mr. RICH. In section 10 there is a change in the administration of the bill or in the cost of administration to the Federal Government, whereby it extends to the State 50 percent, whereas formerly it was 25 percent, when approved by the Secretary of Agriculture and the Secretary of the Interior.

Mr. DEROUEN. I may say to the gentleman that he is a member of the committee. The question was voted on in the committee room and was put on by the committee. This was the will of the committee.

Mr. RICH. The committee decided they should give 50 percent to the States rather than 25 percent as originally provided in the bill?

Mr. DEROUEN. Yes.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. DEROUEN. I yield to the gentleman from Minnesota.

Mr. CHRISTIANSON. I note those who signed the minority report state that in their opinion the jurisdiction or the administration of this bill better be left with the Forest Service. Does the gentleman have any comment upon this suggestion?

Mr. DEROUEN. I shall answer the gentleman by saying that this was thoroughly considered in the committee.

The Secretary of the Interior appeared and also the Secretary of Agriculture and the Chief of the Forest Service. They told us there was a general understanding and agreement that the bill should go through as it is and, secondly, the Chief of the Forest Service testified it would cost around $2,000,000 or $1,500,000 to administer the bill if its administration were under that Bureau. The Interior Department testified they could do the work for $150,000. So having at heart the interest of the people who are going to pay this money, we decided to look at the matter in a businesslike way and put it where the cost would be the least, which would make the charges to these poor people for grazing that much less.

Mr. CHRISTIANSON. And it is the gentleman's opinion that the Department of the Interior will be able to set up the necessary administrative machinery without creating a very large additional bureau of government.

Mr. DEROUEN. It is not necessary to create any bureau. It is simply a question of coordinating the existing set-up, and there is an understanding between the two bureaus to do this.

Mr. CHRISTIANSON. I thank the gentleman for the information.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. DEROUEN. I yield.

Mr. COCHRAN of Missouri. Has the gentleman referred to the President's letter to the Secretaries, in which the President stated he was in favor of the principle of the bill?

Mr. DEROUEN. Yes.

Mr. COCHRAN of Missouri. Did the committee find out what part of the bill the President might not be in favor of?

Mr. DEROUEN. I think the committee did. Through the members of the Cabinet who appeared before the committee, we have the entire matter as he wishes.

Mr. COCHRAN of Missouri. Has the committee eliminated that part of the bill recommended by the Secretary of the Interior for elimination, which, I believe, is section 13?

Mr. DEROUEN. That was never in this bill. That was in the old bill.

Mr. COCHRAN of Missouri. That provision is not contained in the new bill in any other section?

Mr. DEROUEN. No.

Mr. COCHRAN of Missouri. And the bill now before the House is approved both by the Secretary of the Interior and the Secretary of Agriculture?

Mr. DEROUEN. Yes. This bill is perfectly in harmony with the testimony and the wishes of the Departments involved. [Applause.]

Mr. Chairman, I reserve the balance of my time.

Mr. ENGLEBRIGHT. Mr. Chairman, I yield 25 minutes to the gentleman from Wyoming [Mr. CARTER].

Mr. CARTER of Wyoming. Mr. Chairman, this bill has been referred to as a reformer's dream. I think the person who made the reference paid it too high a compliment, for after reading the bill, it is my opinion that it is a reformer's nightmare.

The title of this bill reads:

A bill to stop injury to the public grazing lands by preventing overgrazing and soil deterioration, to provide for their orderly use, improvement, and development, to stabilize the livestock industry dependent upon the public range, and for other purposes.

The title should read:

A bill to take away from the livestock industry of the West the free use of 173,000,000 acres of public domain, abolish the 640-acre homestead and desert entry laws, and retard the political and economic growth of the West.

The purposes set forth in this bill are nothing new; for over 20 years bills having the same intent but not so drastic have been before the House and got nowhere.

I know the gentleman from Colorado [Mr. TAYLOR] takes no pride in the authorship of this bill. On March 10, 1933, Mr. TAYLOR introduced the identical Colton bill, which passed Congress last session and which was drawn in the Department of the Interior in collaboration with the Department of Agriculture.

The gentleman from Colorado, in his statement before the committee on the hearings of this bill, said that he was strenuously opposed to section 13 of the Colton bill and that this section was forced into the bill on the floor of the House by gentlemen who were trying to kill the bill. I cannot understand if the gentleman was so much opposed to section 13 of the Colton bill why he would introduce a bill with that identical section in it.

On December 23 last Secretary Ickes, by way of interview, had an article in the Saturday Evening Post entitled, "The National Domain and the New Deal", in which he stated that he would be for the Colton bill, which was identical with the Taylor bill, provided certain changes were made. Then, on January 5, less than 2 weeks later, the gentleman from Colorado introduced the bill under consideration, which reads as if an antenna were attached to the mouth of Secretary Ickes. This bill should be called the Ickes bill.

The person who introduced this bill states that this is not a political matter, and then goes on to say as follows:

I might say that, as a member of the Democratic steering committee, I took this matter up with the steering committee, and I do not think that I am violating any confidence when I say that I was advised that if the administration wanted this done, naturally they would be inclined to do it, provided the committee reported the bill out. Therefore it is not a will-o'-the-wisp here before you. If the committee reports it out, I am sure that the steering committee will endeavor to put the bill before the House before we adjourn.

I wonder how far this bill would have gotten had not pressure been brought to bear upon the members of the committee by officials from the Department of the Interior? The Assistant Solicitor had a consultation with the senior Senator from Wyoming and myself relative to this bill. He said he would like to have our views on the matter, provided they conflicted in no way with the views of the Secretary of the Interior. We intimated that we should like to have the junior Senator from Wyoming present at our meeting, but he said it was not necessary, as the junior Senator had already promised the Secretary of the Interior that he would support the bill. When the committee went into executive session to consider this bill, one of the members suggested that the alleged author of the bill be invited to sit in, and then the chairman suggested that the Assistant Solicitor sit in in order to explain the amendments to this bill. This

just goes to show to what extent the Department was using pressure to put this bill over.

The gentleman from Colorado went so far as to ask the Secretary of the Interior and the Secretary of Agriculture what to show in their reports. Let me quote from his statement:

> I asked them to show two things in their report: First, that the policy proposed will be beneficial to the West, beneficial to the people who live in those States, as well as to the Federal Government, and to show also in addition to that the urgency of it at this time.

And then he says there is no politics in this bill.

I am astonished that the chairman of the committee has not asked the Solicitor of the Department of the Interior and Secretary Ickes to come here and explain the bill to you.

Of course, there was really no need to introduce this bill, for I have here an opinion rendered to the Secretary of the Interior on January 25 by the Solicitor of the Department of the Interior. The opinion states that there is existing legal authority to create grazing districts upon public lands by exercising the Executive withdrawal power under and by virtue of the act of June 25, 1910, and this opinion goes further to state that the President by virtue of his office needs no specific legislation. I asked the Assistant Solicitor why the Department did not ask for Executive withdrawal orders, and he stated they wanted congressional sanction. This bill is loaded with dynamite; and when it goes off, they want someone upon whom they could fasten the blame. The gentleman from Colorado [Mr. TAYLOR] states the President can do practically everything in this bill by Executive order.

This bill gives the Secretary practically dictatorship over our livestock industry of the West, and can be compared to the dictatorship in Russia. It gives him power that rightfully belongs to the States. As sovereign States, surely we have some rights to the lands within our boundaries, just as other States have had. The Government reserved the public lands in every State in the Union with the exception of the State of Texas, but today practically all public lands have gone into private ownership in all States, except those of the West.

This bill is federalism in the extreme and tends to retard the political and economic growth of the people in the arid-land States by reducing our chief industry to the dead level of uniformity through administrative control by a bureau far removed from the scene of action, and puts our affairs in the hands of men who, at the best, have only an embryonic or superficial knowledge of our practical problems.

In the vast area of country involved in this bill you will find every variety of soil and climate. Physical environment and historical tradition have given rise to a diversity of custom and manner. We are essentially one people on broad nationalistic lines, but every State has a variety of local conditions which makes local government essential to justice.

The people living in the States where this vast territory lies have shown by tradition that they are fully accustomed to trust themselves in the regulation of their own affairs. Local government is one of the most precious heritages of the past. It is the school in which liberty, self-control, and independence are bred. Local creativeness will be stricken with impotence, for Federal power pays no heed to regional opinions. The stimulation of running our own affairs is essential to our natural development.

If this bill passes, it is going to nullify years of careful study of the problems by stockmen and legislatures of the Western States. In the State of Wyoming we have various laws for livestock ranging and for the regulation and use of our State lands. All the other Western States have laws for the same purpose, but they are not identical. The laws vary as the conditions in the States vary.

In the Saturday Evening Post article, the Secretary of Interior states that unreserved and unappropriated lands shrunk from 473,000,000 to 173,000,000 acres since 1904, and then goes on to say that much of the domain was taken up as farm and stock-raising homesteads. In order to paint the full picture, he should have mentioned the reservations and withdrawals by the various departments.

Here are some of the withdrawals in Wyoming that exist today:

Surface withdrawals

	Acres
1. Reclamation Bureau	1,750,835
2. National forests	8,460,755
3. National parks	2,108,800
4. Geological Survey:	
a. Power purposes	197,728
b. Reservoir-site reserves	1,714
c. Public waters	83,505
5. Indian reservations	2,243,822
6. General Land Office:	
a. Stock driveways	1,207,293
b. Carey Act segregations	468,360
7. Game and bird reserves	49,476
8. Naval oil and shale	9,481
9. Miscellaneous	1,157,397
Total	17,730,186

Subsurface withdrawals

1. Producing oil and gas structures	158,571
2. Coal	2,260,604
3. Oil	541,777
4. Oil shale	2,100,000
5. Phosphate	989,149
Total	6,050,101

In addition to these withdrawals, which are all under the control of the Federal Government, this bill proposes to give exclusive control of about 15,000,000 more acres to the Federal Government. You cannot atrophy part of the Nation without eventually atrophying the whole Nation. Today in the State of Wyoming one third of the State is bearing the burden of taxation of the entire State.

You can readily see the Federal Government has already taken the corn and left us the husk, which has partially paralyzed us; now it wants to paralyze us completely by taking the husk. This is what will happen if you deliberately add power to the Federal Government just because you have the power to do so. This is the alchemy of decay.

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

Mr. CARTER of Wyoming. Yes.

Mr. CULKIN. What is the total acreage of the State? What is the percentage of these withdrawals, if the gentleman can state?

Mr. CARTER of Wyoming. The withdrawals are probably about one quarter of the land in the State.

Mr. CULKIN. And those are withdrawn from settlement or from possible local taxation?

Mr. CARTER of Wyoming. Yes; there is no local taxation on them.

Mr. ENGLEBRIGHT. And, if this bill goes into effect, what will be the total area in the State under withdrawals?

Mr. CARTER of Wyoming. Approximately two thirds of the State.

The Secretary further states in his article in the Saturday Evening Post that he is for the Taylor bill, which passed the House at the last session, except for one serious defect; in this he is in error, for the Taylor bill never passed the House; I think he meant the Colton bill which was identical with the Taylor bill.

The provision which he speaks of is section 13, which is not in this bill that is up for consideration. He states as follows:

> This is a provision that the act shall be ineffective in any State without the approval of the legislature of that State, and further provides that State lands may be lumped with Federal lands in a jointly administered project. I am opposed to this for the same reason that I am opposed to transfer our public domain to State control. The local political pressure for a return to the old evils would be a thing not easily resisted. But with this one section amended, I hope, and expect, that this great piece of legislation will be enacted at the coming session of Congress, and I cannot neglect the opportunity to urge my fellow citizens to support it.

I take exception to that statement relative to local political pressure being used. I was a member of the State Land Board of the State of Wyoming for over 6 years and I have never known of any political pressure or intimation of politi-

cal pressure being exerted in the disposition of State grazing leases.

I think this is true of the other Western States. The gentleman from Montana [Mr. AYRES] speaking on this subject at the hearings, stated:

> Many if not all of these States have State-owned lands within their own areas and those lands are administered by them. The charge of graft in handling State lands has never been lodged against a single solitary Western State.

I have seen more politics played in the Department of Interior since I have been a Member of Congress than in all of the other departments combined.

Mr. BROWN of Kentucky. Will the gentleman yield?

Mr. CARTER of Wyoming. I yield.

Mr. BROWN of Kentucky. Will the gentleman name one instance in which politics has been played in that Department—I mean in favor of a Democrat?

Mr. CARTER of Wyoming. I should be glad to tell the gentleman of an instance. I was interested in a matter, and Senator CAREY and I went down one day to see about a project application under the Public Works that we were very much interested in. A few days afterward we got word from Wyoming that the information had already been received from the Democratic Senator that this project had been awarded, after we were told that it had not as yet been awarded. I wrote to Secretary Ickes and asked him to explain it. He wrote me quite a letter back and showed me when it was passed by each department, and it showed that this information leaked out the day before it was approved.

Mr. BROWN of Kentucky. But the gentleman got his project, did he not? All the gentleman is complaining about is that they did not give him the information so he could play politics with it.

Mr. CARTER of Wyoming. Now, I could take an hour to tell about different politics being played in the Department of the Interior. I will not say they were all under the Democratic administration, either.

Mr. CULKIN. Will the gentleman yield briefly?

Mr. CARTER of Wyoming. I yield for a brief question.

Mr. CULKIN. Can the gentleman tell about the personal politics involved in the construction of the Fort Peck Reservoir in Montana and the Grand Coulee Dam on the Columbia River, costing approximately $300,000,000?

Mr. CARTER of Wyoming. I should like to answer those questions, but I think that is extraneous to the matter under discussion.

Mr. CULKIN. That involved the same gentleman, Secretary Ickes, did it not?

Mr. CARTER of Wyoming. Yes; but that is not under discussion here, so I do not want to take any more time with that.

Mr. BROWN of Kentucky. Will the gentleman yield for one other question?

Mr. CARTER of Wyoming. No; I do not yield. My time is limited.

The Committee on Conservation and Administration of the Public Domain, which gave this subject considerable study, says:

> The transfer of the public lands to the State would mean that each State would be charged with the sole obligation of conserving and using the range. The experiences of the public-land States in dealing with the large areas now owned by those States and suitable for range show that in many instances this administration has been effective and salutary. It is true that the public-land States, as their development increases, are becoming increasingly conscious of the value of conservation. The mistakes of the past and the lessons to be learned from that history have not escaped them.

The Secretary of the Interior by this bill declares the policy of settling our western country is at an end, for it practically does away with homesteading. The preference right which every ex-service man has in these lands is gone so far as the 640-acre homestead is concerned. In the past year there were 3,243 final certificates issued on homestead entries, mostly to ex-service men. I am wondering how the ex-service men in your districts feel. I know that all ex-service organizations in my State are opposed to the bill.

At previous hearings on bills similar to the one before us a great deal of testimony was given on the subject of overgrazing and soil deterioration, evidently to justify that provision in the title of the bill. The testimony shows they were all bureaucrats who had to use forced and hypercritical language to sustain their views.

I should like to read extracts on the subject from the report of a survey made by Dr. Aven Nelson, an eminent botanist, on an area of public lands in the State of Wyoming, embracing more than 11,000 square miles, an area much larger than the State of Massachusetts. The surveys are of identical areas, one was made in 1897 and the other in 1926. The extracts are as follows:

> It seems that, in the judgment of Mr. Will C. Barnes, of the United States Forest Service, chief of grazing, the Red Desert has suffered marked deterioration because of overgrazing during the last quarter century. The officers of the Wyoming Wool Growers' Association believe that the forage of the Red Desert of today is as abundant and varied as at any time in its history, and for this reason they have sought a reexamination in the light of its former carrying capacity. * * * Mr. Barnes bases his judgment upon the results secured in the national forests and upon his belief that these are not suffering deterioration from overgrazing, as are the public lands outside the forests. * * * The writer believes, however, that at least for the area under consideration public control will have to be advocated on other grounds than that of deterioration due to overgrazing. If there be deterioration in the forage value of these public lands, it certainly is no more marked than the deterioration found in the national forests where grazing is under supervision. * * * In view of this, it would seem that arguments for public control of lands suited only for grazing are not to be drawn from arguments for public control on our national forests. * * * It is very evident, however, that the forces now at work are tending toward improvements. According to the most reliable sheepmen, the same area that 20 years ago would only support 1 sheep will now better support from 3 to 5. This they attribute to the gain in the strength of the soil due to the accumulating manure. It seems probable, however, that a more potent factor is found in the following: The vegetation chiefly depended upon for forage is composed of the large number of small shrubs of many kinds previously mentioned. The cutting down of such vegetation enormously increases the number of annual shoots. From winter to winter this shrubby vegetation has been browsed down closer and closer to the woody bases of the plants until now the tender annual shoots are produced in much greater abundance. The effectiveness of this browsing is, of course, dependent upon the region being used as a winter pasture only, giving time for growth and recovery each summer.

A great deal has been said about erosion and the part overgrazing plays in it. Overgrazing does not cause erosion, but it might accelerate it; rain and floods cause erosion. Ninety-nine percent of the erosion on the public domain would have existed if there were no grazing of any kind. Self-interest would guarantee the wise use of this land.

The unappropriated public lands in Wyoming are located in the comparatively level semiarid regions, where the precipitation is fairly uniform throughout the year. The heaviest precipitation, about 1½ inches per month, comes in the form of wet snows during March, April, and May. The runoff and erosion taking place on these lands is very negligible.

Gravel, sand, silt, and clay are nature's tools for bringing things to a level. The high, steep, and rugged areas are carried down and deposited in the low, sunken areas, with an improvement to both areas, from the standpoint of plant production. Students of desert types of plants have long known that these plants are provided with a degree of waterproofing and other means of protection against desiccation, which the plants of humid or wet regions never possess.

The plant life of this region can be grazed to the roots in the summer and on an average year of moisture the same growth will be up the next year.

Erosion takes thousands of years to take place and grazing has very little, if any effect, on the soil deterioration. The same flood and erosion effect is noted in the humid areas, but is less apparent to the eye, due to the vegetation.

They want to prevent erosion to save the land for posterity. I want to say to you that if Secretary Wallace and Secretary Ickes were more interested in the erosions that are being made on the Constitution they would do more for posterity.

The fees you get from grazing permits in the grazing districts cannot even start to pay for any of these alleged bene-

fits. The livestock men have been losing money for the past 4 or 5 years and the present prospects are not very encouraging. The price of cattle is about the lowest in a quarter of a century. I cannot see how they can assume this burden.

The CHAIRMAN. The time of the gentleman from Wyoming [Mr. CARTER] has expired.

Mr. ENGLEBRIGHT. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. CARTER of Wyoming. I might state that these Western States are not the only States affected by this homestead law. I have a list here of some of the homesteads that were obtained in other States in the year 1933. So it not only affects the 11 Western States mentioned in the report, but others as well. Last year in Alabama they had 11 homestead patents, Arkansas had 71, Florida had 16, Louisiana had 7, Michigan had 10, Minnesota 9, Mississippi 9, Nebraska 44, North Dakota 30, Oklahoma 15, South Dakota 81, Washington 23, Wisconsin 2.

Most of those homesteads, I might say, came under the 640 acres of grazing land, which in this bill is repealed.

Some people might say that the service men are not interested in this land. I do not know how they are in other States, but I just want to read a few telegrams from ex-service men in my State:

> Veterans of Wyoming opposed to Taylor bill, particularly to eliminating of preference rights on homesteads.
>
> J. H. PEBERDY.

Here is another telegram:

> Twentieth United Veterans Council in meeting today unanimously oppose Taylor bill. Following facts substantiate: 1,365,000 acres converted from Federal- to privately-owned land by veterans in Wyoming since 1918; more than 5 percent of privately-owned land in Wyoming converted by veterans; 1,700,000 acres remain unappropriated and unreserved. Further liberal settlement provisions of law would act as incentive to settlement by veterans. Veterans comprise 19.4 percent of male population of Wyoming over 21 years of age according to last census. State has profited by increase in population and valuation by veterans.
>
> E. C. Calhoun, Department Adjutant Disabled American Veterans; J. E. Frisby, Department Commander Spanish War Veterans; Clifford A. Miller, Chairman Department Legislative Committee American Legion; J. H. Peberdy, Department Commander Veterans Foreign Wars; F. E. Miracle, Commander Veterans Foreign Wars, Casper; K. F. McHenry, Commander American Legion, Casper; Robert F. Jones, Commander United States Wounded Veterans, Casper; C. L. Basker, Commander Disabled American Veterans, Casper; M. E. Sanders, Commander Benjamin Carter Colored Post, American Legion; M. T. Rice, Secretary United Veterans Council, Casper.

The Department of Interior stated that they are eminently qualified to carry on this work on account of the experience they have had with Indian grazing leases and also their experience on the Mizpah-Pumpkin Creek Grazing District, which contains only 25,000 acres of Government land. Let us see how well they are administering the Indian lands. A few years ago an economic survey of the range resources and grazing activities on Indian reservations was made by a number of officials in the Indian Department, and I quote from that report:

> Before proceeding to an explanation of the general plan of management which we believe applicable to the grazing resources on Indian reservations, a brief discussion of existing policy and procedure is essential. Probably the most outstanding feature in this connection is the lack of a well-defined policy and the absence of a regulated, standard practice.

And we also find in the same report the following:

> The large volume of business which is carried on, the absence of simplified practice in this connection and the limited personnel available for clerical and supervisory purposes, have operated to reduce the entire procedure to one which virtually runs itself. * * * The use of land with respect to capacity and the general conservation of resources is not properly restricted; there is no count made of the number of animals placed on the ranges, and, generally speaking, it may be said that there is an entire absence of system.

After an indictment of this nature the Department of the Interior bases their claim of qualification.

Now, with regard to the Mizpah-Pumpkin Butte grazing district, I should like to give the views of the late Senator Walsh of Montana:

> My friend, Mr. Leavitt, whose zeal in this matter and whose earnestness in his convictions everybody commends, came from the Forest Service to our State. He came there as a forestry official. He has imbibed that idea, and he is very earnest and sincere about it. He promoted this Mizpah-Pumpkin Creek measure, and I urged some opposition for some time, but finally I quite consented to allow this thing to be tried. It has worked out well, as he says. Why should it not work out well? A certain number of individuals are grazing cattle in that particular locality. They organize themselves into an association. They got a lease for 10 years of the area within that district. Everybody else is shut out. That is quite satisfactory to them, of course. You go on and do that. There are applications for the creation of their districts of that kind in Montana by, of course, the people who now occupy the territory and will organize themselves into groups, cooperative associations, get a lease on the ground, and everybody else will be shut out.

Now, we have found out why the Interior Department should handle these lands according to their own testimony; let us see why the Agricultural Department thinks Secretary Ickes should have charge. Secretary Wallace said:

> The Secretary of the Interior has some strong ideas on conservation matters. He is an old friend of Gifford Pinchot.

Mr. Sherman, the Associate Forester, Department of Agriculture, with over 30 years' experience in that Department, said that he has heard Gifford Pinchot express himself in many western speeches, declaring over and over again:

> I would rather help 10 men make a living than to help 1 man to make a profit.

Now, is it the idea of Secretary Ickes to prevent the cattlemen from making any profit? Does he intend to reduce the stockmen of the West to the position of serfs or vassals? That would be transferring them into the proletariat.

I am glad to know that a number of the Senators do not have the same views on the handling of the range as does Secretary Ickes and Secretary Wallace, for these Senators have already served notice that they do not want Secretary Ickes to handle this public domain.

The cry last year by Secretary Wallace, Secretary Ickes, and the person who introduced this bill was that it should be passed to take care of the 250,000 young men in the Conservation Corps. They said they would have no place to go unless this bill was enacted and they could go from the mountains down to the lower lands. That time has now passed and they had no trouble to find places to put these boys and young men. The gentleman from Colorado said the failure to pass this bill last June has worked a great loss to hundreds of unemployed young men in those 11 States. I do not think that there was one young man deprived of employment in the Civilian Conservation camps because we failed to pass this bill last year.

The gentleman from Colorado stated that the homestead law was beneficial until June 30, 1933. I should like to know what happened on that particular date to make the homestead law less beneficial than it was before that date. He was a great supporter of the Colton bill that passed in 1932, which did away with the 640 grazing homestead law. If it was beneficial until June 30, 1933, why did he vote to do away with it a year previous to that date?

The proponents of this bill state that this land is overgrazed, but in the same breath they state that there will be no reduction in the amount of stock. They are not going to reduce them but are going to redistribute them. Their contention, then, must be that some land is overgrazed and other land is not. There is a question in my mind as to what they are going to do with the range that is not put in grazing districts. Mr. Havell, of the General Land Office, says that he does not think anyone concedes that the administrative officers would put all the land in grazing districts and the assistant solicitor states that they only contemplate putting 50,000,000 acres in grazing districts the first year. Do they intend to keep the stockmen off of the lands which are not in grazing districts? I should like the chairman of the committee to answer that question.

Mr. Stabler, of the Geological Survey, paints a nice picture for the purpose of deceiving the true intent of the

use of this range. He stated that in 1891 there were 700,000,000 acres of public range with only 400,000,000 head of stock, about 170 acres for each head of stock. In 1900 he said there were 550,000,000 acres of public range with 14,600,000 head of stock, or 33 acres per head. In 1930 he said there were about 170,000,000 of public range and 15,000,000 head of stock, or about 11 acres to each animal. He stops there, he does not tell you that the 500,000,000 acres of public range which has been disposed of since 1891 is producing many times more feed for stock now than it was in 1891. He does not tell you of the millions of acres of this land which is now under cultivation producing feed for livestock. A section of grazing land will take care of approximately 50 sheep, according to the grade of the land, where a section of cultivated dry farming land will take care of over a thousand sheep, where a section of irrigated land will take care of about 6,000 sheep. These are figures that were given to me by the Department of Agriculture. Today we have more feed for our 15,000,000 head of stock than we had in 1891 and are turning out much better stock.

During the hearings on this bill Representative SCRUGHAM, of Nevada, brought out a very important point, and that is the question of water. He stated it was not the grass on the range that controls its use, it is the water. In the Western States we do not have the old common-law doctrine of riparian rights, but we have what is called the doctrine of priority of appropriation. No matter where the water may be situated, he who has appropriated it has the continued usufruct so long as the beneficial use is continued. Under the acts of admissions and the constitutions of most of the Western States, the control of the water is in the jurisdiction of the State. If this bill is passed you will have the State in the control of the water and several bureaus administering the control of the grazing lands. Representative SCRUGHAM is a former State engineer of his State and is fully conversant with this subject, and I hope that he will discuss the matter in detail.

The proponents of this bill state they are going to build brush dams or possibly some more permanent types of structures to prevent erosion, and in the areas where there is no forage they are going to plant grass, and if necessary they will put up fences to protect the grazing districts. The Secretary of the Interior wants to put about 35 C.C.C. camps on this land.

The total cost, the Department of the Interior states, will be about $150,000. He is going to do all this at a cost of about 1 cent per year for 12 acres. I do not think there is a Member here who believes the Secretary of the Interior can perform such a miracle.

The cost alone of 35 C.C.C. camps for 6 months would be in the neighborhood of $4,000,000. The appropriation for the Forest Service for the year 1933, for about the same acreage as in this bill, was $13,183,304.

When the Colton bill was up for consideration the late Major Stuart spoke as follows:

> To a vast extent the lands present a problem of recreation of actual or potential wealth-creating power which will require long, patient, and expensive regeneration, which only after many years the large outlays will lead to a restoration of their capacity for broad social service. They are an economic problem and responsibility rather than an economic opportunity.

Mr. Silcox, the present Chief of the Forest Service, states as follows:

> I will state specifically that the Forestry Service as now organized is not prepared to handle these additional 172,000,000 acres without an expansion of its organization. I do not want to fool Congress by saying that the administration of those lands will not require additional personnel.

The Forest Service, with a trained personnel many times larger than the personnel which the Interior Department has for this work, tell you that it will take a much larger personnel than they now have, while the Interior Department that is so anxious for this measure to pass state that they can get along with their present personnel. It is my opinion that if this bill passes it will require hundreds of more men in the Interior Department and will cost the taxpayers around $15,000,000 a year.

The only persons who would benefit from this legislation is a bunch of bureaucrats here in Washington who have taken upon themselves the task of seeing how much more power they can get.

This bill violates one of the traditional doctrines of the Democratic Party—that of State rights, and I should like to quote the views of a number of prominent Democrats on this subject. I know a great many of you Democrats have cut loose from the traditions of your party, but there may be a few of you left who still believe in the traditional American ideals of your party.

> What has destroyed the liberty and the rights of men in every government which has ever existed under the sun? The generalizing and concentrating all cares and powers into one body, no matter whether of the autocrats of Russia or France or of the aristocrats of a Venetian Senate.—Thomas Jefferson to Joseph Cabell, 1816.
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> It is not by the consolidation or concentration of powers, but by their distribution that good government is effected.—Thomas Jefferson, 1821.
>
> The remedy for ill-considered legislation by the States, the remedy alike for neglect and mistakes on their part, lies, not outside the States, but within them. The mistakes which they themselves correct will sink deeper into the consciousness of their people than the mistakes which Congress may rush in to correct for them, thrusting upon them what they have not learned to desire. They will either learn their mistakes by such intimate and domestic processes as will penetrate very deep and abide with them in convincing force, or else they will prove that what might have been a mistake for other States or regions of the country was no mistake for them, and the country will have been saved its wholesome variety. In no case will their failure to correct their own measures prove that the Federal Government might have forced wisdom upon them.—Quoted from Woodrow Wilson, The States and the Federal Government, 1908.
>
> Believing that the most efficient results under our system of government are to be attained by the full exercise by the States of their reserved sovereign powers, we denounce as usurpation the efforts of our opponents to deprive the States of any of the rights reserved to them, and to enlarge and magnify by indirection the powers of the Federal Government.—The Democratic platform, 1912.
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> Were we directed from Washington when to sow and when to reap, we would soon want bread.—Jefferson.
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> As Oscar Underwood stated, "We must always bear in mind that the burdens of Government rest ultimately on the people who live under it, and that in the last analysis it is the worker who pays the bill. * * * What a paternalistic government proposes to do for the people in the end the people pay for—plus the greatly added price of commissions and salaries to those who engage in its administration."
>
> Had it not been for the steady encroachment of Federal Government on the rights and duties reserved for the States we perhaps would not have the present spectacle of the people rushing to Washington to set right whatever goes wrong. But successive administrations have encouraged this spirit of dependence on Government, either because of the lust for additional power on the part of Federal officials, or simply because of a blind insistence on the Hamiltonian principle of a strong centralized Government, as opposed to the Jeffersonian idea of giving to the administration at Washington only such functions as the States themselves cannot perform.—Mr. Garner's acceptance letter, August 23, 1932.
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> We advocate an immediate and drastic reduction of governmental expenditures by abolishing useless commissions and offices, consolidating departments and bureaus, and eliminating extravagance, to accomplish a saving of not less than 25 percent in the cost of Federal Government, and we call upon the Democratic Party in the States to make a zealous effort to achieve a proportionate result.—From the Democratic 1932 platform.

If this bill becomes a law I prophesy now that it will be a Cadmean victory for Mr. Ickes.

[Here the gavel fell.]

Mr. DEROUEN. Mr. Chairman, I yield 5 minutes to the gentleman from Oklahoma [Mr. SWANK].

Mr. SWANK. Mr. Chairman, the State of Oklahoma that I represent here in part does not have very much public land left, and I am not interested in this bill because of the fact that Oklahoma has public land or does not have public land. I am interested in it as a broad national policy in connection with the protection of the grazing districts of the West. This 173,000,000 acres is about all in 11 of the Western States of the United States.

The cattle and sheep men now graze the territory unrestrained. They do not have to have a permit or license. The big cattlemen, as they have been doing in the past, and especially the sheepmen, have been taking it all, and the man

with a half dozen milk cows does not have any rights at all. They run him out. The object of this bill, as I see it, and the part that appeals to me most—and we had that part perfected in committee—is the fact that the man with a few cows has just as much right as the man with the big herd, and especially these big sheepmen from the State of Wyoming. These sheep destroy the land more than the cattle destroy the land. The sheep eat the grass and pull it up by the roots, and when it rains the soil is washed away. For this reason we have inserted provisions in the bill covering flood control and soil erosion.

The gentleman who preceded me said that the Secretary of the Interior wrote these amendments and stated that politics had too much to do with the matter. President Hoover is the gentleman who appointed a committee to investigate this question. The gentleman from Oregon [Mr. MOTT] offered an amendment in the committee which was adopted. The amendment is on page 2 and adds the following words: "Or revested Oregon-California railroad-grant lands." The gentleman from California [Mr. ENGLEBRIGHT] offered an amendment which was adopted in committee, and may I say that a majority of the committee are Democrats, so far as politics are concerned. We adopted the gentleman's amendment on the mining part of it, and there were no politics involved in the consideration of the amendment. The Secretary of the Interior appeared before the committee and recommended the bill. I understand that he is a Republican. The Secretary of Agriculture is another Republican, so it is said, and he also appeared before the committee. Both of these gentlemen are said to be prominent Republicans, and both of them recommended this bill. If there had been any politics involved, the committee probably would not have taken the recommendation of these two Republicans.

We reported the bill favorably because it is a good bill. Before a man can graze cattle or sheep he must get a permit from the Secretary of the Interior. The main objection of the two gentlemen who filed the minority report is that this is not administered by the Agricultural Department. The Secretary of Agriculture appeared before the committee and sent in a report in which he says:

> The proposed legislation would be beneficial not only to the two Departments concerned but to the great majority of the States containing unreserved and unappropriated public lands.

The Secretary of Agriculture, according to his report and according to his testimony before the committee, did not want to administer this law. He wanted it left in the hands of the Department of the Interior or whoever may be at the head of that Department. The only politics I have heard so far as this bill is concerned are the politics of the gentleman who has just spoken. He said there was a western conference of governors which was called in protest against this bill. I was glad to hear that part of the statement in which he said there was only one Republican in the crowd.

I am glad the people of the West, where these lands are principally located, have seen the light and are electing governors out there who are members of the Democratic Party. The fact that there was just one Republican at that conference and the rest of them were Democrats has nothing whatever to do with the merits of this bill. [Laughter and applause.]

[Here the gavel fell.]

Mr. ENGLEBRIGHT. Mr. Chairman, I yield 15 minutes to the gentleman from Pennsylvania [Mr. RICH].

Mr. RICH. Mr. Chairman, I come this afternoon to speak with reference to the Taylor bill, H.R. 6462, believing that it has some good features in it and also knowing that it has some features that are not for the best interests of this country of ours.

If we passed in this House all legislation that we favored in our own minds and if we tried to inculcate all such measures into law, I fear no legislation would be passed, because of the fact we have such wide differences of opinion. So we must get the composite idea of the great majority and try to enact legislation that will be for the best interests of the people of this country.

If I were the Representative of one of the States affected by this bill, I do not see how I could agree to its passage, and I believe that a majority of the Members of the House who are representing the people in the 11 States affected would be opposed to the bill as it now stands, especially when we think of taking 173,000,000 acres of land in this country, as has been stated here this afternoon, which in some States means as high as 85 percent of the total area of the State. When we think of this vast area of land being equal to about one eighth of the United States or equal or greater than the New England and Middle Atlantic and adding some of the other States, or when I think of it as comprising an area seven times as large as the State of Pennsylvania, and when we consider that we are proposing to turn this area over to the Secretary of the Interior for administration, making him a czar over this territory contrary to the wishes of the people who live in these States, I say we are doing these 11 States a grave injustice.

When I think of the people who are the Representatives of such States here as the gentleman from Wyoming [Mr. CARTER], the gentleman from New Mexico [Mr. CHAVEZ], the gentleman from Nevada [Mr. SCRUGHAM], the gentlewoman from Arizona [Mrs. GREENWAY], and the gentleman from Oregon [Mr. MOTT], I have the greatest and highest regard for them because I believe they are intelligent people; and when I think of the Congress of the United States saying to these people in these 11 States that are affected by this bill, "You are not able to administer the affairs in your own State and we from Pennsylvania or we from New York or we from Alabama can come into the House of Representatives and say that we are going to put laws into effect in your States that are going to regulate and hamstring you", I think, as Members of Congress, we are doing what is an injustice to these States. [Applause.]

I feel that the people who come from the States affected should be entrusted with the administration of these lands.

Mr. FULLER. Will the gentleman yield?

Mr. RICH. I shall not yield to anyone until I have finished my remarks. I shall then be pleased to yield.

I feel that the people of the various States which I am going to name—Montana, Oregon, Idaho, Wyoming, Colorado, New Mexico, Nevada, Arizona, Utah, California, and Washington—are surely just as intelligent as any Members of the House of Representatives, and I cannot see how anyone from these States can stand up here and say, "We want the Secretary of the Interior, who lives 3,000 miles away, to rule over these lands, amounting to 173,000,000 acres, because we believe the Secretary of the Interior can do it better than they can do it in their own States." I believe the legislators of these States are better able and more capable of enacting laws to govern the people of these States than I, coming here from Pennsylvania, could administer them at such long range. I believe the people from those States have the interests of their own States at heart and the interests of their own people at heart and will do a better job of regulating the administration of these lands for the benefit of their people. I believe they can do it better than we can administer these lands here in Washington.

A great many people do have a selfish idea and think that here is 173,000,000 acres of land that is now controlled by the Federal Government, and they believe that, because we control this land, we should not give this authority to those States. If there were any man in the House of Representatives who had at least one fourth of his State under Federal control, I feel sure he would try to have the land taken away from the Federal Government and placed under his own State legislature, so that the people of that State could make their own laws and regulations which would be for the best interests of the States and the best interests of the people in those States. Naturally, they will have a greater interest than we could possibly have.

I also feel that a selfish interest might exist because of the fact that we, as Representatives, might feel there might be some virtue in these lands or that there might be some value in them and by turning them over to these States we

would thereby be giving something away that might be of value to our own States. I want to say that, so far as I am concerned, coming from the State of Pennsylvania, the first loss is the best loss. I would like to see every acre of this land turned over to these States so they could handle them for their own protection and for their own good. I am sure Pennsylvania would lose nothing. I feel that by doing this I am doing the greatest service for the people of Pennsylvania, because I believe it will cost the people of Pennsylvania in the future more to administer them in this way, and that it would not be for the good of the States in which these lands are situated.

I do not believe the House of Representatives has any monopoly on honesty. I do not believe the membership of this House has any monopoly on brains, and I do not think we have as good an insight into the administration of these public lands as the people who live in these States. Sometimes when I think of the things we are doing here in Washington, with many of which I do not agree, I wonder where we are trying to steer this old Ship of State. It may be possible that we can do some things that will be for the best interests of these people, but in the main, I believe the best interests of these people will be served by giving this authority to the States where the land is situated.

I made the suggestion in committee that this be done, and the author of the bill said that we could not get four votes in the House of Representatives to do this. That might be, but I want to say that I am one of the four who would be glad to do it. I think the author of this bill overestimated that a great deal, because I think there are a great many people represented by Members of the House who would be glad to give the 11 States that authority.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. RICH. I prefer not to yield now, but I will after I get through. My principal objection to this bill as written is this. All through the discussion of this bill in committee various Representatives claimed that the bill could best be administered under the Department of Agriculture. Then again others admitted that it could best be administered under the Department of the Interior.

We had the Secretary of Agriculture and the Secretary of the Interior before our committee, and they made the statement to us that they were not concerned so much as to where the administration of the bill should be lodged as they were in the fundamental principle of grazing, and particularly of making the lands better for grazing purposes.

They cited the letter of the President of the United States. I want to quote from the letter to Secretary Ickes by President Roosevelt, where he says:

> I favor the principle of the bill, and you and the Secretary of Agriculture are authorized to say so to the House Committee on the Public Lands.

Now, I am not trying to say what the President of the United States meant when he wrote that letter, but I do not believe for one minute that the President of the United States wants a dual authority, a dual control of 173,000,000 acres of land for grazing purposes when we have the Department of Forestry in the Department of Agriculture to supervise the grazing lands of the country, lands previously withdrawn. If in this bill we put the grazing of 173,000,000 acres under the Department of the Interior, we shall have two Departments that will have control of the grazing interests on the public domain. This is ridiculous.

I want to say that it was a most foolhardy proposition to subdivide the grazing interests of the country and put them under dual control. It is not good business. Every member of the Committee on the Public Lands knows that practically every time we had a bill before us upon which we wanted to get information the chairman of the committee had to write a letter to the Secretary of the Interior and ask him for his opinion, and then write a letter to the Secretary of Agriculture and ask him for his opinion on the same subject. Practically every bill that has come before our Committee on the Public Lands since I have been a member of it has met that obstacle. It is not only a requirement but it is a foolish requirement. Why should we inculcate into law a bill that is going to continue that dual control of two departments, causing extra expense and confusion?

I have discussed the matter in committee, and I believe every member of the committee believes that the grazing interests of this country should be under one authority. Oh, but they say that if we put the bill through, Secretary Ickes and Secretary Wallace and the President will try to make a ruling whereby it will put control of grazing in the hands of one department. I want to say to the Congress of the United States that during this session of Congress I think we have been one of the greatest buck passers, trying to pass authority that belongs to us over to the President of the United States.

The President is required to handle all these things that we are supposed to control, but you gentlemen know that we are afraid to assume our responsibility and that it cannot be done by the President.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. ENGLEBRIGHT. Mr. Chairman, I yield 3 minutes more to the gentleman from Pennsylvania.

Mr. RICH. We are seeking to pass this authority to the President of the United States, and we know that it is impossible for him to supervise it; that he must turn it over to the Secretary of Agriculture or to the Secretary of the Interior. Are they superior beings to Members of Congress? There are statements in the hearings that there is no friction in the departments, that they can get together in administration. I can show you statements in the hearings that we have had in our committee from which I know they will never get together. We will not put this regulation under a single control, but we are going to have a complicated piece of legislation that will never be settled to the satisfaction of the people who are in the States vitally affected. It is high time we stop trying to give authority to the President, when you and I know that he cannot assume it; when you and I know that we are giving him things to do that are impossible for one human mind to grasp; when we know that it is impossible for him to turn the things over in his own mind, things that affect these great interests; and when we do it, we simply turn it over to men who are only spokesmen for the administration, and we as Representatives of the people turn over our authority to the Secretary of the Interior or the Secretary of Agriculture. If we had backbone, where we now have wishbone, we would be able to accomplish a great deal, and we would be able to help the administration and the people who live in these States. Before we permit this bill to become law I think we should endeavor to stop the great amount of overhead expense that will necessarily be caused, because we do not assume the right to put the grazing on these lands under single control of one department. I suggest that we place an amendment, section no. 13, to this bill and put the authority under the Secretary of the Interior, so that we would have all grazing interests under one authority. I do hope the members of the committee will give consideration to that suggestion.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. COCHRAN of Missouri. Mr. Chairman, will the gentleman from California yield another minute to the gentleman from Pennsylvania in order that I might ask him a question?

Mr. ENGLEBRIGHT. Mr. Chairman, I yield one half minute to the gentleman from Pennsylvania.

Mr. COCHRAN of Missouri. The gentleman suggests this solution, that we turn these lands back to the States. Will the gentleman kindly tell us when we ever took the land away from the States, if the States ever had possession of the lands.

Mr. RICH. We may not be able to turn them back to the States, but if one fourth of the State of Missouri were under the supervision of the Department of the Interior, the

gentleman from Missouri, I know, would want to put the control of that fourth back into the hands of the people of Missouri.

Mr. COCHRAN of Missouri. How are you going to turn back lands when the States have never had the lands?

Mr. RICH. Then, in all common sense, give the lands to them, because if they have never had them they should have them.

The CHAIRMAN. The time of the gentleman from Pennsylvania has again expired.

Mr. DEROUEN. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. STUBBS].

Mr. STUBBS. Mr. Chairman, heretofore I have taken but little part in the discussions on the floor of the House and I would not be addressing my remarks to you at this time if it were not for the vital interest I have in this bill and the great importance of it. I am from one of those Western States vitally affected by the provisions of this measure.

I want to pay my respects at this time to the distinguished gentleman from Wyoming [Mr. CARTER]. I believe he is a past master in the art of muddying the waters, and I hope my colleagues on the Democratic side of the aisle will endeavor to clarify those waters during the discussion of this bill. I remember he stated that it will create a vast new organization in the Department of the Interior for the administering of the grazing districts in our great public domain. The Secretary of the Interior stated expressly that the cost of administering this proposed measure would not, in his judgment, exceed $150,000 annually.

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

Mr. STUBBS. Yes.

Mr. MOTT. Does the gentleman know what fraction of the entire expected revenue from the grazing land would equal $150,000?

Mr. STUBBS. I have no definite figures relating to that question, and I will go into the matter a little later. The reason for this low approximation, according to the Secretary of the Interior, is due to the fact that the Department just now maintains a complete and well grounded, efficient organization for the transaction of all sorts of business relating to the public lands or the lands of the United States. No new bureau is needed or contemplated. Expansion of existing agencies is all that is necessary, and no other Department, in my judgment, can undertake the task at a similar cost. It should be borne in mind, however, that the lands that compose the public domain are owned by the United States, owned by the people of the United States. Another contention that has been brought forth here is that in the creation of these grazing districts in the public domain, without the consent of the States in which the lands are located, we are doing an injustice to those States.

The statement implies that the citizens of the various public-land States should determine how the Federal Government should use or dispose of all the lands which it owns within their borders. I want to say to you that the Congress of the United States, as far as I know, has never recognized such a ridiculous right of referendum. This land is owned by the Federal Government—by the United States of America.

Mr. ENGLEBRIGHT. Will the gentleman yield?

Mr. STUBBS. I refuse to yield. I only have a few minutes.

So, in the enactment of laws pertaining to the public lands and their use and disposition, Congress has been guided and Congress should be guided by national interests. I cannot see why my California friends should not want the Congress of the United States to look after the public lands of this country. It is our responsibility. It is our duty. It seems to me we should get a national viewpoint of this great question.

It has been reported heretofore that the creation of grazing districts would abrogate homestead laws and take from thousands of veterans the only chance they will ever have to acquire homes of their own. This is untrue. The bill specifically authorizes the Secretary of the Treasury to open to homestead entry such lands "which are more valuable for the production of agricultural crops" than for grazing, in tracts not exceeding 320 acres in area. In defense of the proposition that this legislation suspends 640-acre stock-raising homestead entries, it should be said that every commission which has studied the question within the last few years has doubted the wisdom of continuing the operation of our homestead laws. That policy has fully served the purpose for which it was framed; that is, putting practically all land in private ownership which is productive enough to be used for home-making purposes. The remaining public domain is recognized to be generally unsuited for permanent settlement. The following is quoted from the Garfield committee on the Conservation and Administration of the Public Domain:

> The number of 640-acre stock-raising homestead entries patented rose rapidly from 21 in 1919 to 8,399 in 1922, and then gradually declined until 1930, when 2,530 went to patent. However, some indication of the high percentage of failure and disappointment to the settler who has undertaken this form of homestead may be derived from the disclosure that during the 12 years since the Stock-Raising Homestead Act went into effect, less than half of the 133,350 entries have gone to patent.
>
> There are extensive areas in every public-land State which have been entered under this act and then abandoned to the Russian thistle and other weeds, some poisonous and destructive to ranges formerly valuable to the stock raiser. Ruined fences and abandoned homes dot the landscape for many miles, pitiful evidence of human hopes buried beneath the economic insufficiency of 640 acres in a semiarid section as a stock-raising unit to support a family. It is not fair to our ex-service men and other home seekers to continue in effect an act which has resulted in so many broken homes and so much misery to settlers.

The report by the Garfield committee continues:

> At least it can be stated that little of the land not now entered holds out any hope of economic sufficiency for the permanent establishment of a family on 640 acres unless there is considerable adjoining grazing on the public domain. The uncertainty of the future as to that feature renders a venture on the strength of it perilous indeed. The Federal Government should cease to be a party to the inducement.

Officials of the Department of the Interior estimate, conservatively, that it costs the average homesteader approximately $810 for fees, improvements, and so forth, over the period of 3 years required to homestead land. The Department reports that lands in the public domain, because of erosion, lack of care, and other factors, are so depleted in natural grass and water resources that they have become in many instances arid wastes, and are valued around 25 to 50 cents an acre. In other words, a settler could buy a homestead plot for much less money than it costs to homestead it, and in addition save himself a great deal of effort.

Allow me, also, to shatter another contention of the opponents of this vital measure. It has been reported that the jurisdiction of the proposed bill should be placed under the Forest Service because it has a complete and efficient organization for administering grazing. I desire to quote my distinguished compatriot and colleague, Representative AYERS of Montana, who stated in substance in committee that there is just as much difference between the present public domain and the forest-reserve lands as there is between the Everglades in Florida and the plains of Nebraska. The forests, with which that agency is familiar, are the best and most universally watered lands for livestock in the entire West. The forest-reserve lands are mountainous and can only be used for summer grazing. The utilization of the semiarid regions involved in the Taylor bill is greatly handicapped on account of the lack of water. It is used only for winter grazing. The forage growth is much lighter than that of the forest areas and is of an entirely different species. The problem of soil erosion in the desert regions is vastly different from the problem in the mountainous forest areas.

Unless all other public land laws are repealed, including the laws governing conservation and development of mineral resources, the Department of the Interior is the logical agency for the administration proposed under the Taylor bill, because of the urgent need for coordinating under a single jurisdiction activities concerning the continued ad-

ministration of these other applicable public land laws. Furthermore, the Western States, the railroads, and private individuals own unexhausted land-grant rights which must be taken into account. Their satisfaction requires continuation of the equivalent of existing administration activities of the Department of the Interior.

If administration of the Taylor bill is placed outside the Department of the Interior, serious consideration should be given to transferring all other land activities of the Department of the Interior to the agency so selected. Serious consideration might even better be given to concentrating, in the Department of the Interior, the few land management activities of the Federal Government, not now there administered.

It is vital that we bear in mind that as a grazing area the forage crop of the public domain constitutes one of our chief natural resources. The duty and responsibility of the Federal Government to conserve it for future generations and prevent its continued destruction cannot be denied reasonably.

Mr. DEROUEN. Mr. Chairman, I yield 5 minutes to the gentleman from Oregon [Mr. MARTIN].

Mr. MARTIN of Oregon. Mr. Chairman, I have heard very much from my citizens of Oregon on this bill. So I have made a very careful study of it. I give it my unqualified endorsement.

I am not surprised that my Republican predecessors should have opposed this bill. You will always find our Republican friends opposing any bill which has for its purpose the breaking up of special privileges and special interests. [Applause.] The unregulated control of the public domain has been abused by the large cattle and sheep growers, and it is to bring them under restraint and to give the little fellow a show that this bill is proposed. Now, I do not expect my distinguished colleague from Oregon, who has just spoken, to see the light, because he is an old standpatter; but, fortunately, in our State we have some progressive Republicans who are seeing the light. I have before me a letter from Herman Oliver, the president of the Cattle and Horse Raisers' Association, the largest stock association of our State. He has seen the light. I shall read his letter. He is a Republican—at least he has been one, but I doubt whether he is one any longer:

DEAR GENERAL MARTIN: A large number of letters have reached us from cattle operators in Harney, Lake, and Malheur Counties—

Those are the big counties of eastern Oregon primarily involved in this bill—

asking that some regulation of the public domain be put into effect by the Federal Government.

That some regulation be put into effect to prevent the big fellows from having their own way.

I understand that Representative TAYLOR of Colorado has introduced a bill providing for grazing districts similar to the one in Jordan Valley. I wish that you would study this bill, and, if you feel that it is desirable, that you would support it.

I know that you appreciate the fact that some form of regulation of the desert must be placed into effect if we are to have any feed left in that area, and I know that we can count on your active support in the passage of laws that would protect that valuable resource.

And that is exactly what I am doing. I am for the Olivers and not for the big cattle and sheep kings.

Now, our State can appeal to you with particular emphasis in this matter, as 52 percent of the land in our State is owned by the National Government. Our State does not want possession of that 52 percent of the land. To those who doubt me I say: "Wait until you see it; much of it is not worth a damn, even for grazing." [Applause.] We want to turn this Government land over to these cattle and sheep fellows to use, especially if it can be turned over for them to be used under regulation by the Federal Government.

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

Mr. MARTIN of Oregon. I will yield after my time has expired. [Laughter.]

Mr. MOTT. After the gentleman's time has expired will do me no good.

Mr. MARTIN of Oregon. I decline to yield; the gentleman had twice as much time as I had. I am proud of the new deal. I am proud of our President, of our Secretary of Agriculture, and of our Secretary of the Interior, that they come before us asking for the passage of this bill. For years efforts have been made to have this bill passed, but special interests have beaten it. But now we have a progressive administration and a progressive Congress. We want to bring about these great reforms. We are here to shove them through the line of standpattism.

Mr. Chairman, I yield back the balance of my time.

Mr. DEROUEN. Mr. Chairman, I yield 5 minutes to the gentleman from Utah [Mr. ROBINSON].

Mr. ROBINSON. Mr. Chairman, this bill has for its purpose the orderly control and management of the public domain, the title of which still remains in the Government and consists of approximately 173,000,000 acres. This land is located in 11 of our Western States. Practically all of it is arid, dry, and barren, and for a number of years has been so overgrazed and used by both cattlemen and sheepmen that it has become gradually less productive of grasses and herbage on which cattle and sheep graze, until today a large part of this land is growing but very little vegetation. Through overgrazing this land is gradually becoming less productive, and thousands of acres that formerly were useful for grazing purposes are now wholly barren. It is estimated by experts who have carefully studied this land that if conditions are not changed the land in from 25 to 40 years will be absolutely unproductive.

In my own State, Utah, there is located approximately 24,000,000 acres, which comprise approximately 50 percent of the entire area of the State. This land is largely used for the grazing of cattle and sheep during the winter months, and it is estimated that it takes from 10 to 15 acres of land to graze a sheep during these months and from 60 to 100 acres of land for each head of cattle.

In certain portions of this land are located springs or watering holes. An act of Congress withdrew from entry all these springs or watering holes; therefore these watering holes and springs are largely unprotected, and the first one to reach them with his herds is the first one to get the privilege of grazing the grass which grows in the territory around these various areas. This privilege has been very much abused by foreigners who will, even during the summer months, graze upon some of these lands, which is very harmful and destructive. Some foreigner who has a few sheep and who lives right with them, travels from one place to another, camping first at one watering hole or spring and then at another until the grasses are all destroyed; thus, when the person who is legitimately and honestly entitled to the use of these grasses and this herbage for taking care of his cattle or sheep during the winter months reaches these places he finds that there is no grass, and, in fact, instead of being grass the whole country is merely a desert of dust and sand.

The purpose of this bill is to give to the citizens of the various States within which this land is located the right to form grazing areas. These areas will be controlled to a certain extent by the local organizations under the supervision and control of the Secretary of the Interior. The bill provides that grazing permits shall be issued only to citizens of the United States, or to those who have filed the necessary declarations of intention to become such, and that preference shall be given occupants and settlers on land within or near the grazing district. It also provides that these permits for grazing shall be issued for a period of not more than 10 years; thus, the bill has a twofold purpose: (1) to protect and to rehabilitate the land; (2) to stabilize the stock industry. That is, to make it possible for a farmer or ranchman engaged in either the cattle or sheep business to know just what range privileges he may expect and how many cattle or sheep he will be allowed to graze on this public domain.

The bill also provides that under the regulations prescribed by the Secretary of the Interior free grazing within such districts of livestock may be allowed for domestic purposes, and every protection is given to the small farmer and rancher and cattle or sheep owner that can be provided in such a bill, the whole purpose being to make it possible for the bona fide settler and the bona fide citizen and raiser of cattle or sheep to be protected in his right to graze such cattle or sheep on the public domain as the land will permit under proper regulatory provisions, and at the same time to keep the range in a productive condition, so that it will be beneficial to future generations.

The fees charged for grazing shall be paid into the Treasury of the United States, and 50 percent of these fees shall be made available to the Secretary of the Interior for the construction, purchase, or maintenance of range improvements. In other words, 50 percent of the moneys received from these lands will be used by the Secretary of the Interior for the operation, maintenance, and building up of these lands; 50 percent of the fees shall be paid into the State treasury of the State where the lands are located, to be expended as the State legislature may prescribe for the benefit of the county or counties in which the grazing district is situated.

It has been thought by many that in order to solve properly the public-land question the surface of the lands should be ceded back to the States, and a fact-finding commission which was appointed by President Harding recommended that this be done. However, so much difficulty and opposition from the States was immediately encountered that it has seemed impracticable and impossible to have the States take over this land in its present barren, worthless condition unless the Government was willing to give a fee title including all of the mineral rights. This the Government has steadfastly refused to do, and, therefore, it would seem that the only practical solution of the problem at the present time is to place these lands, as provided in this bill, under the control of the Secretary of the Interior and by so doing build up and enhance the value of the lands, and in so doing protect the citizens and residents who are entitled to receive the benefits of these lands.

It is true that in some instances it will be necessary for the Government to expend some money in order to stop erosion and in order to build more roads or trails in certain portions of the lands or to find more watering holes for the purpose of making the lands more efficient. However, this can all be accomplished under the terms of this bill.

From the year 1785 to the present time the aim of all laws passed by Congress with reference to the public domain has been, first, to enact laws under which homesteaders would be enabled to settle upon the land and build permanent homes and communities; and, second, to conserve for the Nation the natural resources which are essential to the national welfare. This bill, of course, does away entirely with one of these purposes, namely, the permitting of homesteading. It withdraws from homestead entry this entire area and makes it impossible for any future homestead entries unless the Secretary of the Interior shall determine that certain portions of this land are more suitable for the production of agricultural crops than for grazing purposes, and in that event he is authorized to classify such lands and then permit such lands to be homesteaded under the regular desert homestead entry whereby each entryman may obtain a tract of land not exceeding 320 acres. Therefore, under this act, except as limited to lands withdrawn by the Secretary of the Interior, the entire homestead laws will be abrogated, so far as this public-domain land is concerned.

For this reason some have expressed opposition to this bill. It would seem to me, however, that no citizen who is anxious to homestead land is going to be seriously injured; first, because all of the choice or valuable land has been homesteaded. In my own State, in 1933, there were 163 persons who made application for the stock-grazing homestead, which consists of 640 acres. In the same year 104 such homesteads were perfected. Twenty-four persons made application for the enlarged homestead; 25 of these homesteads were perfected. Thirty-two persons made application for all other forms of homestead, and 15 patents were issued.

A number of these homesteads were obtained by large owners of sheep or cattle for the purpose of increasing their rights in certain areas, and are not made by bona fide homeseekers or citizens with a purpose of keeping the land for themselves. It is therefore thought by many, and was recommended by the fact-finding commission appointed by President Harding, that the grazing homestead be discontinued because of the unfair advantage obtained by large cattle and sheep owners.

In the second place, many of these people who filed on this land are unfamiliar with climatic conditions and spend years struggling against the elements with the hope of overcoming them and making an honest, respectable home for themselves and family, but after years of struggle and privation they are forced to abandon these desert and forsaken lands, and in thousands of instances, after years of struggle, the land has reverted back to the Government. It would seem only fair that the Government should cease holding out such an illusion and deception to the honest, patriotic citizen who, not knowing the facts or the conditions, believes that when he obtains a certain piece of land from the Government he is going to be able to build a home. By the withdrawal of these lands the Government will no longer be a party to such deception.

For years conservationists of both parties have made honest and conscientious efforts to pass a bill which would control and conserve our public domain. They have realized that gradually year by year this domain is getting less valuable, and that, within a very few years, instead of this valuable land being of service to the citizens of the United States, it will become a desert, wholly unsuited to any useful purpose. We are in a position at the present time, it seems to me, where only two ways are open: (1) Shall we permit this gradual decay of the public domain, let it remain for people to use it as they see fit, giving the foreigner the right if he desires to wholly denude and take advantage of the heritage of the American citizen, taxpayer, and resident of the various States; or (2) shall we look forward into the future, take hold of this problem in a sensible, patriotic, scientific way, and determine that this deterioration of our public domain shall cease and that we shall preserve this land for the benefit of future generations?

It is true that many citizens will feel that their rights are being disturbed and that the Government is encroaching on their liberties if this act is passed; but I feel certain that there will be no such general feeling against the Government by these citizens as there was when the various forest areas were set aside 28 years ago by the Government. I feel certain also that no citizen in these Western States would want to have these vast forest areas turned back either to the State or to the individuals, or to be placed in the position that they were in at that time. It is my firm conviction that the remainder of our public domain will be even more efficiently handled than our national-forest areas have been, and that the passage of this act will be of untold benefit to the residents of the public-land States. [Applause.]

Mr. DEROUEN. I yield to the gentleman from Montana [Mr. AYERS], of the Committee on the Public Lands, such time as he may desire.

Mr. AYERS of Montana. Mr. Chairman, I desire to say at the outset, and so that there will be no misunderstanding, that I am not surrendering any of the ideas that I put forth before the committee with reference to turning all of the public lands over to the various public-land States. I believe that, in justice to all, ultimately these lands should be turned over to the States. The older and non-public-land States of this country have already had all of the lands within the confines of their borders turned over to them. This means that they have had all of the land rights from the high heavens to the center of the earth turned over to them, and they have enjoyed all of the privileges and all of

the benefits derived therefrom. The older States did not come into the Union as did the public-land States; they acquired all of their rights, embodying 100 percent by grant, and had the profit and the pleasure of dispensing these rights into individual ownership without any reservation whatsoever from the National Government. Quite the contrary with the public-land States of the West—in them all of the minerals and all of the oils and gas and all of the timber have been reserved to the Government as a whole.

Mr. Chairman and Members of the House, the Chairman of the Committee on the Public Lands has requested me, as I presume, because I come from one of the leading public-land States, to help him pilot this bill through the House this afternoon. I am unprepared for this great task and am speaking offhand, but from my first-hand knowledge of the situation. I am glad to accept his invitation and am speaking for the livestock men and the ranchers and the farmers of the great West—the people among whom I have lived all my life—and I am speaking for those of whom I am one.

The question of the disposition of the remaining public lands of the 11 public-land States is by no means a political issue. It is an issue that should be dealt with and handled for the best interests of those concerned and of the Nation as a whole. Several different administrations in the immediate past have attempted to make disposition of the remaining public lands.

That the public domain must be controlled and administered and conserved is a question entirely one-sided. Everyone from every State admits that some control, administration, and conservation must be made of these lands. Up until now no regulation whatever has been in effect. It has been a matter of the mightier subduing the weaker. We have 173,000,000 acres in the public domain, and no one can dispute that these remaining acres are chiefly valuable for livestock grazing. But without regulation the bigger operators subdue the smaller ones to the extent of absolute domination.

To me, as one personally affected, and to me as a Member of Congress representing thousands of people directly affected, the fact that politics has been injected into the consideration of this bill is absolutely ridiculous. This question should not be considered from a political point of view, and in support of that statement let me cite that several administrations have tried to work out a plan for the equitable disposition of the public domain, which disposition would be beneficial to the people affected and to the Nation as a whole. President Hoover, recognizing the situation, in April 1930 appointed a committee on the conservation and administration of the public domain. This committee consisted of the then Secretary of the Interior, Secretary of Agriculture, James A. Garfield, who was Secretary of the Interior under the Theodore Roosevelt administration, and 19 other eminently qualified men to study the situation. Every public-land State was represented by men of recognized ability on the subject of public lands and their disposition. This commission remained in session for more than 9 months. They studied the situation and the question of the disposition of the remaining public lands, and on January 16, 1931, made their unanimous report to the President of the United States, reporting among other things that—

> All portions of the unreserved and unappropriated public domain should be placed under responsible administration or regulation for the conservation and beneficial use of its resources * * * that the remaining areas, which are valuable chiefly for the production of forage, and which can be effectively conserved and administered by the States containing them, should be granted to the States which will accept them.

Now the only stumbling block has been that the States would not accept these lands unless they were granted without reservation. The Government has proposed to grant the lands to the States, reserving unto the Government the minerals, the oils, and the coal, and this has raised the objection of the States affected to accept these lands with such reservations.

The committee on conservation and administration further reported that " in States not accepting such a grant of the public domain, responsible administration or regulation should be provided." Of course, you know and I know that such administration and regulation in such event must be provided by the Government, and since the States have refused to accept these lands with the Government's proposed reservation this bill is the only other alternative.

I have not heard in this debate today, and I am sure that I will not hear as it goes on, any Member of the House urging that no legislation should be enacted to protect these lands. All agree that some regulatory legislation must be passed. Everyone within the hearing of my voice knows that my stand is for State rights in dealing with this problem, but since that cannot be had at this time I am for the next best thing, and that, I believe, is in the passage of this bill.

My good friend and neighbor, the gentleman from Wyoming [Mr. CARTER] has said that this bill takes away all of the rights of the livestock man and that it suspends the 640-acre homestead law. Now, sorry as I am to disagree with him, I urge that quite the contrary is the fact; and in discussing this particular phase of the case let me say that I am speaking as a practical livestock man myself. I have been raised in the livestock business and have always pursued it—sometimes advantageously but in later years without much remuneration. I see many livestock men as Representatives in this House this afternoon. They are from the leading livestock States of the West and they are practical in the livestock business. I am sure that they will agree with me that this bill is the best we can do at this setting, and I am sure they will agree with me that this bill does not suspend benefits to the homesteader in the Western States. It is concurrently a benefit to the stockman and the homesteader. It expressly provides that the person owning or having rights to land adjacent to the public domain shall be given preference for a permit upon the lands affected by this bill.

Now, let us see just where this will help the homesteader. Under present conditions the homesteader who cannot make a living upon his individual unit depends upon the adjoining public lands for range for his livestock, but he has no way in the world of protecting himself. The big sheepman from an adjoining county—yes, from an adjoining State—comes along with his herds, and when I say " herds " I say it advisedly, for ofttimes he runs several herds under one camp tender, and in the broad light of open day he moves upon the range adjacent to the homesteader and grazes off the grass upon which the homesteader depends. That homesteader is helpless—it is open, public range. The sheepman with his several herds has a legal right to use it, and does use it. If the homesteader tries to protect himself by fencing the open range, or even by building a drift fence to keep the drifting herds out, he may be hailed into the Federal court and fined more money than he has seen in 2 or 3 years, and in addition to that a stiff-necked Federal judge may give him a jail sentence.

Under the terms of this bill no such legal injustices can come to pass. And then again this bill protects the big stockmen, for under the present program, with the big stockman it is case of " dog eat dog "; first there, first served. Under this bill districts will be organized whereby each person will know the lands which are allotted to him and he will have to content himself by use of his own allotment. In this he is also benefited to the extent that he may fence it and build reservoirs, construct water holes, and erect sheds, stockades, windbreaks, and other improvements necessary for the advancement of his herd, and under the 10-year program provided by the bill he will have the right to continue his permit unless his opposing bidder is willing to take his improvements at an equitable price to be determined by the Government; that prompts a permittee to improve and protect the lands upon which he has secured the right to graze his stock.

I must hurry along; but I could cite many concrete examples where this legislation would help all concerned. The Mizpah-Pumpkin Creek reserve, which has been mentioned in the debate this afternoon, is within my district. I am familiar with it and the situation existing there. It is ad-

ministered by the Interior Department. The men assigned to that duty are men familiar with this class of land. They were not brought from the Forest Service, but they came from the Department of the General Land Office. They have to deal with a class of land that is just as different from the forest-reserve land as the Everglades of Florida are different from the plains of the Dakotas and Nebraska.

Now, since the Mizpah-Pumpkin Creek district has been brought into this discussion let me tell you that it has been administered by a very small fraction of the cost that it takes to administer the forest reserve. As a matter of fact, since this district was organized, the expense of its administration has been practically nil. This district has been improved to the extent of some 60 artificial reservoirs for livestock purposes, and the Government is only concerned to have a General Land Office man drop around once in a while to see if their rules are being observed. Since their rules are commensurate with the conservation of these lands the people interested in this reserve are equally diligent in seeing that the rules are strictly observed. If my advice is correct, and I believe it is, the 25,000 acres in this reserve cost the Government only a small fraction of one man's time to administer it.

To my mind the greatest thing in the Taylor bill is that it will permit private interests, State interests, and Government interests to pool and consolidate, and by the provisions of the bill exchange lands so that consolidated districts may be created. This was done in the Mizpah-Pumpkin Creek district, and I assure you that it has worked out successfully. Out in my State and in many of the Western States, in order to effect a grazing district, these three interests must be considered—the State-owned lands, individually owned lands, and the Government-owned lands, which must be consolidated in districts if it is to be a success. None of these various interests are willing to expend money in the program. It must be by exchange. For instance, in Montana we have railroad lands, State lands, and Government lands, and these three separate interests must get together for their mutual benefit and for the public good and make exchanges to the end that consolidated districts for grazing purposes be effected. It is impossible to do that under existing laws, but under the provisions of this bill it can be done.

The principal opposition to this bill seems to have developed on the question of what department will administer the public lands. Shall it be the forestry department or shall it be the Interior Department through the General Land Office? Now let me say to you, the forestry department is not equipped to handle this class of land, and their men are not experienced in this class of land. The class of land they have been handling and are experienced in handling is the best-watered lands in the West. It lies in the mountains where the snowfall is heavy and at the source of all of the streams, while the lands affected by this bill are the rough lands, the badlands, and the breaks, far distant from the mountains and the forests. In practically every instance patented lands and privately owned lands lie between the forests and the now existing public domain. The waters finding their source in the forests, are taken out for irrigation purposes on private lands, in between, and are used before the channels of the streams reach the lands affected by this bill. The lands we are considering never get water except in flood time, and it behooves the stockman to build reservoirs and dams to hold the flood-time water for livestock purposes. This bill provides him ample opportunity to be protected in his investment in doing this, and that is what they have done in the Mizpah-Pumpkin Creek district; therefore, the principles of this bill are not an experiment.

In conclusion let me remind you that I am not yielding my ideas for ultimate State ownership of these lands together with all of the subsurface rights, and in furtherance of my ideas to that end I hope that this bill will pass. It is a forerunner for State ownership, but let these lands go into the Forestry Department and it is "taps" for us. Once it ever gets into the Forestry Department it will stay in that, the greatest of all bureaucratic set-ups. I appeal to you, my friends on the floor of the House, and this appeal is made as a stockman myself and for the stockmen of one of the States affected, that you pass this bill. [Applause.]

Mr. DEROUEN. Mr. Chairman, I yield 5 minutes to the gentleman from Oregon [Mr. PIERCE].

Mr. PIERCE. Mr. Chairman, I come from Oregon, a State deeply interested in this bill. Every speech that has been made in opposition to this bill, whether by my colleague from Oregon or other Members, could have been made in opposition 30 years ago to the forest-reserve policy, and still our forest reserves have been carefully and wisely handled, and there is scarcely a man today in my State who is opposed to the Federal forest administration.

There is going to be a small fee charged, but it will not be much. When our cattle and sheep were down in price, we were paying too much for forest-reserve grazing permits. Last year a careful study was made by the administration, and our grazing fees were materially reduced.

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

Mr. PIERCE. No; I have only 5 minutes. I do not know that I can add to the things that have been said, but I want to call your attention to one example of what can be done in conserving and improving a range. Some years ago I purchased about 4,000 acres of bunch-grass range that had been eaten out, ruined by overgrazing. I fenced it in a block and used it 4 or 5 years that way. Then I cross-fenced it and made it into five different fields. Then I grazed these fields at different times. I increased the grazing capacity of that range 50 percent by that plan. It can be done through the public domain as it has been done in the forest.

It is a crime to allow the public domain today to be grazed off as it is by a few big men. There are a few sheepmen and cattlemen in our country who sweep through the public domain and take all of the grass that the little fellow would like to use. This bill carefully protects the milk cow for domestic use. It carefully provides that the small man shall have his innings. Those using the public domain are to be organized into districts where the permittees can have their own organization; they will make their own rules. I believe the permittees will have more rights than we even had on the forest reserves. The forest reserves have conserved our grass. The man having a permit to graze sheep or cattle will know where he is going and the number he can care for. Somebody objects because the number will probably be cut down. Sure, it should be cut down. Those who have made improvements in the public range and the water holes will be protected. Those who have expended their money in improvements will have preference rights giving such persons prior allotments. The enactment of this law will result in much good to all. It will save the range. I agree with the gentleman from Montana [Mr. AYERS] that all these lands ought to be owned by the State in which the land is located, and all of the Government land will ultimately be so owned, but that time is not yet here. Everyone helps himself to the first grass he comes to. Chaos reigns over this public domain at the present time; everybody grabbing. I can remember portions of Oregon that had beautiful bunch grass a few years ago, now all eaten out. It will take years to restore the range. Every year this law is delayed means greater devastation. Pass this bill now.

The CHAIRMAN. The time of the gentleman from Oregon has expired.

Mr. ENGLEBRIGHT. Mr. Chairman, I yield 2 minutes to the gentlewoman from Arizona [Mrs. GREENWAY].

Mr. DEROUEN. Mr. Chairman, I yield the gentlewoman 3 minutes.

Mrs. GREENWAY. Mr. Chairman, the Taylor bill presents an outstanding instance of the difficulty of reaching Congress with the complex facts necessary to insure a vote of intelligence and integrity. This bill, which is happily free of party and political expediency (you will see I was optimistic this morning), was introduced for the purposes so obviously practical, and described in its heading:

To stop injury to the public grazing lands by preventing overgrazing and soil deterioration, to provide for their orderly use, improvement, and development, to stabilize the livestock industry dependent upon the public range, and for other purposes.

In spite of this fact, this bill has had, in committee, a stormy and controversial session, and with good reason. In its attempt to rehabilitate the eroded sections of the earth's surface for the protection of an industry—which is obviously worthy of experiment—it involves the very life's blood of the so-called "frontier States" public lands and their principal industry. The decision and responsibility of this bill of major importance lies in the hands of the Members of Congress, who in majority know little about the intricacies of cattle and sheep raising. Those eastern members of the committee who felt this to be true gave an unselfish and painstaking service and deferred to the western members, with a consideration that we truly appreciated, and the Chairman of our Public Lands Committee conducted the fair and patient hearing this bill of such major importance justified.

The reason I feel that I know a little bit of this matter is because 24 years ago I homesteaded on 17 acres, and I have been in the cattle business with my children in two States ever since. We have run our cows as we are now doing on almost every variety of land—privately owned land, public domain, forestry, and railroad sections, and so forth. This is a far deeper bill than appears on the surface. It has presented itself in former years in different ways and has been defeated. It deals with the use and control of approximately 173,000,000 acres.

Therefore, fellow Members of Congress, yours is a very real responsibility today—particularly those of you who represent States where the problem of public domain does not exist. I ask your conscientious concern in this bill introduced for the commendable purposes outlined, but which, by its very enactment, gives to Federal control lands embracing empires, which many people feel should and will eventually be given to the States in which they lie; and at the same time, creates new departments to parallel the work of now existing Federal agencies—I refer to the Forestry Service under the Agricultural Department, now controlling the grazing of livestock.

We must be fair and painstaking in the consideration of this bill, the purposes of which are important and proper, but the passage of the bill as written may entangle us in fundamental policies still pending—ultimate State ownership of public domain—and at the same time involve us in such a dual control of the livestock business as would be wholly impractical.

It is hard to be as comprehensive as I should like to be, in 10 minutes. This bill was presented to the committee for the purposes above outlined. Secretary Ickes and representatives of his Department were enthusiastic advocates and all listening recognized that the Department of the Interior was asking the responsibility of administering public lands for the purposes of their rehabilitation and the sustaining of the livestock industry. Therefore, it is particularly difficult, and not a little embarrassing, to be forced to further analyze this bill and differentiate between its purposes and the probable result of its enactment as written.

The complexities involved could not be better demonstrated than to give you the picture of Arizona as an example. May I ask you to listen attentively. We have, in our State, seven classifications of land, designated as follows: Indian reservations, military, national forests, public domain, parks, State, private; aggregating approximately 73,000,000 acres, only 18,000,000 of which are privately owned. The land being discussed under this bill aggregates, in Arizona, 13,581,000 acres.

Let us dismiss the first problem presented—that of ultimate State ownership of public domain, which is not our concern today; however, the enactment of this bill might make it more difficult to acquire later.

So much has happened in the last few months, in relation to the United States, that is not yet fully realized. Largely stimulated through unemployment and the necessity of finding legitimate and constructive work for thousands of men, the problem of the surface of the United States has come, with rapidity, to the front and under this stimulation planning divisions have been organized, an erosion and flood control department created in the Department of the Interior, and now, instead of facing our water conservation and land rehabilitation in a spotted, local way, there has been crystallized for immediate action a mighty national program in relation to drainage areas, their conservation and development, which prove that out of necessity has come vision and progress.

You ask what relation this has to the Taylor bill which we are considering. Specifically this: The land that should be protected from erosion and flood control is scattered across many States. It does not lie—and this is very important—in any particular classification of land within any particular State. The damage to be corrected and stopped is to be found in all these types of land: Indian reservations; national forests; parks; private, military, public domain, and State land.

Picture for yourself the fact that plans and probable legislation pertaining to these drainage areas, as such, starting up in the mountains, flowing to the foothills and on to the plains, will be forthcoming in the near future, and that the work against erosion and for flood control will inevitably cover these damaged and unhealthy areas in their entirety, with no particular relation to classification or departmental administration. Therefore, from a practical point of view, and in behalf of the livestock industry, I believe we would be planning more effectively if we gave grazing control of public domain where necessary to the now existing, well-equipped agencies and let our new plans be less confused by considering the vesting of the responsibility of erosion and flood-control work to the Interior Department.

I wonder if you see what I mean. Please bear with me. Again let me say, logical and proper has been the motive prompting this legislation, which came into being before or simultaneously with these broader aspects of national adjustment in relation to the livestock industry and the rehabilitation of barren areas. Therefore, let us be fair and careful in our decision today.

First, we have a department well equipped to handle, through expansion rather than creation, any necessary grazing control. This is the Forest Service under the Department of Agriculture. Second, we have a newly created department in the Interior, known as "the Department of Erosion and Flood Control"—equipped to carry out any gigantic plan of conservation and surface salvage—dealing with drainage areas in their entirety. I do not believe this bill would have found itself on the floor of this House in its present form had these broader policies been developed 2 months ago.

In voting against this bill I feel I am exercising the intellectual integrity expected of me by those I represent from home, in the fact of what I know as a committee member of the Public Lands Committee, and I also, in so doing, believe I am smoothing the path, rather than blocking it, for effective legislation to give to the Department of the Interior the greater responsibility of any national program that in time might be proposed, which this bill would more probably confuse, rather than help.

Mr. DEROUEN. Mr. Chairman, I yield 5 minutes to the gentleman from Idaho [Mr. WHITE].

Mr. WHITE. Mr. Chairman, this is a very artfully drawn piece of legislation. I have heard a good deal said about it on both sides, but I say to you that in all of its 11 sections there is not 1 section drafted for the benefit of the small cattleman or the individual.

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

Mr. WHITE. I have not the time. This bill is drafted for the benefit of the big stockmen and the banking interests of the country. I challenge any man, even the author of the bill, to show in any particular where the bill is for the benefit of the individual, the young man who desires to get a start in life. I point out to you that the bill absolutely abrogates the homestead laws of the United States—the beneficial measures for the development of the United States by just administration of the homestead law.

The homestead law is the vehicle or instrument that has developed this country, for people have gone into the fron-

tier, established homes, built communities, and made this country great. This Congress from the time of the adoption of the Constitution to this minute has protected the individual and kept the door of opportunity open to him. If the big stockmen of this country fenced up the public domain they were arrested and convicted and jailed. Now, we propose by law to turn over the remaining 172,000,000 acres of public lands to the big interests of this country. I want to point out to you some of the objectionable sections of this bill. In the first place, the first section of this bill perpetuates the use by the cattlemen of this land when they secure a lease on a certain part of the domain. Page 5 of the bill, for instance, reads:

> No permit shall be issued which shall entitle the permitee to the use of such improvements constructed and owned by a prior occupant until the applicant has paid to such prior occupant a reasonable pro rata value for the use of such improvements.

If you secure the use of a piece of land and improve it, how is the man who wants to get a start in life—how is the man who wants to get possession of that property going to get it when he has to pay for the improvements? Expensive improvements are made to perpetuate the holder of a lease on the land.

Nobody has yet touched upon the exchange feature of this bill. Under the operation of this act a man can go out with some valueless land and make a horse trade with some Government officials and get valuable holdings. He can have secret information as to the mineral value of the land, and acquire title to it by trade. That is one of the things which is operating to defraud the people of the United States.

Mr. RICH. Will the gentleman yield?

Mr. WHITE. I yield.

Mr. RICH. Would the State of Idaho like to have the lands of that State administered by the legislature, rather than by the Federal Government in Washington?

Mr. WHITE. Public lands are effectively administered right now by the laws of Idaho. We have a law in Idaho that provides that no sheep may be ranged within 1 mile of a homesteader. I want to call attention to the fact that under the operation of this bill the small homesteader who has a few head of cattle ranging in the hills will be barred off of the range by some big corporation coming in and leasing the ground. He will be a trespasser if his cattle wander onto that land.

The CHAIRMAN. The time of the gentleman from Idaho [Mr. WHITE] has expired.

Mr. DEROUEN. Mr. Chairman, I yield 2 minutes to the gentleman from Idaho [Mr. COFFIN].

Mr. COFFIN. Mr. Chairman, I dislike exceedingly to find it necessary at my first appearance to disagree with my colleague from Idaho. I represent the Second District of Idaho, or the southern district, which has practically all the public land in our State within its boundaries. The matter concerned here is a perfectly practical matter. It is not experimental in any sense of the word. For many years we have had the administration of the forest reserves by the Forest Department. It has had the effect of increasing the number of livestock that can range on that land. It has preserved the watersheds of the West. It has made possible the reclamation of the entire western country. The same principle, applied to the great public domain which is not included within the forest reserves, will have the same effect. As it is today, the larger cattlemen and sheepmen use this land without any supervision whatever. The 2-mile limit law in Idaho, to which my colleague has referred, might just as well be taken off the statute books for all the effect it has. The result of the present use is as my colleague from Montana, Judge AYERS, explained, the little farmer in many of the valleys throughout that section finds that the public domain alongside of his farm, upon which he must rely for his own cattle if he expects to make good on that type of land, is taken away by the larger users. The only difficulty with the bill is that there is, on the part of those opposed to it, too much of a desire to set up straw men to knock down. It is simply a question of administration. If the Forestry Department has shown that in the administration of this type of land you must look for graft and favoritism, then you must expect the same thing from the Department of the Interior. Those of us from the West, however, who own this land, do not have that fear.

Mr. RICH. Will the gentleman yield?

Mr. COFFIN. I yield.

Mr. RICH. Does the gentleman not believe that this land could be administered the same as the Forestry Department?

Mr. COFFIN. That is purely a question of administration.

Mr. RICH. But does the gentleman not believe it would be better to have one control rather than two?

Mr. COFFIN. I am not qualified to state as to the administration, which would be best. The two ranges are entirely different. There is not one single thing conflicting between the Interior Department handling what is known as the "spring and winter range", the public domain, and the Forestry Department handling the summer and fall range, which is the forest reserve. [Applause.]

The CHAIRMAN. The time of the gentleman from Idaho [Mr. COFFIN] has expired.

Mr. ENGLEBRIGHT. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, the enactment of the bill under consideration will bring about the creation of a large new bureau or organization in the Interior Department for the establishment and administration of livestock grazing districts on the 173,000,000 acres of unreserved public lands which are scattered amongst the privately owned and State-owned land of the 11 Western States.

Under a system of fees and leases for the use of the grazing districts and penalties of fines and imprisonment for violation of regulations, it gives complete Federal bureaucratic control over the great livestock industry of the West and over the lives of the people and resources of a vast area of the Western States.

The bill abrogates all of the present homestead laws and will take from thousands of our veterans and people in every State of the Union probably the only chance they will ever have to acquire a home of their own.

The bill destroys any hope that the western States may have ever to develop or acquire new taxable wealth by the passing of these public lands within their boundaries into private ownership. The proposed grazing lease system means perpetual governmental regulation and control. It dooms great areas to the status of a Federal pasture.

The bill will bring the total area withdrawn from entry and settlement to an excess of 55 percent of the total area of the 11 Western States.

Under this bill and with the lands already withdrawn from settlement, Arizona will have 75.3 percent of its total area restricted from future development and settlement; California, 50.8 percent; Colorado, 47.4 percent; Idaho, 68.6 percent; Montana, 50.8 percent; Nevada, 92.19 percent; New Mexico, 56.29 percent; Oregon, 55.7 percent; Utah, 78.9 percent; Washington, 35.1 percent; and Wyoming, 70.5 percent.

These States cannot successfully develop and remain half State and half Federal. These States should be permitted to develop and obtain sovereignty over their soil. Imagine the consternation of Eastern, Central, or Southern States if it were proposed that the Government should own and control more than half of their areas. When we contemplate 55 percent of the area of our Western States is to be reserved from acquirement by private ownership, it is appalling. They will not be complete States but half States, more properly described as dependencies or colonies.

It has been the western conception that the United States holds title to these public lands as trustee for the States and that the Federal Government never was the absolute owner of such lands. There was a trust and the Government a trustee. The trust was never intended to go on forever. In time it was to be terminated. Thus only could the Western States become fully sovereign and equal to the rest of the States of the Union.

Permit me to review briefly the history and status of our public domain. The total area of continental United States is 1,973,000,000 acres, and came to us as follows:

First. Four hundred million six hundred and four thousand five hundred and thirty-three acres by treaty with Great Britain at the close of the Revolutionary War, and constituting all of the area of the original Thirteen Colonies, and in addition all of the territory west of the Colonies to the Mississippi, including what was later designated as the Northwest Territory and comprised of 170,161,876 acres.

Second. Purchase of Louisiana from France in 1803, containing 529,911,680 acres.

Third. Purchase of Florida from Spain in 1819, with an area of 46,144,640 acres.

Fourth. Annexation of Texas, with its 249,066,240 acres.

Fifth. Oregon settlement with Great Britain by treaty in 1846, which added 183,386,240 acres.

Sixth. Cession from Mexico in 1848, 338,680,968 acres.

Seventh. The Gadsden Purchase from Mexico in 1853 of 18,988,800 acres.

The treaty of peace with Great Britain was made with each free and independent sovereign State which had fought in the Union. By this treaty all of the territory westward of the Mississippi was added to their possessions. In 1782 the Continental Congress asserted the validity of territorial rights which New York had conveyed. At the request of Congress, Virginia ceded to the United States in 1784 all her extra territory; the other claimant States did the same, Massachusetts in 1785, Connecticut in 1786; South Carolina in 1789, North Carolina ceded Tennessee in 1790, Georgia gave up her western claims in 1802, out of which grew Alabama and Mississippi. Thus the area between the original colonies and the Mississippi River was added to the young Nation. Thus came into being the Northwest Territory, out of which were carved Ohio, Indiana, Illinois, and Wisconsin, and part of Minnesota, established by the ordinances of 1787, the year of the signing of the Constitution but prior to its adoption, comprising all of the land east of the Mississippi and north of Ohio. These ordinances of 1787 provided:

> That this territory must be erected into States, and have their entrance into the Union on equal terms, with the original States, and bear the same relation to the State government as all of the original States. They shall be settled and formed into distinct republican States, which shall become members of the Federal Union and have the same rights of sovereignty, freedom, and independence as the other States.

The treaty with France, conveying the Louisiana Purchase in 1803, provided:

> The inhabitants of the ceded territory shall be incorporated into the Union of the United States and admitted as soon as possible, according to the principles of the Federal Constitution, to the enjoyment of all the rights, advantages, and immunities of the citizens of the United States, and in the meantime they shall be maintained and protected in the free enjoyment of their liberties, property, and the religion they profess.

The treaty with Mexico, covering the Mexican cessions in 1848, contains the following provisions:

> Shall be formed into free, sovereign, and independent States, and incorporated into the Union of the United States as soon as possible, and the citizens thereof shall be accorded the enjoyment of all rights, advantages, and immunities as citizens of the original United States.

These treaties and provisions, ordinances, and cessions were and are the foundation of the principles of Federal authority and procedure with respect to the public lands. Fearing illegality of the ordinances under the Articles of Confederation in force at the time they were adopted regarding the Northwest Territory, they were reenacted August 7, 1789, after the adoption of the Constitution. The territory successively acquired was, at least until admitted as States, covered under article IV, section 3, of the Constitution of the United States, which is as follows:

> Congress shall have power to dispose of and make all needful rules and regulations respecting the Territories or other property belonging to the United States, and nothing in this Constitution shall be so construed as to prejudice any claims of the United States or any particular State.

All agree from our earliest history that even under the compact with the States whereby the States waive or cede their rights to the public lands and agree that they will not interfere with the primary disposal of the soil, the United States is a trustee. The Supreme Court has held that these compacts and enabling acts of the Western States cannot and do not alter their constitutional rights. When the States entered into the compacts of their enabling acts, waiving and ceding to the Federal Government and agreeing not to interfere with the primary disposal of the soil within their boundaries, the policy has ever been, and was, and therefore it was with the understanding that as the Constitution prescribed, the Government was to dispose of the lands, not hold them, reserve them forever, and impose royalties or fees on their development and prevent settlement.

The Public Lands Committee of the United States Senate in 1832 made a report after a complete survey favoring the ceding of the lands by the Federal Government to the States wherein the lands lay. In part the report stated, as follows:

> Our pledge would not be redeemed by merely dividing the surface into States and giving them names. The public debt being now paid, the public lands are entirely released from the pledge they were under to that object, and are free to receive a new and liberal destination for the relief of the States in which they lie. The speedy extinction of the Federal title within their limits is necessary to the independence of the new States, to their equality with elder States, to the development of their resources, to the subjection of their soil to taxation, cultivation, and settlement, and to the proper enjoyment of their jurisdiction and sovereignty.

To permanently reserve and keep from development and under Federal bureau control one half of a State is an unreasonable exercise of whatever rights the Federal Government might have to reserve lands. It violates the conditions imposed in the treaties under which the lands were acquired. In my opinion it takes no legal argument to prove this. It must be obvious to all as a matter of plain sense and justice. If one half of a State can be kept in perpetual Federal ownership, then all of a State could be reserved in Federal ownership. If that can be done constitutionally, then the words "Union of Sovereign States" are a hollow mockery.

This bill places the fate of the great livestock industry of the West dependent on unreserved public lands under regulations of the Interior Department, a Department which has had practically no experience in such matters. The livestock grazing on public lands within the borders of the United States Forest Reserves in the Western States is administered by the Forest Service under the Department of Agriculture. For the past 28 years the Forest Service has been handling the livestock industry and annually has 7,900,000 head of livestock grazing on 82,000,000 of forest-reserve lands. The Forest Service annually grants 26,000 grazing permits and has a complete expert and experienced organization to deal with the complicated problems of the livestock industry.

If this bill is necessary for the control and regulation of the livestock industry, as the advocates of the measure claim it to be, then common sense dictates that all grazing, both within and without the borders of the forest reserve, should be placed under one jurisdiction. Inasmuch as the Forest Service has a complete and efficient organization for such a purpose, it would be the logical organization to handle grazing on the unreserved public lands. Placing the jurisdiction of grazing on the unreserved public lands under the Forest Service also would make unnecessary the creation of a large new governmental organization or bureau. Under the leasing provisions of the bill, once grazing lands within the proposed districts are leased, the lessee will have absolute control almost in perpetuity over the lands, because the bill provides that a subsequent lessee can only acquire it if he pays for any improvements, fences, or expenditures of his predecessor. It is true the measure provides that if they cannot agree, the price is to be fixed; and in this there is grave danger that the grazing lands will be in the control of a few large stock owners and the small stockman is to be forced from the ranges.

Several times in the course of this debate, the proponents of the bill have referred to the report of the Public Lands Commission, appointed by President Hoover.

The report that has been mentioned, however, made no recommendations such as are contained in this bill. Permit me to read to the committee the recommendations of the so-called Hoover commission with reference to the grazing lands of the public domain.

It is the conclusion of the committee:

> That the remaining areas, which are valuable chiefly for the production of forage and can be effectively conserved and administered by the States containing them, should be granted to the States which will accept them.

Reference has been made repeatedly to the Colton bill, a bill which was very similar to this measure but entirely different with reference to its connection with the individual State. The Colton bill contained a section known as "section 13", which provided—

> That this act shall not become effective in any State until 60 days after the approval by the legislature of such State; and each such approving State, in its discretion, may designate and authorize one or more representatives or officials of said State with whom the Secretary of the Interior is hereby authorized to make and enter into suitable agreements for the cooperative administration of public grazing upon said public lands of the United States, and the lands owned by, or subject to the control of, said State or any political subdivision thereof shall be subject to such rules and regulations as shall be agreed upon and promulgated by both the Secretary of the Interior and by the State.

Let us maintain the system of local government and stop centralization of bureaus in Washington by defeating this bill.

Mr. DEROUEN. Mr. Chairman, I ask unanimous consent that all Members who have spoken on this bill may have the privilege of revising and extending their remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. DEROUEN. Mr. Chairman, I yield 8 minutes to the gentleman from Arkansas [Mr. FULLER].

Mr. FULLER. Mr. Chairman, this is a familiar matter to some of the older members of the Public Lands Committee. The chairman of the committee, the ranking member from California, and myself, are the only three members of this committee who were on the committee when this investigation was made under the Hoover administration. At that time $50,000 was appropriated for an investigation, and a citizen was appointed from every State in the Union to investigate these public lands. Growing out of that investigation was this grazing bill. I acted as a Democratic member of that committee in conjunction with Colton, of Utah, French and Smith, of Idaho, Arentz, of Nevada, and Scott Leavitt, of Montana; and the bill under consideration is practically word for word the result of that investigation which was instituted and advocated by President Hoover and by every member of his Cabinet. The only material difference between that bill and this bill is that the former contained what is known as "section 13"; but that was put into the former bill over the protest of its sponsors, and only because it came up for consideration in the House at a time when few Members were present. The bill passed the House and went over to the Senate, but in the closing hours of the session it failed of recognition because of the opposition of the cattle and sheep men who were so ably represented at that time.

This bill ought not to be considered as a Democratic or a Republican measure, although I can readily see how politics enters this matter. Those who bring politics into the matter do so more or less in total disregard of the public domain and the interest of the Nation generally. If they were permitted, they would put the cattle and sheep grazing into the hands of the Forest Service. Every one of the men opposed to this measure would rush up to vote for it if it were put under the control of the Forest Service, because they know and we know that that is the biggest and most hog-tight Republican organization in the United States, and some opposed to the measure have been benefited by reason thereof; but that is no reason why the bill ought to be administered by that Bureau.

The question for us to consider is, Is the bill meritorious? It is true that President Roosevelt and his Cabinet are in favor of this bill. It is a meritorious measure and every Member of the House should be for it.

The gentleman from Pennsylvania asks a lot of questions about why we do not turn these lands over to the States. Another gentleman asked the same thing. Do you know that the Hoover committee recommended that all this land be turned over to the Western States and given to them absolutely, reserving mineral rights only? What did they say? They came here with froth in their mouth before the Public Lands Committee. They said, "No; we will not accept them." I will never forget the speech of the Governor from Utah. He stated that they would not accept these lands and could not afford to. He said:

> You might consider it poor policy to look a gift horse in the mouth, but we want to see if he is subject to spasms, whether he is worth feeding.

The truth is, they did not want these lands under any circumstances because they were receiving then, and are receiving now, too much benefit.

We all know the Western States are more or less wards of the Government. We are not complaining about this at all. We are willing to go along and help you. These land States get 35 percent of all the money collected in fees from these cattle and sheep men. If a foot of timber is sold, they get a pro rata part of the money. We help keep up their schools. We build their roads. We have to do this because in some parts of the West 90 percent of the land belongs to the Federal Government. They should have some rights that are not enjoyed in other parts of the United States.

They talk about giving rights to the Secretary of the Interior, divesting us of legislative authority, and giving him arbitrary powers. You have done the same thing with the forests. You have turned them over to the Secretary of Agriculture. Anybody crying about that? Not a bit. The opposition raise any little thing in the world in opposition to this bill.

As it is now, the sheep and the cattle are running helter-skelter from one State to another and promiscuously over all the ranges. The opposition claim this law will hurt the veteran, because you will not let him go out there and homestead 640 acres of this desert land, on which he could not raise three sheep. It is worthless land for homestead purposes. What we desire to do is to try to preserve the land. Every man that has been in the cattle and sheep business knows that you cannot overgraze this land. It will blow off in sand dunes and wash away into the rivers and creeks here and there, filling up the dams and going on down to the Gulf of Mexico. It is ruining the country, and the people who are alive to the situation, realizing and knowing that this is Government property, want to preserve the land for this generation and for future posterity.

Who is in opposition? No one on earth except a few sheepmen and a few cattlemen who have a selfish interest, who care nothing for the present welfare of this country, and who think of nothing but getting theirs while the getting is good. Often you will see a man in this grazing country with a big drove of sheep coming from Arizona, where most of them come from, or some other State. Of course they are opposed to this. The man in charge of the sheep or cattle is a Mexican. You cannot find out whose cattle they are. They just run over everybody out there, and what we want to do is to take care of these lands. There will be 50 or 60 C.C.C. camps there. The departments can segregate and classify the lands and get the matter fixed up so that there will be some revenue coming in, and this will be self-sustaining. There should not be any opposition to this bill.

Mr. MILLARD. Will the gentleman yield?

Mr. FULLER. I yield to the gentleman from New York.

Mr. MILLARD. The gentleman is a member of the Committee on the Public Lands?

Mr. FULLER. No. I was for 5 years. I was on the committee at the time this matter was considered.

[Here the gavel fell.]

Mr. DEROUEN. Mr. Chairman, I yield 8½ minutes to the gentleman from Colorado [Mr. TAYLOR].

Mr. MILLARD. Will the gentleman yield for a question before he starts?

Mr. TAYLOR of Colorado. I yield to the gentleman from New York.

Mr. MILLARD. It says here "exclusive of Alaska." No one has explained why Alaska has been excluded in this bill.

Mr. TAYLOR of Colorado. I will try to explain that to the gentleman. I will ask the Membership of the House to refrain from interrupting me.

I am just going to talk to you briefly about conservation on general principles. Thirty-five years ago Uncle Sam had about 500,000,000 acres of unoccupied and unclaimed public domain that was being indiscriminately used by cattlemen, sheepmen, without any regulation or system or control whatever. The only order or restraint was the law of the jungle. President Theodore Roosevelt and Gifford Pinchot, the present Governor of Pennsylvania, conceived the idea that there ought to be some restraint upon the wanton destruction of the timber resources of our country. They thought our forests ought to be conserved as against large and many frightful fires destroying many thousands of acres of fine timber and a curb put upon the timber looters. They started a Nation-wide crusade for the conservation of our forests. They advocated the creation of forest reserves throughout the West on all the public domain that had timber on it.

The President started creating reserves in all the Western States by Executive orders. The people in that part of the country fought it like hyenas. We felt it was a high-handed, outrageous, and infamous invasion of our vested rights, that we had always let cattle run upon the public domain, and now they were going to charge us a fee for our stock eating the grass and boss and regulate us besides. We fought it as hard as we could. Eventually we were overridden and they put 137,000,000 acres of the open public domain into 146 forest reserves throughout the Western States. They have been administering it all now for 28 years. Generally speaking, the Forest Service is making a great success of the administration of that vast domain. There are always some complaints, and during these depressed times many stockmen feel that grazing fees ought to be further reduced. But in the main, everybody in the whole United States is in favor of the forest reserves. Nobody would think of having the public domain thrown open to a brutal free-for-all scramble again.

There are now 173,000,000 acres left of our public domain outside of the forest reserves. There is no supervision or control whatever over it. It is being overgrazed. It is being frightfully destroyed and ruined. The land is nearly all located in the 11 Western States, and the public-spirited people of these States feel that this wanton and reckless destruction of that vast and valuable national asset ought to cease. They feel that there should be the same orderly use and common-sense system of conservation of the 173,000,000 acres of public domain we have left that is now being made of the 137,000,000 acres of the forest reserve; and they are trying to bring about practically the same policy allotting the lands in definite amount and location to the local and most deserving stockmen for the remaining public domain that is now invoked in the forest reserve.

The two Departments, both in this administration and the former Hoover administration, have thoroughly agreed that they can administer the public lands and the forest reserves together; that they can administer them economically, that they can largely prevent the erosion and the strife between the cattlemen and the sheepmen, the big stockmen and the little fellow, and the overcrowding and destruction of the public land which is going on at a frightfully destructive pace. A very large part of the remaining public domain is utterly worthless for anything else than for grazing and is a very poor quality of grazing land.

I noted the other day where scientists have discovered that the Sahara Desert in northern Africa was once covered with a dense growth of vegetation, grass, bushes, and trees, and inhabited by prosperous people. That region today is probably the most desolate region on earth; horrible sand dunes. Today we are, by overgrazing, creating sand dunes in every one of these States. We have quite a large one in southern Colorado now. Where 5 or 10 times as many stock are turned upon land as there is proper forage for them, the grass is not only destroyed but sheep pull out the roots of the grass. In that arid country when the grass is destroyed, it will not come back. If this bill is not passed, or some system of controlled and orderly use adopted, a very large part of every Western State will soon be a barren desert. In the forest reserves where they have rains, the land is replenished, but in the lowlands the grass will not come back.

This bill, Mr. Chairman, is a great national conservation measure for the welfare of our entire country. Many of us western Members have been earnestly working for many years to bring about this legislation. We know we are right. We are loyally trying to render a great service to the West. I hope the House will not permit amendments that will hamstring this bill. The Department of the Interior and the Department of Agriculture have come to a thorough agreement upon this matter, and I feel we should respect their wishes and their assurance that they can and will handle this matter. I am not caring about the details, but I am desperately anxious to prevent amendments that I know will cause friction between the Departments and destroy harmony and kill the bill. As all of you know, there are a great many different ways of killing a bill, and most of the provisions of the minority report and many of the amendments offered today are of that character. I have lived among stockmen all my life. I have officially represented them nearly 40 years. I know that some measure of this kind is absolutely necessary. I know when it is practically established it will be of far-reaching and tremendous benefit, especially to hundreds of thousands of farmers and small stockmen. They are the ones I am primarily trying to protect. But the big stockmen and every community will be benefited by this orderly use and systematic control.

If you are in favor of conserving this great national asset of ours, stabilizing the livestock industry and stopping soil deterioration, join with us in helping to do so. Whether it is administered by the Secretary of the Interior or the Secretary of Agriculture or the Forest Service, I feel the bill will work out well. By the last sections of the bill the President and those two Secretaries are given full authority to work this matter out, and I know they will do so.

When President Roosevelt writes to Secretary Ickes as follows:

WHITE HOUSE,
Washington, D.C., February 21, 1934.

MY DEAR MR. SECRETARY: I have discussed with you and the Secretary of Agriculture, Congressman TAYLOR's bill, H.R. 6462, to give to the Secretary of the Interior the power of regulating grazing on the public domain.

I favor the principle of this bill; and you and the Secretary of Agriculture are authorized to say so to the House Committee on the Public Lands.

Very sincerely,

FRANKLIN D. ROOSEVELT.

And Secretary Ickes writes to our late loved and lamented Chairman of the Rules Committee as follows:

THE SECRETARY OF THE INTERIOR,
Washington, March 16, 1934.

Hon. EDWARD W. POU,
Chairman Committee on Rules,
House of Representatives.

MY DEAR MR. POU: The Taylor grazing bill, H.R. 6462, reported favorably from the Public Lands Committee last week, has the endorsement of the President, and its passage is being strongly urged by both Secretary Wallace and myself.

I regard this bill as the most important measure which the Department of the Interior has before Congress this session, and anything which you can do to bring it before the House for consideration at an early date will be greatly appreciated.

Sincerely yours,

HAROLD L. ICKES,
Secretary of the Interior.

And Secretary Wallace writes to the committee: "I heartily recommend its enactment"—how can anyone doubt that those officials will honestly and practically carry out the purposes of this measure? I am as confident as I am of my existence that this measure will be of incalculable benefit to our country and especially to the West, and that we shall all be proud in the years to come of having taken part in the preservation of this wonderful 173,000,000-acre resource of our Republic. [Applause.]

[Here the gavel fell.]

The CHAIRMAN (Mr. BLOOM). The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That in order to promote the highest use of public land, the Secretary of the Interior in his discretion is hereby authorized to establish by order grazing districts or additions thereto from any part of the public lands of the United States, exclusive of Alaska, not in national forests, national parks and monuments, or Indian reservations, and which in his opinion are chiefly valuable for grazing and raising forage crops, and/or to modify the boundaries thereof: *Provided*, That no lands withdrawn or reserved for any other purpose shall be included in any such district except with the approval of the head of the departmen having jurisdiction thereof. Such orders shall be so worded as to safeguard valid claims existing on the date thereof. Neither this act nor the act of December 29, 1916 (39 Stat. 862; U.S.C., title 43, secs. 291 and following), commonly known as the "Stock Raising Homestead Act", shall be construed as limiting the authority or policy of Congress or the President to include in national forests public lands of the character described in section 24 of the act of March 3, 1891 (26 Stat. 1103; U.S.C., title 16, sec. 471), for the purposes set forth in the act of June 4, 1897 (30 Stat. 35; U.S.C., title 16, sec. 475), or such other purposes as Congress may specify.

With the following committee amendment:

Page 2, line 1, after the word "monuments", strike out the word "or", and after the word "reservations", insert "or revested Oregon-California Railroad grant lands"; and on page 2, line 9, after the word "thereof" insert "and shall not affect any land heretofore or hereafter surveyed which, except for the provisions of this act, would be a part of any grant to any State."

The committee amendment was agreed to.

Mr. TABER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TABER: Page 1, lines 6 and 7, after the comma, strike out the words "exclusive of Alaska."

Mr. TABER. Mr. Chairman, I am not an expert on the grazing business, but my information is that herds of reindeer are maintained in Alaska out of which large profits are realized by the operators. Now, why should they not be brought within the provisions of this bill and pay the licensing fees that those in the United States proper are required to pay?

I hope this amendment will be adopted so that there will not be discrimination in favor of that outfit which operates these reindeer on the ranges of Alaska.

Mr. McFADDEN. Will the gentleman yield?

Mr. TABER. Yes.

Mr. McFADDEN. The gentleman is referring to the Lowmans, who virtually stole the reindeer from the Eskimo in Alaska and are carrying on this big operation on public lands?

Mr. TABER. I understand that is the situation, and I do not see why we should discriminate in favor of special interests when we undertake to enact legislation here in the House of Representatives.

I hope this amendment will be adopted. I hope the committee will show its good faith by accepting the amendment immediately.

Mr. TAYLOR of Colorado. Mr. Chairman, the trouble with the amendment is that it applies to such an enormous territory. I have forgotten how many hundred million acres there are up there. That is too large and unconsidered a proposition to tack onto this bill. Alaska is about one fifth the size of the United States. While there are a large number of reindeer scattered over a large part of Alaska, many of them are owned by the Eskimos, and many more are owned by the Lowman brothers or their company. I think the company is a New York concern. And some are owned by other people. None of them are making anything at the present time. The reindeer business is not in a prosperous condition. I do not feel we should open up this bill with respect to the expense which might be put upon the Government in administering all this public domain. I have never heard of anyone's making a suggestion of this kind before. I feel this would be a great mistake to open up such a vast and many-sided controversy as that would involve at this time, and I hope the amendment offered will be rejected.

Mr. WEARIN. Will the gentleman yield?

Mr. TAYLOR of Colorado. Yes.

Mr. WEARIN. It is perfectly possible we can legislate a little bit later and take care of the situation suggested.

Mr. TAYLOR of Colorado. Oh, yes. That reindeer situation in Alaska would require exhaustive investigation before it would be wise to take any action upon it. It would be utterly impossible to apply this bill to that Territory at this time.

Mr. DEROUEN. This amendment was submitted to the committee and to the Departments, and it was thought unwise to include Alaska. Therefore, I hope the amendment will not be adopted.

Mr. McFADDEN. Mr. Chairman, I move to strike out the last word. Mr. Chairman, I hope the amendment of the gentleman from New York will be adopted. I know something about the reindeer business in Alaska. As a member of the Committee on Territories for a number of years we had this question before us. There is not any question as to what happened up there regarding the reindeer business. The Lomens have exploited the Eskimo, gone into the reindeer business, using the best pastures of Alaska. It is a very nice little business. They are selling reindeer meat in the United States in competition with beef, and it has grown to an extent where that kind of business ought to be stopped.

This particular amendment will put them where they will have to pay something to the Government for the use of the land. They ought to pay something to the Eskimo from whom they have taken this business.

The reindeer were put into Alaska as an exclusive proposition for the Eskimo. The Lomen outfit have exploited the Eskimo, and they have not only operated in Alaska but perpetuated themselves by having men in the Agricultural Department and all along the line to see that nothing ever interferes with their great monopoly in selling reindeer meat in the United States.

You cannot find an Eskimo in Alaska who is not at swords points with the Lomen outfit, because they feel that they have deprived the Eskimo of their right to make a living. Therefore, I say that the amendment offered by the gentleman from New York should be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The question was taken; and on a division (demanded by Mr. TABER) there were 20 ayes and 70 noes.

So the amendment was rejected.

Mr. MOTT. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 2, line 2, after the word "lands", insert the words "or other revested grant lands in Oregon."

Mr. DEROUEN. Mr. Chairman, the committee will accept that amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oregon.

The question was taken, and the amendment was agreed to.

Mr. ENGLEBRIGHT. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 1, line 4, strike out the words "Secretary of the Interior" and insert the words "Secretary of Agriculture."

Mr. ENGLEBRIGHT. Mr. Chairman, this amendment is offered for the purpose of placing jurisdiction of the bill, if enacted, under the Department of Agriculture, so as to take advantage of the experience and efficiency of the organization of the Forest Service that for 28 years has been han-

dling the livestock industry and grazing within the borders of the forest reserves. Under the bill the jurisdiction of the livestock industry in the Western States would be placed in the springtime under the Agriculture Department, and during the summer months in the forest reserves, and in the fall under the jurisdiction again of the Interior Department.

Stockmen will be at a loss to know how to handle their herds and flocks. For instance, it may be that 500 head or 1,000 head are grazing within the boundaries of the forest reserve, and when they come out in the fall and go onto the grazing districts created under this bill the Interior Department may say that it can take care of only half the number of cattle. It places the cattlemen in an almost impossible position if the grazing industry is left under the double jurisdiction of two departments. I do not believe there is a Member of the House who, if drawing this bill fairly and without prejudice, but would draw the bill so as to place the grazing industry under one department, the department now handling that industry.

In the hearings before the committee nothing definite was ascertained as to what it is going to cost to administer this measure. The Secretary of the Interior or his representatives suggested that it might be administered for something like $150,000 annually. Yet representatives of the Forest Service in former hearings on similar bills estimated that that Department could not possibly administer the 173,000,000 acres of land for less than from two to three million dollars annually. The Forest Service has had the experience. Their estimate should be accurate. The Interior Department is simply assuming or making an estimate of what it hopes to do.

If 173,000,000 acres of land are to be administered for $150,000 a year when it is now costing the Forest Service 4 cents an acre for the 82,000,000 acres under their jurisdiction, there cannot be any beneficial regulation or anything of benefit accrue to the stock industry. I therefore plead in the name of common sense to place this bill under a department that now has jurisdiction over one of the vital industries of our Western States.

Mr. HASTINGS. Mr. Chairman, the complete answer to the gentleman from California [Mr. ENGLEBRIGHT], if I may be permitted to say a word, is that this bill deals with grazing on public lands. Other lands, of course, are under the Commissioner of the General Land Office, and that is a bureau of the Interior Department. Therefore, all these public lands are under the Interior Department. The gentleman from California, and everyone else knows, that if we were to give the Secretary of Agriculture jurisdiction over the grazing of public lands there would be a conflict of jurisdiction between the Secretary of the Interior and the Secretary of Agriculture, but very properly, of course, this ought to be handled by the department that has under it the Bureau of Public Lands, the Commissioner of the General Land Office.

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

Mr. HASTINGS. Yes.

Mr. ENGLEBRIGHT. There could be no possible conflict when the bill provides for creating grazing districts under the public domain, and the Congress has the right to place that jurisdiction wherever it seems wise.

Mr. HASTINGS. This is under the jurisdiction of the Public Land Office, as the gentleman knows, and the public land has always been under the Commissioner of the General Land Office, and that is the bureau of the Department of the Interior. Of course, the amendment ought to be defeated, and the administration of this bill ought to remain under the Secretary of the Interior, where the bureau is that supervises it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California.

The amendment was rejected.

The Clerk read as follows:

SEC. 2. The Secretary of the Interior shall make provision for the protection, administration, regulation, and improvement of such grazing districts as may be created under the authority of the foregoing section, and he shall make such rules and regulations and establish such service, enter into such cooperative agreements, and do any and all things necessary to accomplish the purposes of this act and to insure the objects of such grazing districts, namely, to regulate their occupancy and use, to preserve the land and its resources from destruction or unnecessary injury, to provide for the orderly use, improvement, and development of the range, and to stabilize the livestock industry dependent upon the use of such public grazing lands; and any violation of the provisions of this act or such rules and regulations thereunder shall be punishable by a fine of not more than $500 or by imprisonment for not more than 1 year, or by both such fine and imprisonment, in the discretion of the court.

With the following committee amendment:

Page 3, line 9, after the word "lands", insert "and the Secretary of the Interior is authorized to continue the study of erosion and flood control and to perform such work as may be necessary amply to protect and rehabilitate the areas subject to the provisions of this act, through such funds as may be made available for that purpose."

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. MARTIN of Colorado. Mr. Chairman, I move to strike out the last word. My colleague, ED TAYLOR, the author of this bill, and who has the support of his three colleagues in this House, is exceeded in seniority by but two Members in this body, the Honorable Speaker of the House and the gentleman from Illinois [Mr. SABATH]. Through the 25 years that he has been a Member of this body he has been a deep student of and constantly in contact with legislation and all questions affecting the public-land States and their resources. He has become an outstanding authority on the type of legislation now before this body. I do not believe it is any disparagement to the Members of either House to say that there is no Member of either House who has his wide range of knowledge on matters affecting the western land States.

Perhaps it is not in every case that the author of a bill could be thrown into the scale with it, in weighing the merits of the bill, but, if there is any such case, it would be the fact that EDWARD T. TAYLOR, of Colorado, is the author of the bill now before this House, and his authorship of it is a significant matter, in the light of his outstanding career and experience, to be considered by the House.

There is another significant thing that might be considered by this House in connection with this bill, and that is this: Twenty-five years ago Mr. TAYLOR and I came into this body, and we were only two Members of a solid phalanx from all of the public-land States fighting against the establishment of forest reserves in the Western States; and as I listened to the debate this afternoon I reflected that Members of this body could go back into the debates of Congress 25 or 26 or 28 years ago, and not only find everything that has been said against this bill here this afternoon but 20 times more, because the establishment of the forest reserves in the West was a burning issue in that section of the country, reducing us, as we thought, to the mere status of a Federal dependency.

But let anybody arise in this House today and propose to abolish the forest reserves. We did not want them. We had to take them, but if you do not want us to have them now, you will certainly have to take them away from us, and you will have the fight of your lives. If this legislation does half as much for the great body of waste land, worthless for farming or for any purpose except grazing, that is involved in this bill, as the forest reserves have done, it will be a wonderfully beneficial piece of legislation to the entire West.

It is a significant fact that the West has been converted to the forest reserves imposed upon us against our will, and is now the most ardent champion of the forest reserves. [Applause.]

The CHAIRMAN. The time of the gentleman from Colorado [Mr. MARTIN] has expired.

Mr. CARTER of Wyoming. Mr. Chairman, I rise in opposition to the pro forma amendment of the gentleman from Colorado. I do not mean to attack the eulogy made upon the gentleman from Colorado [Mr. TAYLOR], but I have just been reading over the report submitted by the chairman of

the committee, and I notice that the report states that it has the unqualified endorsement of the national land use planning committee. I have read the report, and I find nothing in the report where this bill was approved by the national land use planning committee. I should like to ask the chairman when the national land use planning committee appeared before the committee, for the reason that the national land use planning committee has been out of existence for over a year. Still the gentleman comes in here and says they have approved this bill.

The pro forma amendment was withdrawn.

The Clerk read as follows:

SEC. 3. That the Secretary of the Interior is hereby authorized to issue or cause to be issued permits to graze livestock on such grazing districts to such bona fide settlers, residents, and other stock owners as under his rules and regulations are entitled to participate in the use of the range, upon the payment annually of reasonable fees in each case to be fixed or determined from time to time under his authority: *Provided*, That grazing permits shall be issued only to citizens of the United States or to those who have filed the necessary declarations of intention to become such, as required by the naturalization laws. Such permits may be issued to individuals, groups, or associations for a period of not more than 10 years, subject to the preference right of the permittees to renewal in the discretion of the Secretary of the Interior, who shall specify from time to time numbers of stock and seasons of use. During periods of range depletion due to severe drought or other natural causes, or in case of a general epidemic of disease, during the life of the permit, the Secretary of the Interior is hereby authorized, in his discretion, to remit, reduce, refund in whole or in part, or authorize postponement of payment of grazing fees for such depletion period so long as the emergency exists.

With the following committee amendment:

On page 4, line 4, after the word "laws", insert "and preference shall be given occupants and settlers on land within or near a district to such range privileges as may be needed to permit proper use of lands occupied by them."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 4, line 8, after the word "groups", strike out the word "or", and, after the word "association", insert "or corporations authorized to conduct a livestock business under the laws of the State in which the grazing district is located."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 4, line 21, after the word "exists", insert a colon and the following: "*And provided further*, That in such orders, and in administering this act, rights to the use of water for mining, agricultural, manufacturing, or other purposes, vested and accrued and which are recognized and acknowledged by the local customs, laws, and decisions of the courts, shall be maintained and protected in the possessors and owners thereof, and, so far as consistent with the purposes of this act, grazing rights similarly recognized and acknowledged, shall be adequately safeguarded."

The committee amendment was agreed to.

Mr. MARTIN of Colorado. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, this is the second installment, and as it is entirely extemporaneous, there is no telling how many installments there may be.

When I was cut off with the gavel a few minutes ago, I was about to advance a third consideration in appealing to the Members of the House to give us this bill, and that is the fact that while we are divided, and it is always extremely painful when I am at odds with the brilliant Congresswoman from Arizona, while there is some division among the representatives of the public-land States, it is extremely significant that the great majority of us are for this bill, because we live in this country which you say is going to be made federalized domain.

Now, my friends, I want you to bear in mind this fact, that this bill is not adding one inch to the Federal domain. It already belongs to the Federal Government. It is already all under the Department of the Interior. You have no legal rights on this domain whatever. It is unregulated Federal domain, pays no taxes, brings in no revenue, whereas this bill proposes to regulate it and preserve it and parcel it out equitably for a small charge among the people who may be entitled to its use.

But I want to say to this, and I cannot go into this subject now, there is a feature of this legislation that interests me a lot more than grazing. That is the question of erosion.

This objective of the bill is only touched upon in the report, and I shall take leave to quote two short paragraphs. On page 2 is the following:

Where overgrazing is permitted to disturb the balance of nature erosion must result, which in turn increases flood hazards and promotes the siltation of irrigation reservoirs and ditches and jeopardizes the water supply for irrigation, urban consumption, and other uses. So ruinous a use of the public domain should not be permitted and, if it is continued, will result in the reduction of these vast areas to eroded and barren wastes.

And on page 8, from the letter of the Secretary of Agriculture, I quote the following:

A natural concomitant of the destruction or impairment of the protective vegetative cover has been an acceleration of soil movement or erosion which not only has reduced the value of the lands from which the soil has been moved but has also reduced the value of irrigation and power reservoirs, canals, ditches, etc., through increased sedimentation.

Mr. Chairman, these word pictures are all too inadequate to paint the havoc being wrought on the mesas and tablelands of the mountain West, where rainstorms are cloudbursts and where, due to the nature of the soil, denuded and unprotected from overgrazing, large areas of land are being cut through, washed away, and permanently destroyed, and this process is accelerating.

This is the most appalling feature that faces the western, mountainous country. Unless we can do something to arrest the land destruction which I have seen take place during two thirds of a rather long life, entire sections of the country will eventually be worthless.

I remember sometime ago seeing some pictures in the National Geographic of China, showing an absolute nightmare which had occurred to what had been once a fine farming country. It was denuded; the timber taken off; the grass grazed off, and the entire country washed into great canyons and destroyed forever. That process, through overgrazing and neglect, is going on in the West. In my lifetime I have seen crevices which you could jump across that are now great arroyas. It is going on all over that western country. That sort of thing is being stopped in the forest reserves. You should go up through the forest reserves and see the little water traps and dams and everything that is done to take care of the water and prevent erosion and induce vegetation. The same thing will in some degree be done with this land. I predict that if this bill is passed by this Congress the time will come when those who oppose this legislation will be just as glad that they failed as we are glad that we failed against the forest reserves. [Applause.]

The CHAIRMAN. The time of the gentleman from Colorado [Mr. MARTIN] has expired.

Mr. CARTER of Wyoming. Mr. Chairman, I rise in opposition to the pro forma amendment for the purpose of asking the chairman of the committee a question. I understand there are 173,000,000 acres involved in this bill. The testimony showed that only 50,000,000 acres were to be leased the first year and that at no time would they lease all. Can the chairman inform the House whether it is intended to allow free public use of the range not included in the grazing districts?

Mr. DEROUEN. The evidence before the committee did not show that any specific area was to be leased at any particular time. The Secretary will have to make a survey and organize the undertaking, which will require several months; and there will not be anything done for a while.

Mr. CARTER of Wyoming. But supposing that eventually they leased only 50,000,000 acres, what will they do with the other 123,000,000 acres?

Mr. DEROUEN. I have no information as to the 50,000,000 acres to which the gentleman refers. It was never mentioned in the committee, and I do not know.

Mr. CARTER of Wyoming. Oh, yes, it was; I beg the gentleman's pardon. The Assistant Solicitor stated that they were going to have only 50,000,000 acres in the grazing district the first year; and Mr. Stabler said that at no time did they expect to take in the whole 173,000,000 acres into the grazing districts.

Mr. KLEBERG. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KLEBERG: Page 3, line 24, after the word "fees", insert: "which shall in no event be less than 80 percent of the average grazing fees prevailing on privately owned lands adjacent thereto or in the same general section, and which are of the same general character."

Mr. FULLER. Mr. Chairman, I reserve a point of order against the amendment on the ground that it is not germane.

Mr. KLEBERG. Mr. Chairman, I preface my remarks by saying I have no desire by anything I say to injure this particular piece of legislation. I want that understood first.

With reference to the point of order, Mr. Chairman, I shall accept the decision of the Chair.

With reference to the amendment I call attention directly to the fact that wherever we have Government reservations we also have privately owned lands surrounding the reservations. We all recognize that the publicly owned lands are in their pristine condition without having been plowed or touched, and the only way by which their surface production can be converted into wealth is through the grazing of livestock.

The simple and only purpose of this amendment is to place the operation of these grazing districts on a basis where a reasonable fee will be charged for their use. As a matter of fact, the individual cowman who pays taxes on his ranch and markets his cattle, at such times as he has no cattle leases those ranges to others. In the case of the public domain and these grazing districts none of the provisions of the Agricultural Adjustment Act restrict or otherwise affect them. Any man can go into the cow business by going to the market and buying a herd and raising it on one of these grazing districts in direct competition with the taxpayers of the country.

It is the purpose of this amendment to assess against the users of these public-grazing lands as rent for their use at least 80 percent of what is charged for privately owned land of the same general character in the same general section of the country.

There is nothing in this amendment to injure the bill. It provides that the Secretary of the Interior may exercise his own judgment and discretion in saying which lands shall be the ones upon which the 80-percent test shall be made, not lands in Kamchatka, but lands in the immediately surrounding country of the same general character having to do with exactly the same business, the conversion of surface production into wealth through the grazing of livestock.

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

Mr. KLEBERG. Certainly.

Mr. MAY. In other words, the situation the gentleman seeks to correct is one in which the Government of the United States puts itself into competition with the private owner of lands?

Mr. KLEBERG. That is right.

Mr. MAY. It is the same kind of competition that we have when the Government enters any line of private business.

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

Mr. KLEBERG. I yield.

Mr. DEROUEN. As a matter of fact, this privately owned land is much superior to any of the public reserved land.

Mr. KLEBERG. May I say to the gentleman from Louisiana that my amendment provides that the rental shall be dependent upon a comparison with lands of like character.

Mr. FULLER of Arkansas. Mr. Chairman, I rise in opposition to the amendment.

I appreciate, of course, the suggestion and the purpose of the gentleman from Texas, because he is one of the biggest cattlemen in the United States. I know he is personally interested in this bill but unwittingly he is trying to kill this bill.

I have conferred with the Solicitor from the Interior Department. He said this amendment would kill the bill, that they could not operate the grazing districts under it.

Conditions are vastly different in the gentleman's district from what they are in the majority of the lands here under consideration. In the gentleman's district they have grass and the land is not bare like it is on the open range. They do not have these sand dunes with just here and there a farmer who has a few acres with a little grass. It would not be fair to take 80 percent of the rental value of the isolated spots as the value of the thousands of acres of public grazing lands, for one little settler would need from one thousand to several thousand acres to raise a few head of cattle.

This is where you have to rent in big blocks to a lot of people. The gentleman states that he does not want to kill this bill, but that is what he is seeking to do, and that is what he will do if the amendment is adopted.

Mr. KLEBERG. Will the gentleman yield?

Mr. FULLER. I yield to the gentleman from Texas.

Mr. KLEBERG. The gentleman knows that his statement to the effect that I am trying to kill the bill happens to be merely his choice of language in trying to say something. As a matter of fact, the gentleman also knows when it comes to the real facts and a real interpretation of law, the amendment permits of no other purpose than a definite checking up as against lands of like character.

Mr. FULLER. Suppose a man out there had 40, 60, or 260 acres, and he could rent out a few pieces for a few head of cattle and there is public land. This other land all around would set the price that the Government could ask for the public land.

Mr. CHAVEZ. Will the gentleman yield?

Mr. FULLER. I yield to the gentleman from New Mexico. I asked the Solicitor if this amendment would kill the bill, and he said it would.

Mr. CHAVEZ. The Solicitor did not know what he was talking about.

Mr. FULLER. Possibly the gentleman does.

Mr. CHAVEZ. Yes; I do. I am going to vote for the bill.

Mr. FULLER. But at heart the gentleman is against the bill.

Mr. CHAVEZ. Suppose the Santa Fe Railroad owned a thousand acres of land which they want to rent right next door to the public domain which the gentleman is talking about. Suppose the State of New Mexico owns a thousand acres of land adjoining the sand dunes the gentleman is talking about. Why should not the Government charge as much or at least 80 percent for the rental of that property as the State of New Mexico or the Santa Fe Railroad?

Mr. FULLER. Because we have to build this land up. The land is not in condition now. So far as concerns the land in the gentleman's locality, that may be all right; but in the case of most of the land we have to fix up the land, we have to take care of it and preserve it until we can get grass started in order to get anything at all.

Mr. CHAVEZ. And the only way you can do that is not to compete with the man next door?

Mr. FULLER. This is not hurting anyone in the gentleman's country.

Mr. CHAVEZ. Yes; it is. I know of railroad lands adjoining lands of the State of New Mexico, and I know about the lands of the State of New Mexico.

Mr. FULLER. Are they renting the land today?

Mr. CHAVEZ. They are renting them now.

Mr. FULLER. How can they rent the land now when the Government is not getting anything for grazing on the public land, and yet the gentleman says the land is so good that they can get something for grazing purposes?

Mr. CHAVEZ. Every time the State of New Mexico rents the land they get money.

The CHAIRMAN. The Chair is ready to rule. Does the gentleman withdraw his point of order?

Mr. FULLER. Mr. Chairman, I withdraw the point of order.

Mr. CHAVEZ. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, notwithstanding what the gentleman from Arkansas said, I am for this bill, and it is not because I do not know anything about the bill or because some solicitor told me about it. I am not taking the solicitor's word. I am taking my own responsibility in this matter. If the amendment of the gentleman from Texas is recalled, it says "lands of a similar character" or "lands located in the same vicinity." What is the detriment in adopting the amendment of the gentleman from Texas? It will only say that the Government cannot compete at a lower rate of rental with a private owner of land.

Mr. PIERCE. Will the gentleman yield?

Mr. CHAVEZ. I yield to the gentleman from Oregon.

Mr. PIERCE. Is that not true today? We rent our forest reserves far cheaper than we can rent other lands. We rent them for not enough to pay the taxes.

Mr. CHAVEZ. The forest reserves are the best lands to be found in the country, and the land we are referring to in the public domain and the land the gentleman from Texas is talking about is entirely different from forest land and not worth so much. There should be some way of having the rental value adjusted so there will not be competition one with the other. But when we talk about forest lands we are talking about the best lands in the West, and you cannot make that the test. You would be willing to pay more for the forest lands than you would for land in the public domain.

Mr. DEROUEN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I heard a lot in committee and here about this matter, and it seems to me this would impose a great difficulty on the Interior Department to attempt to make a new survey in order to determine lands of a like character. After all, then we would be permitting the private landowners to fix the price and we have heard a lot about the poor little fellows. I hope the Committee will vote down this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The question was taken; and on a division (demanded by Mr. KLEBERG) there were—ayes 40, noes, 53.

Mr. ENGLEBRIGHT. Mr. Chairman, I ask for tellers.

Tellers were ordered and the Chair appointed as tellers Mr. DEROUEN and Mr. KLEBERG.

The Committee again divided, and the tellers reported that there were—ayes 45, noes, 63.

So the amendment was rejected.

The Clerk read as follows:

SEC. 5. That the Secretary of the Interior may permit, under regulations to be prescribed by him, the free grazing within such districts of livestock kept for domestic purposes, and provide, so far as authorized by existing law or laws hereinafter enacted, for the use of timber, stone, gravel, clay, coal, and other deposits by bona fide settlers, miners, residents, and prospectors for minerals, for firewood, fencing, buildings, mining, prospecting, and domestic purposes within areas subject to the provisions of this act.

With the following committee amendment:

Page 5, after the word "domestic", in line 22, strike out the word "purposes" and all of lines 23, 24, and 25 and all of line 1, on page 6, and insert "purposes; and provided that so far as authorized by existing law or laws hereinafter enacted, nothing herein contained shall prevent the use of timber, stone, gravel, clay, coal, and other deposits by miners, prospectors for mineral, bona fide settlers and residents, for firewood, fencing."

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 6. That subject to compliance with the rules and regulations governing such grazing district, nothing herein contained shall restrict the granting or use of permits or rights-of-way under existing law; or ingress or egress over the public lands in such districts for all proper and lawful purposes; or prospecting, locating, developing, entering, leasing, or patenting the valuable mineral resources of such districts under law applicable thereto.

With the following committee amendment:

Page 6, strike out lines 9 and 10 and insert the word "Nothing", and in line 14, after the semicolon, strike out the word "or" and insert "nor nothing herein contained shall restrict."

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 7. That the Secretary is hereby authorized, in his discretion, to examine and classify any lands within such grazing districts which are more valuable and suitable for the production of agricultural crops than native grasses and forage plants, and to open such lands to homestead entry in tracts not exceeding 160 acres in area. Such lands shall not be subject to settlement or occupation as homesteads until after same have been classified and opened to entry after notice to the permittee by the Secretary of the Interior, and the lands shall remain a part of the grazing district until patents are issued therefor, the homesteader to be, after his entry is allowed, entitled to the possession and use thereof: *Provided*, That no lands containing water holes, springs, or water supplies developed or improved by the holder of any grazing permit or his predecessor in interest shall be subject to classification, settlement, entry, or patent under the provisions of this section.

With the following committee amendment:

Page 6, line 23, strike out the words "one hundred and sixty" and insert in lieu thereof the words "three hundred and twenty."

The committee amendment was agreed to.

Mr. WHITE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WHITE: Page 6, line 17, after the word "thereto", strike out all of section 7.

Mr. WHITE. Mr. Chairman, I cannot find where anything in this bill will be benefited or helped by section 7.

Section 7 absolutely abrogates the homestead law. Let me read one of its provisions:

Such lands shall not be subject to settlement or occupation as homesteads until after same have been classified and opened to entry after notice to the permittee by the Secretary of the Interior, and the lands shall remain a part of the grazing district until patents are issued therefor.

I would like for some proponent of the bill to explain to me how you are going to prevent erosion or how you are going to protect grazing by the operation of section 7.

I would also call your attention to the fact that by the enactment of section 7 we will abrogate the rights of our veterans that have been earned by their service in defense of their country. They have the right to acquire land under our homestead act, but this section will operate to withdraw this land from entry for the benefit of the big stockmen.

I would also call your attention to the fact that much of the land in the public domain today is fit for cultivation and for homestead if it were only opened up by the building of roads. The land is now isolated, but as the roads are opened up it will come in for cultivation and for the establishment of homes; but under the operation of this act it is left entirely in the discretion of the Secretary of the Interior whether anyone will be permitted to make application for a homestead. He has to get permission from someone in Washington, 3,000 miles away, before he can even submit an application to acquire any of this land.

I am going to ask you to protect the homestead law, protect the new man, protect the man that wants the same chance that our forefathers had on public lands, by adopting this amendment and strike out section 7 of the bill.

Mr. DEROUEN. Mr. Chairman, I am surprised that the gentleman who offered this amendment to strike out section 7 did not offer to strike out the enacting clause. I hope the House will defeat the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Idaho.

The question was taken, and the amendment was rejected.

Mr. TRUAX. Mr. Chairman, I move to strike out the last word. Mr. Chairman and members of the Committee, as I understand it, the proponents of the bill tell us that this is a bill that goes down to the grass roots and gives grazing rights to the little fellow as against the big fellow. That is one kind of legislation that we are somewhat derelict in enacting in this House, and I for one am glad to have

an opportunity to support the bill that is going to help the little fellow.

I want to call attention to another phase of the bill, that this will retain it in the Department of the Interior under Secretary Ickes. I am glad to notice that feature of the bill, because God knows that Secretary Wallace has about all he can handle without Congress shouldering any new duties on him. Between his bedtime stories and the religious features daily in the newspaper, I am sure his time is well taken up.

I want to call the attention of the House to two other bills that are up for consideration; that go down to the grass roots and help the little fellow. One is the Frazier-Lemke bill for which we are trying to get enough signatures to bring it out on the floor for consideration, as we did the Patman bonus bill.

The other bill is the McLeod bill, which will pay back to the depositors of banks in the Federal Reserve System their deposits.

I today have introduced an amendment to that bill, which Mr. McLEOD has agreed to accept, that will include all defunct banking institutions in the United States. In my State we have 300 State banks that are closed. It will include them. We will pay back all the deposits in those closed institutions and give the debtors 10 years to liquidate their obligations.

That will pay back thousands and hundreds of thousands of dollars to poor working people and bankrupt farmers, taken away from them by racketeering and crooked bankers. We will refund the poor widow's money and benefit all the depositors in these closed institutions.

Mr. GREEN. Will the gentleman yield?

Mr. TRUAX. Yes; I will yield.

Mr. GREEN. I have introduced a bill, which has gone to the Committee on Banking and Currency, which provides not only for the payment to depositors in closed national banks but in State banks also. I consider the latter provision highly important, because, after all, the depositors in the State banks are in need of their money just as much as the depositors in national banks.

Mr. TRUAX. Has the gentleman signed the petition to discharge the committee on the McLeod bill?

Mr. MAY. Which one of the classes the gentleman mentions is on the range in this bill—the creditors or the debtors?

Mr. TRUAX. Mr. Chairman, I am willing to put the debtors on, so far as I am concerned. I ask unanimous consent to revise and extend my remarks on this question.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. TRUAX. Mr. Chairman, this bill is based on the McLeod bill, H.R. 3843, which proposes to pay off depositors in all defunct national banks and State banks which were affiliated with the Federal Reserve System. The McLeod bill makes no provision for the depositors of defunct State banks not affiliated with the Federal Reserve System. In Ohio this will mean that nearly 300 banks, a major portion of them located in the rural communities, will receive no help whatsoever, but both depositors and debtors will be left to the tender mercies of Ohio's parody of a banking superintendent, Ira G. Fulton.

I personally know of many State banks that would pay out at least 90 cents on the dollar if given a real chance to liquidate; both depositors and debtors would be taken care of.

You will note that under the provisions of my bill the Reconstruction Finance Corporation shall make available to the receivers or conservators of defunct banks Government funds immediately upon application as payment for their assets. Then the conservators or receivers must arrange immediate disbursement of such funds, prorated to depositors of such banks. The assets which are purchased shall be liquidated by the Reconstruction Finance Corporation over a period of 10 years.

Thus you can see that this bill provides the greatest relief yet proposed for those thousands of farmers and unemployed workmen and small business men who in times of prosperity borrowed money from these banks and now, because of the prolonged depression, are without incomes and without jobs. No greater ray of hope could burst upon this country of ours than the mere knowledge that these unfortunates instead of lying awake at night awaiting for the rap of the sheriff upon the door to sell them out will be given 10 years in which to pay off their loan.

This loan and the assets of these banks will be liquidated on a rising market instead of a falling one. Everyone must agree that we are either now on the bottom or ascending the upper grade. Bank assets that are now considered worthless will in 5 years from now, 10 years from now, in many, many cases be worth 100 percent on the dollar.

It may be said by some that State banks are not entitled to Federal relief because they were not affiliated with the Federal Reserve System. My answer to that is that the so-called "affiliation" with the United States Government, such as having a gilded sign in the window, "This bank belongs to the national bank system", was a fraud and snare to depositors, and in thousands of cases meant nothing. It meant no more than banks in country towns of 1,000 to 2,500 to have in their windows a gilded sign proclaiming that they were members of the State Banking Association.

If the Government, which, after all, is merely all the people, should pay off depositors in national banks, should pay off depositors in all banks, in all banking associations, trust companies, savings banks, and other banking institutions organized under the laws of any State, it would not be doing more than to render simple justice to hundreds of thousands of its best citizens who were mulcted, milked, robbed, and defrauded by the big bank racketeers and Wall Street pirates. [Applause.]

My bill, which was introduced today, provides that the Reconstruction Finance Corporation is authorized and directed to purchase and acquire from the receivers and/or conservators of banks (including national banking associations, and banks, banking associations, trust companies, savings banks, and other banking institutions organized under the laws of any State or located in the District of Columbia) all remaining assets of such closed banks. The Reconstruction Finance Corporation, upon application by the receivers and/or conservators of such closed banks, and upon receipt of such remaining assets, shall immediately make available to such receivers and/or conservators, as payment for such assets, funds sufficient to pay in full the balance due of the total deposit liability of such closed national banks.

It further provides that upon the transfer of their remaining assets to the Reconstruction Finance Corporation and upon receipt of the funds received as payment therefor, the receivers and/or conservators of such closed banks shall immediately arrange to disburse such funds pro rata to the depositors of such banks.

Also, it specifies that the assets so purchased shall be liquidated by the Reconstruction Finance Corporation and, with the exception of assets in the form of unsecured notes, the Reconstruction Finance Corporation shall allow debtors a period of not to exceed 10 years in which to pay their indebtedness as evidenced by such assets. The Reconstruction Finance Corporation shall have full discretion concerning terms of liquidation of assets in the form of unsecured notes and may, when it deems such a course advisable, insist upon such terms of payment and such additional security from the debtor as it may deem necessary.

Moreover, there are further provisions in this bill that, regardless of any previous contract or agreement on the part of any person, the rate of interest paid to the Reconstruction Finance Corporation on such assets by the debtors shall be reduced to 4 percent per annum, and that for the purposes of this act any statute of limitations shall be waived and held not to apply to any transaction referred to or covered by provisions of this act. Nothing herein contained, however, shall prevent any debtor from anticipating payment on any such indebtedness. [Applause.]

I am informed by officials in the Treasury Department that practically 90 percent of the deposits in defunct banks

are in the amounts of $10,000 or less. I am also advised that at least 80 percent of these deposits are deposits of $2,500 or less. Thus, we see that this bill does go down to the grass roots and relieves people who actually need relief.

A careful survey indicates that there is only a comparatively small number of large banking institutions that have collapsed, as compared with the tremendous number of smaller banks. In Ohio the two big failures were the Union Trust of Cleveland, and the Guardian Trust of Cleveland. These banks were operating under State charter and were affiliated with the Federal Reserve System, but again we find that thousands of the depositors in these two giant financial institutions were poor people with accounts of $2,500 or less.

In nearly 300 State banks that failed, and are now undergoing a liquidating process by a racketeering State superintendent of banks, appointed by Gov. George White, who refuses to remove this superintendent even though thousands have petitioned and have demanded his removal, we can say that 95 percent of the depositors in these banks are small depositors, and that their deposits represented their life savings. It is these people that we are relieving through the enactment into law of my bill and the McLeod bill. [Applause.]

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

Mr. TRUAX. Yes.

Mr. PIERCE. Will the gentleman tell us how much it will cost to pay off these depositors?

Mr. TRUAX. It will not cost four and a half billion dollars that we have already paid to the big bank racketeers and railroads and insurance companies and the 36 percent mortgage-loan sharks.

Mr. MARTIN of Oregon. Mr. Chairman, will the gentleman yield?

Mr. TRUAX. Yes.

Mr. MARTIN of Oregon. The gentleman proposes to take care of the bank losses. How about the other losses, the personal losses?

Mr. TRUAX. I am going to take care of the depositors. And I ask the gentleman whether or not he has signed the petition on the McLeod bill?

Mr. MARTIN of Oregon. I am asking the gentleman about the bill.

Mr. TRUAX. When the gentleman signs the petition I will give him an answer.

Mr. MARTIN of Oregon. Then I am afraid the gentleman will never have an opportunity to make that answer.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

The Clerk read as follows:

SEC. 8. That where such action will promote the purposes of the district or facilitate its administration, the Secretary be, and he hereby is, authorized, in his discretion, to accept on behalf of the United States any lands within the exterior boundaries of a district as a gift, or, when public interests will be benefited thereby, he is hereby authorized, in his discretion, to accept on behalf of the United States title to any lands within the exterior boundaries of said grazing district and in exchange therefor to issue patent for not to exceed an equal value of grazing district land or of unreserved surveyed public land in the same county or if any suitable lands cannot be found in the county, in any other part of the same State: *Provided*, That before any such exchange shall be effected, notice of the contemplated exchange, describing the lands involved, shall be published once each week for 4 successive weeks in some newspaper of general circulation in the county or counties in which may be situated the lands to be accepted, and in the same manner in some like newspaper published in any county in which may be situated any lands to be given in such exchange; lands conveyed to the United States under this act shall, upon acceptance of title, become public lands and parts of the grazing district within whose exterior boundaries they are located: *Provided further*, That either party to an exchange may make reservations of minerals, easements, or rights of use, the values of which shall be duly considered in determining the values of the exchanged lands. Where reservations are made in lands conveyed to the United States, the right to enjoy them shall be subject to such reasonable conditions respecting ingress and egress and the use of the surface of the land as may be deemed necessary by the Secretary of the Interior. Where mineral reservations are made in lands conveyed by the United States, it shall be so stipulated in the patent, and any person who acquires the right to mine and remove the reserved mineral deposits may enter and occupy so much of the surface as may be required for all purposes incident to the mining and removal of the minerals therefrom, and may mine and remove such minerals, upon payment to the owner of the surface for damages caused to the land and improvements thereon.

With the following committee amendment:

Page 7, line 21, strike out "county or if any suitable lands cannot be found in the county, in any other part of the same."

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 10. That, except as provided in sections 9 and 11 hereof, all moneys received under the authority of this act shall be deposited in the Treasury of the United States as miscellaneous receipts, but 25 percent of all moneys received from each grazing district during any fiscal year is hereby made available for expenditure by the Secretary of the Interior for the construction, purchase, or maintenance of range improvements, and an additional 25 percent of the money received from each grazing district during any fiscal year shall be paid at the end thereof by the Secretary of the Treasury to the State in which said grazing district is situated, to be expended as the State legislature may prescribe for the benefit of public schools and public roads of the county or counties in which the grazing district is situated: *Provided*, That if any grazing district is in more than one State or county, the distributive share to each from the proceeds of said district shall be proportional to its area therein.

With the following committee amendments:

Page 10, line 4, strike out "25" and insert "50."

Page 10, line 9, after the word "benefit" strike out "of public schools and public roads."

The CHAIRMAN. The question is on agreeing to the committee amendments.

Mr. TABER. Mr. Chairman, I rise in opposition to the committee amendments. This bill will go down in history as the 175-percent bill. I suppose that the folks who got up the bill to start with had in mind that they would turn 25 percent over to the State in which the grazing district is situated and 25 percent to the Secretary of the Interior. Then they raise that 25 percent that was to go to the State to 50 percent. By this amendment they do not take into consideration the situation that they have created by section 11, and they provide for the distribution of 100 percent of all the money that is raised out of the Indian lands which had been ceded to the United States, but they do not except the part that was raised and to be distributed under section 10, so that they are going to throw out on Indian lands 175 percent of all the money that they take in under the language they have here.

Mr. KELLER. Why not make it 200 percent?

Mr. TABER. I do not know, but I suppose the way things are going we may as well make it 1,000 percent. It does not seem to make any difference to the Congress. It is time that we woke up and stopped this sort of thing. I hope the Committee will vote down this amendment.

Mr. MARTIN of Massachusetts. The gentleman probably is not conversant with the new-fashioned method of bookkeeping.

Mr. TABER. I do not know whether it is deflation or devaluation or what it is, but it is emptying the Federal Treasury, and I think we ought to stop this sort of thing.

Mr. FULLER. Mr. Chairman, I move that all debate upon this section and all amendments thereto be now closed.

Mr. TABER. Oh, I have an amendment that I want to offer here.

Mr. FULLER. I insist upon my motion.

The CHAIRMAN. Has the gentleman from New York concluded his remarks?

Mr. TABER. I have not yielded the floor. Under the circumstances, I am going to offer an amendment, whether the committee amendment be agreed to or not, that will prevent any money being paid out of the Federal Treasury after it once gets in without an appropriation and an annual review from Congress. I think it is ridiculous that we should go along in this way. I hope the committee will fix up that amendment so that they will at least not pay out 175 percent when they go along through. I shall yield the floor now, but I hope that we will limit this bill so that the money

to be paid out will have to be appropriated each year, so that we will know what we are doing as we go along.

Mr. DEROUEN rose.

The CHAIRMAN. The Chair recognizes the gentleman from Louisiana.

Mr. RICH. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The chairman of the committee, the gentleman from Louisiana is recognized.

Mr. FULLER. Mr. Chairman, I move to close all debate upon this section and all amendments thereto.

The CHAIRMAN. Does the chairman of the committee wish to be recognized?

Mr. RICH. Mr. Chairman, I move to strike out the last word.

Mr. TABER. Mr. Chairman, a point of order. The chairman of the committee was recognized, the gentleman from Louisiana.

The CHAIRMAN. The gentleman from Louisiana is recognized.

Mr. DEROUEN. Mr. Chairman, I offer an amendment which was sent to us by the Committee on Appropriations.

The CHAIRMAN. The committee amendments are now pending, and we should dispose of the committee amendments first. The gentleman from Pennsylvania [Mr. RICH] moves to strike out the last word.

Mr. FULLER. Mr. Chairman, I made a motion to close all debate.

The CHAIRMAN. The gentleman was not recognized for that purpose, because the gentleman from Louisiana rose at the same time and the Chair recognized him.

Mr. RICH. Mr. Chairman, when this bill was presented to the committee and recommended by the Secretary of the Interior and recommended by the Secretary of Agriculture, it contained on line 4, "25 percent." Now it is increased to 50 percent to be turned over to the States. That has been done in committee after the bill had been recommended by the various departments, and it is only a committee recommendation and is not the recommendation of the Secretary of Agriculture. It is not the recommendation of the Secretary of the Interior, and the President of the United States knows nothing about it. I think the chairman of the committee will bear me out in this.

I think it is high time that we should conserve the resources of this country. We are going to reach down into the Federal Treasury and pay for the administration of these lands. I think it is an injustice to the country at large because of the fact that there will not be enough revenues from rentals to administer the operation of this bill, and you will have to ask for an appropriation from the Federal Treasury. You will have to seek new taxes. You will continually ask Congress to administer this bill. I think it is wrong. I do not believe that the committee in any sense has any right to present this bill to you under the guise that it has been recommended by the Departments on a 50-percent payment to the States as their share of the receipts, instead of 25 percent. I think the chairman of the committee will bear me out on this, that it is a committee action and not a recommendation of the Secretary of Agriculture nor the recommendation of the Secretary of the Interior.

Mr. DEROUEN. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 10, line 9, strike out "of public schools and public roads."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Amendment offered by Mr. DEROUEN for the committee: On page 10, line 14, after the word "therein", insert the following: "*Provided further*, That no such money shall be used or made available for the purposes hereinbefore set forth until appropriated by Congress."

The amendment was agreed to.

The Clerk read as follows:

SEC. 11. That all moneys received for grazing on Indian lands ceded to the United States for disposition under the public-land laws, less 15 percent for range improvements, shall be deposited to the credit of the Indians pending final disposition under applicable laws, treaties, or agreements, the applicable public-land laws as to said Indian ceded lands within a district created under this act shall continue in operation, except that each and every application for nonmineral title to said lands in a district created under this act shall be allowed only if in the opinion of the Secretary of the Interior the land is of the character suited to disposal through the act under which application is made and such entry and disposal will not affect adversely the best public interest.

With the following committee amendment:

On page 10, after the figures in line 15, strike out the remainder of line 15, all of lines 16 and 17, and the word "improvements" in line 18, and insert the following: "That 25 percent of all moneys received from each grazing district on Indian lands ceded to the United States for disposition under the public-land laws during any fiscal year is hereby made available for expenditure by the Secretary of the Interior for the construction, purchase, or maintenance of range improvements; and an additional 25 percent of the money received from grazing during each fiscal year shall be paid at the end thereof by the Secretary of the Treasury to the State in which said lands are situated, to be expended as the State legislature may prescribe for the benefit of public schools and public roads of the county or counties in which such grazing lands are situated. And the remaining 50 percent of all money received from such grazing lands."

Mr. DEROUEN. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. DEROUEN to the committee amendment: On page 10, line 18, amend by inserting after the word "that", the following: "when appropriated by Congress."

The amendment to the committee amendment was agreed to.

The committee amendment as amended was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 11, line 18, after the word "interest", insert a colon and the following: "*Provided*, That in such grazing districts established in Indian ceded lands, the Indians shall be classified as preferential applicants for grazing privileges, and surplus range may be allotted to the use of others only after the reasonable needs of the Indians for additional grazing lands have been met, but no settlement or occupation of such lands shall be permitted until 90 days after allowance of an application."

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 12. That the Secretary of the Interior is hereby authorized to cooperate with any department of the Government in carrying out the purposes of this act, and in the coordination of range administration, particularly where the same stock grazes part time in a grazing district and part time in a national forest or other reservation.

Mr. RICH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RICH: Page 12, line 6, after the word "reservation", insert a colon and the following: "and that the Forest Service now in the Department of Agriculture be transferred to the jurisdiction of the Department of the Interior."

Mr. RICH. Mr. Chairman, I offered this amendment to this section 12 as a matter of administration. I believe that the administration of this bill can best be had if we have the forestry department transferred to the Department of the Interior. The forestry department was formerly in the Department of the Interior. Some years ago it was transferred to the Department of Agriculture. If we place jurisdiction of all these lands in the Department of the Interior, also the forestry department under the supervision of the Department of the Interior, we will stop this dual control and we will make it a good business move and

a matter of economy for the Government. I hope that we put some business into this Government and try to administer these affairs of government in an economical and sane way, and I know it will be to the best interest of the taxpayers if we adopt this amendment. Why not make it a businesslike way of administration at least? Why fear these departments when we know we are doing the right thing in the administration of these grazing lands under the supervision of the Federal Government?

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. RICH].

The amendment was rejected.

Mr. DEROUEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DEROUEN: At the end of the bill, page 12, after line 6, insert a new section, to be known as section 13, reading as follows:

"SEC. 13. That the President of the United States, upon the joint recommendation of the Secretary of the Interior and the Secretary of Agriculture, be, and he is hereby, authorized to reserve by proclamation and place under national-forest administration any unappropriated public lands lying within watersheds forming a part of the national forests which, in his opinion, can best be administered in connection with existing national-forest administration units, and to place under the Interior Department administration any lands within national forests, principally valuable for grazing, which, in his opinion, can best be administered under the provisions of this act: *Provided*, That such reservations or transfers shall not interfere with legal rights acquired under any public land laws so long as such rights are legally maintained. Lands placed under the national-forest administration under the authority of this act shall be subject to all the laws and regulations relating to national forests, and lands placed under the Interior Department administration shall be subject to all public-land laws and regulations applicable to grazing districts created under authority of this act."

Mr. ENGLEBRIGHT. Mr. Chairman, I rise in opposition to the amendment to inquire of the chairman of the committee whether this amendment was considered by the committee.

Mr. DEROUEN. No, not this one; but the committee considered one nearly like it.

Mr. ENGLEBRIGHT. The committee refused to consider the proposed amendment submitted to it along this line.

Mr. DEROUEN. That was because the Departments could not agree between themselves about it, but the Departments have agreed on this amendment, and I submit it not as a committee amendment but as my own amendment, with the recommendation of the authorities of both the Interior Department and the Department of Agriculture.

Mr. ENGLEBRIGHT. But the committee never passed on this amendment.

Mr. DEROUEN. Not on this one, I so stated.

Mr. HASTINGS. But the Departments recommend it now?

Mr. DEROUEN. The Departments both recommend it now.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Louisiana.

The question was taken; and on a division (demanded by Mr. RICH) there were—yeas 90, noes 36.

So the amendment was agreed to.

Mr. CARTER of Wyoming. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CARTER of Wyoming: On page 12, add a new section, as follows:

"SEC. 14. That this act shall not become effective in any State until 60 days after the approval by the legislature of such State; and each such approving State, in its discretion, may designate and authorize one or more representatives or officials of said State with whom the Secretary of the Interior is hereby authorized to make and enter into suitable agreement for the cooperative administration of public grazing upon said public lands of the United States, and the lands owned by, or subject to the control of, said State or any political subdivision thereof, which shall be subject to such rules and regulations as shall be agreed upon and promulgated by both the Secretary of the Interior and said State."

Mr. CARTER of Wyoming. Mr. Chairman, this amendment is the amendment that was in the original bill introduced by Mr. TAYLOR of Colorado on the 10th of March a year ago. It is the same section that was in the Colton bill which passed this House. It is the amendment that has been approved by the conference of western governors that was held in Salt Lake City 2 or 3 weeks ago; and it is in keeping with the policies of the Committee on the Conservation and Administration of the Public Domain after extensive hearings in the public-land States and before congressional committees. They decided that a provision similar to this one should be in the law, and I hope it will pass.

Mr. DEROUEN. Mr. Chairman, this is the same section that destroyed the other bill. Certainly we are all aware that the gentleman from Wyoming wishes to destroy the bill and he offers the same section that has brought trouble here for years. It is just one of those amendments that will destroy the entire bill.

I hope the Committee will not accept it.

Mr. MOTT. Mr. Chairman, I move to strike out the last word.

Following my discussion of this bill a few minutes ago my very distinguished and usually affable colleague from the Third District of Oregon [Mr. MARTIN] made two remarks in the course of his own speech to which I take exception.

I asked the gentleman at the time to yield to me, in order to correct him, but he declined. Whether this was on account of stubbornness or pressure of time I do not know. But he did decline. So I am obliged to offer this pro forma amendment in order to correct him before the debate closes.

The first remark to which I take exception is the gentleman's assertion that most of the public land in Oregon "is not worth a damn." I call the gentleman's attention to what he ought to know without being told, and that is that the public land in the First District of Oregon, which I represent, is valued at $50,000,000 and that it embraces about 25 percent of the entire area of western Oregon. When this land was in private ownership it paid an annual tax of $480,000 to our State. There is practically no public land in the gentleman's district, and in eastern Oregon much of the public domain is of comparatively little value. But when the gentleman says that most of the public land in the State is not worth a damn, then he is either ignorant of the facts or extremely careless in his language. I call his attention to the fact that he said "most of the public land." I trust he corrects his statement in this regard at least when he looks over the transcript of his remarks.

The other remark I objected to was that because I opposed this bill that I was a "standpatter." The gentleman knows perfectly well that I am not a standpatter as that word is used in its turpitudenous political sense. And every one else knows it. By a standpatter my colleague means a member of a political party who votes for every measure offered by the party, regardless of whether the measure is good or bad. It is my distinguished colleague who does that. Not I. Only Democrats do that at this session. Not Republicans. The gentleman is perfectly aware that I am opposing this bill because it is wrong and not because it is an administration measure.

That is all I care to say, and I would not have said this were it not for the fact that I did not want my colleague's remarks to go in the RECORD unchallenged by reason of his refusal to yield to me at the time he made the remarks. My friend, the General, is an admirable fellow most of the time, and I admire him greatly, aside from his occasional stubbornness. This is evidently one of his stubborn days.

The CHAIRMAN. Is there objection to the request of the gentleman from Oregon?

There was no objection.

The CHAIRMAN. The question is on the amendment of the gentleman from Wyoming.

The amendment was rejected.

The CHAIRMAN. Under the rule the Committee automatically rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BLOOM, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill

H.R. 6462, pursuant to House Resolution 307 he reported the same back to the House with sundry amendments adopted by the Committee.

The SPEAKER. Under the rule, the previous question is ordered on the bill and all amendments thereto to final passage.

Is a separate vote demanded upon any amendment? If not, the Chair will put them in gross.

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. ENGLEBRIGHT) there were—ayes 84, noes 31.

Mr. ENGLEBRIGHT. Mr. Speaker, I object to the vote on the ground a quorum is not present.

The SPEAKER. Evidently, there is not a quorum present.

ADJOURNMENT

Mr. DEROUEN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock p.m.) the House adjourned until tomorrow, Wednesday, April 11, 1934, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON MERCHANT MARINE, RADIO, AND FISHERIES

(Wednesday, Apr. 11, 10 a.m.)

Hearings on H.R. 5205, 8581, and 8930, also S. 2629, in the committee room.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Wednesday, Apr. 11, 10 a.m.)

Continuation of the hearing on H.R. 8301—communications.

INTERSTATE SALES SUBCOMMITTEE OF THE COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Wednesday, Apr. 11, 2 p.m.)

Hearing on State sales-tax bill.

EXECUTIVE COMMUNICATIONS, ETC.

404. Under clause 2 of Rule XXIV, a letter from the Acting Secretary of the Navy, transmitting draft of a proposed bill to provide for promotion by selection in the line of the Navy in the grades of lieutenant commander and lieutenant; to authorize appointments as ensigns in the line of the Navy all midshipmen who hereafter graduate from the Naval Academy; and for other purposes, was taken from the Speaker's table and referred to the Committee on Naval Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. CORNING: Committee on Interstate and Foreign Commerce. H.R. 7922. A bill authorizing the Secretary of Commerce to dispose of a portion of the Yaquina Bay Lighthouse Reservation, Oreg.; without amendment (Rept. No. 1176). 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. 6675. A bill to authorize the acknowledgment of oaths by post-office inspectors and by chief clerks of the Railway Mail Service; without amendment (Rept. No. 1177). Referred to the House Calendar.

Mr. WOOD of Georgia: Committee on the Post Office and Post Roads. H.R. 7023. A bill to amend section 213, United States Penal Code, as amended; without amendment (Rept. No. 1178). Referred to the House Calendar.

Mr. ROMJUE: Committee on the Post Office and Post Roads. H.R. 7088. A bill to amend the provisions of laws relating to appointment of postmasters; with amendment (Rept. No. 1179). Referred to the Committee of the Whole House on the state of the Union.

Mr. McREYNOLDS: Committee on Foreign Affairs. House Joint Resolution 315. Joint resolution granting consent of Congress to an agreement or compact entered into by the State of New York with the Dominion of Canada for the establishment of the Buffalo and Fort Erie Public Bridge Authority with power to take over, maintain, and operate the present highway bridge over the Niagara River between the city of Buffalo, N.Y., and the village of Fort Erie, Canada; with amendment (Rept. No. 1180). Referred to the House Calendar.

Mr. GREEN: Committee on the Territories. H.R. 8052. A bill to amend sections 203 and 207 of the Hawaiian Homes Commission Act, 1920 (U.S.C., title 48, secs. 697 and 701), conferring upon certain lands of Auwaiolimu, Kewalo, and Kalawahine, on the island of Oahu, Territory of Hawaii, the status of Hawaiian home lands, and providing for the leasing thereof for residence purposes; without amendment (Rept. No. 1190). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROMJUE: Committee on the Post Office and Post Roads. H.R. 7213. A bill to provide hourly rates of pay for substitute laborers in the Railway Mail Service and time credits when appointed as regular laborer; without amendment (Rept. No. 1191). Referred to the Committee of the Whole House on the state of the Union.

Mr. GREEN: Committee on the Territories. H.R. 8235. A bill to authorize the Secretary of the Interior to convey by appropriate deed of conveyance certain lands in the District of Ewa, island of Oahu, Territory of Hawaii; with amendment (Rept. No. 1192). Referred to the Committee of the Whole House on the state of the Union.

Mr. HAINES: Committee on the Post Office and Post Roads. H.R. 7711. A bill to permit postmasters to act as disbursing officers for the payment of traveling expenses of officers and employees of the Postal Service; without amendment (Rept. No. 1193). Referred to the House Calendar.

Mr. LEWIS of Colorado: Committee on the Judiciary. S. 752. An act to amend section 24 of the Judicial Code, as amended, with respect to the jurisdiction of the district courts of the United States over suits relating to orders of State administrative boards, with amendment (Rept. No. 1194). 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. ANDREWS of New York: Committee on Military Affairs. S. 166. An act for the relief of Robert J. Foster; without amendment (Rept. No. 1181). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 313. A bill for the relief of Frank R. Carpenter, alias Frank R. Carvin; without amendment (Rept. No. 1182). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 579. A bill for the relief of Patrick Collins; without amendment (Rept. No. 1183). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. S. 531. An act for the relief of Dan Davis; without amendment (Rept. No. 1184). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 657. A bill for the relief of John F. Hatfield; without amendment (Rept. No. 1185). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. S. 707. An act for the relief of James J. Jordan; without amendment (Rept. No. 1186). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 2578. A bill authorizing the President of the United States to present in the name of Congress a Distinguished Service Medal to Thomas H. Laird; without

amendment (Rept. No. 1187). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. S. 2661. An act for the relief of Clayton M. Thomas; without amendment (Rept. No. 1188). Referred to the Committee of the Whole House.

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 4463. A bill for the relief of John S. Abbott; without amendment (Rept. No. 1189). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H.R. 8125) granting a pension to Clara B. Wallar, and the same was referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DOUTRICH: A bill (H.R. 9039) 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 Millersburg, Dauphin County, Pa.; to the Committee on Interstate and Foreign Commerce.

By Mr. TRUAX: A bill (H.R. 9040) to authorize the Reconstruction Finance Corporation to buy assets of closed State and national banks, and for other purposes; to the Committee on Banking and Currency.

By Mr. MOREHEAD: A bill (H.R. 9041) to authorize and direct the Postmaster General to investigate bids for carrying the mails before awarding contracts concerning same; to the Committee on the Post Office and Post Roads.

By Mr. McCLINTIC: A bill (H.R. 9042) to provide for the making of reports to the Federal Trade Commission by persons, firms, or corporations that have defaulted in dividend payments; to the Committee on Interstate and Foreign Commerce.

By Mr. BROWN of Michigan: A bill (H.R. 9043) to provide relief to depositors in closed banks; to the Committee on Banking and Currency.

By Mr. VINSON of Georgia: A bill (H.R. 9044) to amend section 5 of the act of March 2, 1919, generally known as the "War Minerals Relief Statutes"; to the Committee on Mines and Mining.

By Mr. STEAGALL: A bill (H.R. 9045) to amend section 5219 of the Revised Statutes, as amended; to the Committee on Banking and Currency.

By Mr. SWEENEY: A bill (H.R. 9046) to discontinue administrative furloughs in the Postal Service; to the Committee on the Post Office and Post Roads.

By Mr. SAMUEL B. HILL: A bill (H.R. 9047) to establish a United States Army air depot at Spokane, Wash.; to the Committee on Military Affairs.

By Mr. KENNEY: A bill (H.R. 9048) to amend the laws relating to proctors' and marshals' fees and bonds and stipulations in suits in admiralty; to the Committee on the Judiciary.

By Mr. CONDON: Joint resolution (H.J.Res. 317) requesting the President of the United States of America to proclaim May 20, 1934, General Lafayette Memorial Day for the observance and commemoration of the one hundredth anniversary of the death of General Lafayette; to the Committee on the Judiciary.

By Mr. DIMOND: Joint resolution (H.J.Res. 318) authorizing a preliminary examination or survey of a ship canal across Prince of Wales Island, Alaska; to the Committee on Rivers and Harbors.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the General Court and the Legislature of the Commonwealth of Massachusetts, in favor of the making of loans by the Reconstruction Finance Corporation directly to industry instead of through the agency of mortgage-loan companies; to the Committee on Banking and Currency.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. BURKE of California: A bill (H.R. 9049) for the relief of Georgina Park; to the Committee on Claims.

Also, a bill (H.R. 9050) for the relief of Elsie O'Brine; to the Committee on Claims.

Also, a bill (H.R. 9051) for the relief of Bitha Lee Smith; to the Committee on Claims.

By Mr. CARTWRIGHT: A bill (H.R. 9052) for the relief of the Woody Motor Co.; to the Committee on Claims.

By Mr. CELLER: A bill (H.R. 9053) to authorize Comptroller General of the United States to settle and adjust claim of the George A. Fuller Co.; to the Committee on Claims.

By Mr. COLLINS of California: A bill (H.R. 9054) for the relief of Milton Augustus Roberson; to the Committee on Naval Affairs.

By Mr. GOLDSBOROUGH: A bill (H.R. 9055) for the relief of Eleanor G. Goldsborough; to the Committee on Claims.

By Mr. GOSS: A bill (H.R. 9056) for the relief of Bertha E. Kowalski; to the Committee on Military Affairs.

By Mr. HARLAN: A bill (H.R. 9057) for the relief of Lewis Corfman; to the Committee on Military Affairs.

By Mr. KELLY of Illinois: A bill (H.R. 9058) for the relief of Thomas Patrick Kehoe; to the Committee on Naval Affairs.

By Mr. SMITH of West Virginia: A bill (H.R. 9059) for the relief of Harry V. Snyder; to the Committee on Claims.

By Mr. TARVER: A bill (H.R. 9060) granting a pension to Adelbert Carpenter; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3737. By Mr. BACON: Petition of sundry citizens of Long Island, protesting against the system of payless furloughs in the Postal Service; to the Committee on the Post Office and Post Roads.

3738. By Mr. BOEHNE: Petition of the Evansville branch of the Woman's Home Missionary Society of the Methodist Episcopal Church, urging early and favorable hearings on the Patman motion-picture bill (H.R. 6097); to the Committee on Interstate and Foreign Commerce.

3739. By Mr. BLOOM: Petition of the Negro Foreign-born Citizens' League, New York City, condemning the flagrant disregard of the constitutional rights and privileges of Negroes; to the Committee on the Judiciary.

3740. By Mr. CADY: Petition of the membership of the Women's Home Missionary Society of the Methodist Church of Fenton, Mich., urging the establishment of a Federal motion-picture commission, and other regulatory legislation to govern the motion-picture industry; to the Committee on Interstate and Foreign Commerce.

3741. By Mrs. CLARKE of New York: Petition of the membership of Sacred Heart Parish of Stamford, N.Y., favoring the passage of Senate bill 2910 with amendment 301; to the Committee on Interstate and Foreign Commerce.

3742. By Mr. CULKIN: Petition of Lyman Alvord and 36 other residents, of Pennellville, N.Y., protesting against Senate bills 2258 and 885; to the Committee on Interstate and Foreign Commerce.

3743. Also, petition of Richard Hodge, Jr., and 16 others, of Watertown, N.Y., opposing the passage of the security exchange bill; to the Committee on Interstate and Foreign Commerce.

3744. By Mr. FITZPATRICK: Petition of a number of residents of the city of Yonkers, N.Y., advocating the adop-

tion of the amendment to Senate bill 2910 affecting radio station WLWL, New York; to the Committee on Merchant Marine, Radio, and Fisheries.

3745. By Mr. FORD: Resolution adopted by the Fifty-fifth Assembly District Democratic Club of Los Angeles, endorsing the President in the cancelation of the air-mail contracts; to the Committee on the Post Office and Post Roads.

3746. Also, resolution adopted by the Sixty-fourth Assembly District Democratic Club of Los Angeles, endorsing the action of the President in the cancelation of the air-mail contracts; to the Committee on the Post Office and Post Roads.

3747. By Mr. HOWARD: Petition of C. H. Winther and numerous other livestock producers, of Wisner, Nebr., urging the passage of Senate bill 3064; to the Committee on Agriculture.

3748. By Mr. JAMES: Resolution of the village of Baraga, Mich., through P. M. Getzen, clerk, favoring the passage of House bill 8479, or the so-called "McLeod bill"; to the Committee on Banking and Currency.

3749. Also, petition of the J. August Anderson & Peter Anderson Fish Co., and other citizens of Marquette Mich., opposing the passage of House bill 7979; to the Committee on Merchant Marine, Radio, and Fisheries.

3750. By Mr. JOHNSON of Texas: Petition of E. B. Tinker, cashier of the Citizens National Bank of Hillsboro, Tex., favoring Senate bill 2601; to the Committee on Banking and Currency.

3751. By Mr. LEHR: Petition of the Ladies' Society of the Brotherhood of Locomotive Firemen and Engineers, Charity Lodge, No. 125, of Jackson, Mich., opposing the Prince plan and the consolidation of the railroads; to the Committee on Interstate and Foreign Commerce.

3752. Also, petition of the Raisin Valley Grange, of Lenawee County, Mich., that our President and the assembled Congress should immediately take steps to stabilize agriculture by definite minimum-price values on grains and cotton to be based on production costs plus a fair profit; to the Committee on Agriculture.

3753. By Mr. LINDSAY: Petition of the Globe Tile Co., Inc., Brooklyn, N.Y., opposing the passage of the Wagner-Lewis bills; to the Committee on Labor.

3754. Also, petition of the Gleason-Tilbout Glass Co., Brooklyn, N.Y., opposing the passage of the Wagner-Lewis bills (S. 2616 and H.R. 7659); to the Committee on Labor.

3755. Also, petition of waste-material sorters, trimmers, and handlers, of Brooklyn, N.Y., approving the Wagner-Lewis bills; to the Committee on Labor.

3756. Also, petition of the Ladies Auxiliary of the Brooklyn Local Federation of Catholic Societies of the city of New York, urging support of the amendment to section 301 of Senate bill 2910; to the Committee on Interstate and Foreign Commerce.

3757. Also, petition of the General Ceramics Co., New York City, concerning the Fletcher-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3758. Also, petition of Patrick H. Ryan, New York, opposing the passage of the Fletcher-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

3759. By Mr. MARTIN of Massachusetts: Memorial of the General Court of Massachusetts in favor of direct loans to industry by the Reconstruction Finance Corporation; to the Committee on Banking and Currency.

3760. By Mr. MERRITT: Petition of sundry citizens of Bridgeport, in the Fourth Congressional District of the State of Connecticut, protesting against the enactment of House bill 8720 providing for the regulation of national securities exchanges; to the Committee on Interstate and Foreign Commerce.

3761. By Mr. MILLARD: Petition signed by residents of Rockland County, urging the immediate discontinuance of the payless furlough; to the Committee on the Post Office and Post Roads.

3762. By Mr. PERKINS: Petition of the Woman's Christian Temperance Union, of Oradell, N.J., petitioning for early hearings and favorable action on the Patman motion-picture bill (H.R. 6097) providing higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

3763. By Mrs. ROGERS of Massachusetts: Petition of Senate and House of Representatives of the State of Massachusetts, memorializing Congress in favor of direct loans to industry by the Reconstruction Finance Corporation; to the Committee on Banking and Currency.

3764. Also, petition of Lt. Laurence S. Ayer Post, No. 794, Veterans of Foreign Wars, of Fitchburg, Mass., protesting against the use of labor-saving devices in the Civil Works Administration work at Fort Devens, Mass.; to the Committee on Labor.

3765. By Mr. RUDD: Petition of the General Ceramics Co., New York City, opposing the passage of the Fletcher-Rayburn stock-exchange control bill; to the Committee on Interstate and Foreign Commerce.

3766. By Mr. SUTPHIN: Assembly Joint Resolution No. 2, 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.

3767. By Mr. WIGGLESWORTH: Petition of the General Court of Massachusetts, memorializing Congress in favor of direct loans to industry by the Reconstruction Finance Corporation; to the Committee on Banking and Currency.

3768. By the SPEAKER: Petition of the Brown County Farm Bureau board of directors, Mount Sterling, Ill., endorsing Senate bill 3064; to the Committee on Agriculture.

3769. Also, petition of the National Retail Lumber Dealers' Association, of Washington, D.C., presenting a proposal designed to rehabilitate the home-building industry through the aid of Federal financing for a temporary period; to the Committee on Banking and Currency.

3770. Also, petition submitted by Delegate MCCANDLESS, of Hawaii, transmitting a copy of a cable from the Board of Supervisors of the County of Kauai, Territory of Hawaii, protesting against the provisions of the Jones-Costigan sugar bill which are regarded as discriminatory against the Territory of Hawaii; to the Committee on Agriculture.

3771. Also, petition of the Improved Benevolent and Protective Order of Elks of the World, signed by 10,000 colored citizens of the State of Louisiana, endorsing the antilynching bill presented jointly by Senators WAGNER and COSTIGAN and by Representatives FORD and WEST; to the Committee on the Judiciary.

SENATE

WEDNESDAY, APRIL 11, 1934

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

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

ILLINOIS PRIMARY ELECTION

Mr. ROBINSON of Arkansas. Mr. President, I ask that there be inserted in the RECORD a press report having relation to the primary election held in the State of Illinois yesterday.

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

NEW DEAL, RAINEY ARE ENDORSED BY SMASHING VOTE IN ILLINOIS

CHICAGO, April 10.—A smashing victory for administration new-deal policies was claimed tonight as returns from the Illinois primary election revealed an unusually large number of Democratic ballots.

Candidates for Democratic nominations appeared on the basis of incomplete returns to have drawn a majority of the total vote for the first time in a primary in more than 50 years in traditionally Republican Illinois.

Late returns indicated a total vote of approximately 1,750,000. The Chicago vote was about 750,000.

Speaker of the House HENRY T. RAINEY, of the Tenth District, who charged that Wall Street had poured money into his district to beat him, apparently had snowed under his opponent for the nomination, James H. Kirby, a farmer and former State legislator.

Michael L. Igoe, Chicago, former minority leader of the House, and Representative MARTIN BRENNAN, Bloomington, both had a 6 to 1 lead over their nearest opponent for the two Democratic nominations for Congressmen at large. Both candidates were