the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4369. Also, resolution of the Women's Society of the White Temple Baptist Church, of Mitchell, S.Dak., urging support of House bill no. 6097, for supervision of motion pictures, known as the "Patman bill", and House Resolution No. 144; to the Committee on Interstate and Foreign Commerce.

4370. Also, resolutions of citizens of the city of Miller, Hand County; Volin, Armour, Mitchell, Huron, Watertown, and Sioux Falls, S.Dak.; urging support of House bill 6097, known as the "Patman bill", for supervision of motion pictures; to the Committee on Interstate and Foreign Commerce.

4371. By Mr. JOHNSON of Minnesota: Resolution by the Lions Club, Brainerd, Minn., urging the passage of House bill 8100, amending the Interstate Commerce Act; to the Committee on Interstate and Foreign Commerce.

4372. Also, resolution by the Brainerd Chamber of Commerce, urging the passage of House bill 8100, to amend the Interstate Commerce Act; to the Committee on Interstate and Foreign Commerce.

4373. Also, resolution by the Hibbing Chamber of Commerce, protesting against the Post Office Department's order to furlough employees; to the Committee on the Post Office and Post Roads.

4374. By Mr. JOHNSON of Texas: Memorial of L. W. Hartsfield, president of Hillsboro Junior College, Hillsboro, Tex., favoring House bill 8956; to the Committee on Banking and Currency.

4375. By Mr. KRAMER: Resolution adopted by the Veterans of Foreign Wars, Post No. 2970, on April 2, 1934, recommending that adequate protection be kept at Arlington Cemetery showcase in the future, 24 hours a day, every day of the year, to protect against further thefts of medals that cannot be replaced, and that guards for said duty be furnished from the United States Army stationed at a fort in the vicinity; to the Committee on the Judiciary.

4376. By Mr. LINDSAY: Petition of the Recovery Democratic organization, fifteenth assembly district, Brooklyn, N.Y., urging support of section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4377. Also, petition of the Currency and Credit League of the United States of America, Chicago, Ill., urging Congress to take necessary steps to remonetize silver without delay; to the Committee on Coinage, Weights, and Measures.

4378. Also, petition of Linford S. Stiles, Kensington Great Neck, N.Y., concerning the Fletcher-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

4379. Also, petition of the Fur Wholesalers Association of America, New York City, concerning tax on furs; to the Committee on Ways and Means.

4380. Also, petition of the Brown & Ferraro Cooperage Co., Inc., Brooklyn, N.Y., urging defeat of House bill 8782; to the Committee on Agriculture.

4381. Also, telegram from Robert Allyn and others, Brooklyn, N.Y., favoring the Thomson bill; to the Committee on Military Affairs.

4382. Also, petition of The Crusaders, Inc., New York City, urging defeat of the Johnson bill to amend section 24 of the Judicial Code without the House committee amendment; to the Committee on the Judiciary.

4383. By Mrs. ROGERS of Massachusetts: Petition of the Opportunity Club of the North Congregational Church, of Cambridge, Mass., requesting Congress to investigate the whole Communist movement in the United States; to the Committee on the Judiciary.

4384. By Mr. RUDD: Petition of The Crusaders, Inc., New York City, opposing the Johnson Senate bill and favoring the House committee amendment; to the Committee on the Judiciary.

4385. Also, petition of the Currency and Credit League of the United States of America, Chicago, Ill., favoring legislation to remonetize silver; to the Committee on Coinage, Weights, and Measures.

4386. By Mr. WOLCOTT: Memorial of the Council of the Village of Ecorse, Mich., urging enactment of the McLeod bill (H.R. 8479) providing for the pay-off of depositors in closed banks; to the Committee on Banking and Currency.

SENATE

TUESDAY, MAY 1, 1934

(Legislative day of Thursday, Apr. 26, 1934)

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

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar day Monday, April 30, 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 agreed to the amendments of the Senate to the bill (H.R. 3845) to amend section 198 of the act entitled "An act to codify, revise, and amend the penal laws of the United States", approved March 4, 1909, as amended by the acts of May 18, 1916, and July 28, 1916.

PURCHASE OF VEHICLES FROM EMERGENCY RECOVERY FUNDS

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Interior, reporting in response to Senate Resolution 217, agreed to April 25, 1934, relative to purchases of passenger-carrying vehicles out of emergency recovery funds, which, with the accompanying papers, was ordered to lie on the table.

SACHS MERCANTILE CO., INC., *v.* THE UNITED STATES

The VICE PRESIDENT laid before the Senate a letter from the Chief Clerk of the Court of Claims, transmitting, pursuant to order of the court, a certified copy of the special findings of fact, conclusion of law, and opinion of the court, filed February 5, 1934, in the case of the *Sachs Mercantile Co., Inc.*, v. *the United States*, Congressional, No. 17638, which was referred to the court on January 28, 1929, by resolution of the Senate, under the act of March 3, 1911, known as the Judicial Code, which, with the accompanying paper, was referred to the Committee on Claims.

PETITIONS AND MEMORIALS

Mr. CAPPER presented the petition of Local Union No. 397, Brotherhood of Painters, Decorators, and Paperhangers, of Hutchinson, Kans., praying for the passage of the so-called "Wagner-Connery bill", being 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 the petition of Local Union No. 19367, Federal Labor Union, of Hutchinson, Kans., praying for the passage of the so-called "Wagner-Lewis bill", being the bill (S. 2616) to raise revenue by levying an excise tax upon employers, and for other purposes, which was referred to the Committee on Finance.

He also presented memorials of sundry citizens of Hutchinson, Salina, and Wichita, Kans., remonstrating against the passage of the so-called "Fletcher-Rayburn bill", providing for the regulation of stock exchanges, which were ordered to lie on the table.

Mr. WALSH presented resolutions of Bricklayers, Masons, and Plasterers International Union, No. 11, of Massachusetts, of Fall River, and the National Woolsorters' Association of the United States, Lawrence, in the State of Massachusetts, favoring the passage of the so-called "Wagner-Lewis bill", being the bill (S. 2616) to raise revenue by levying an excise tax upon employers, and for other purposes, which were referred to the Committee on Finance.

He also presented resolutions adopted by members of the parishes of St. John, of Millers Falls, and St. Patrick, of

Northfield, and the Renovation Associates of the Parish of Our Lady of the Assumption, of Boston, all in the State of Massachusetts, favoring the amendment of proposed radio legislation so as to provide adequate broadcasting facilities for religious, educational, and agricultural subjects, which were referred to the Committee on Interstate Commerce.

INTERNAL-REVENUE TAX ON LIQUOR

Mr. WALSH. Mr. President, I present a letter in the nature of a petition from the chairman of the Alcoholic Beverages Control Commission of the Commonwealth of Massachusetts, which I ask may be printed in the RECORD and referred to the Committee on Finance.

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

THE COMMONWEALTH OF MASSACHUSETTS,
THE ALCOHOLIC BEVERAGES CONTROL COMMISSION,
Statehouse, Boston, April 28, 1934.

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

DEAR SENATOR WALSH: The Massachusetts Alcoholic Beverages Control Commission recommends that the internal-revenue tax of $2 a gallon on liquor be reduced to $1.

Very truly yours,
ALCOHOLIC BEVERAGES CONTROL COMMISSION,
WM. P. HAYES, *Chairman.*

OLD-AGE PENSIONS

Mr. WALSH. I also present and ask that there be printed in full in the RECORD, and appropriately referred, a resolution adopted by the City Council of Revere, Mass.

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

CITY OF REVERE, MASS., *April 28, 1934.*

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

DEAR SIR: At a regular meeting of the city council held on Monday, April 16, 1934, the following resolution was declared ordered, accepted, and adopted:

"The Revere City Council, in regular meeting assembled this 16th day of April 1934, wishes to record itself as endorsing the bill filed in Congress by Congressman WILLIAM P. CONNERY, Jr., which would allow a contribution of one third of the assistance given by any State which provided old-age pensions to persons 65 years old or over.

"While Massachusetts has a required age minimum of 70 years at the present time, and no assured plan which will provide the source of revenue for this outlay for pensions, the passage of the congressional act will lift a great burden of at least one third from the shoulders of poll-tax payers who are now paying $1 each year for this purpose.

"The reduction of the age limit from 70 to 65 will not add any greater burden on the taxpayer, since any prospective applicant for a pension at 65 is presumably unemployable and therefore probably being pauperized through welfare relief. The transfer of many persons over 65 years of age from the welfare rolls to the pensions rolls will cost no more in dollars and cents, but will, on the other hand, restore confidence to discouraged citizens, and create greater faith in the future of many employees who have no outlook beyond their present welfare allotments.

"*Resolved*, That a copy of this resolution be sent to Congressman CONNERY and Senators WALSH and COOLIDGE."

Returned in 10 days without signature, April 28, 1934.

A. A. C., *Mayor.*

Attest:

ALBERT J. BROWN, *City Clerk.*

AMENDMENT OF COMMUNICATIONS COMMISSION BILL

Mr. WALSH. I also present a telegram from George F. Booth, publisher of the Worcester (Mass.) Telegram and Gazette, protesting against the adoption of the so-called "Wagner-Hatfield amendment" to the Dill communications bill, which I ask may be treated in the nature of a petition, printed in the RECORD, and referred to the Committee on Interstate Commerce.

There being no objection, the telegram was referred to the Committee on Interstate Commerce and ordered to be printed in the RECORD, as follows:

WORCESTER, MASS., *April 30, 1934.*

Hon. DAVID I. WALSH,
United States Senate, Washington, D. C.:

The Wagner-Hatfield amendment, as we understand it, to the pending Dill Communications Commission bill seems to us very unfair and may be inimical to our radio station WTAG, in which we have invested a large sum of money, and which performs a distinct service to Worcester and central New England. If you are not already cognizant with the terms of this bill, will you give it some attention? It seems to me this bill is unfair to the radio industry as a whole.

GEORGE F. BOOTH,
Publisher Worcester Telegram and Gazette.

REPORTS OF COMMITTEES

Mr. AUSTIN, from the Committee on the Judiciary, to which was referred the joint resolution (S.J.Res. 67) directing the Comptroller General to adjust the account between the United States and the State of Connecticut, reported it without amendment and submitted a report (No. 861) thereon.

Mr. VAN NUYS, from the Committee on the Judiciary, to which was referred the bill (S. 3248) for the relief of J. B. Walker, reported it without amendment.

Mr. LOGAN, from the Committee on Military Affairs, to which was referred the joint resolution (S.J.Res. 103) authorizing the Secretary of War to receive for instruction at the United States Military Academy at West Point, Eloy Alfaro and Jaime Eduardo Alfaro, citizens of Ecuador, reported it without amendment and submitted a report (No. 862) thereon.

Mr. THOMAS of Oklahoma, from the Committee on Indian Affairs, to which was referred the bill (S. 2980) to modify the effect of certain Chippewa Indian treaties on areas in Minnesota, reported it with an amendment and submitted a report (No. 863) thereon.

Mr. COPELAND, from the Committee on Immigration, submitted a report (No. 865) to accompany the bill (H.R. 3673) to amend the law relative to citizenship and naturalization, and for other purposes, heretofore reported from that committee without amendment.

Mr. SHIPSTEAD, from the Committee on Agriculture and Forestry, to which was referred the 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, reported it without amendment and submitted a report (No. 864) thereon.

Mr. SMITH, from the Committee on Agriculture and Forestry, to which was referred the joint resolution (S.J.Res. 100) authorizing suitable memorials in honor of James Wilson and Seaman A. Knapp, reported it without amendment and submitted a report (No. 869) thereon.

Mr. BANKHEAD, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 3484) relating to the sale of cotton held for producers by the 1933 cotton producers' pool, reported it without amendment and submitted a report (No. 870) thereon.

Mr. FRAZIER (for Mr. WHEELER), from the Committee on Indian Affairs, to which was referred the bill (S. 2426) to provide funds for cooperation with the public-school board at Wolf Point, Mont., in the construction or improvement of a public-school building to be available to Indian children of the Fort Peck Indian Reservation, Mont., reported it with an amendment and submitted a report (No. 866) thereon.

He also (for Mr. WHEELER), from the same committee, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 1710. An act to authorize appropriations for the completion of the public high school at Frazer, Mont. (Rept. No. 867); and

S. 2893. An act to provide funds for cooperation with School District No. 27, Big Horn County, Mont., for extension of public-school buildings to be available to Indian children (Rept. No. 868).

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. THOMAS of Utah:

A bill (S. 3499) for the relief of Michael Ilitz; to the Committee on Military Affairs.

(Mr. VANDENBERG introduced Senate bill no. 3500, which appears under a separate heading.)

By Mr. BANKHEAD:

A bill (S. 3501) to regulate the sale of seed inoculants, soil inoculants, inoculated fertilizers, and analagous biological products in the District of Columbia, to regulate interstate traffic in said articles, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. McNARY:

A bill (S. 3502) authorizing the Oregon-Washington Bridge Commission to construct, maintain, and operate a toll bridge across the Columbia River at or near Astoria, Oreg.; to the Committee on Commerce.

By Mr. DILL:

A bill (S. 3503) to provide a preliminary examination of Chehalis River and its tributaries in the State of Washington with a view to the control of its floods;

A bill (S. 3504) to provide a preliminary examination of the Lewis River and its tributaries in the State of Washington with a view to the control of its floods;

A bill (S. 3505) to provide a preliminary examination of Columbia River and its tributaries in the State of Washington, with a view to the control of its flood waters;

A bill (S. 3506) granting the consent of Congress for the construction of a dike or dam across the head of Camas Slough (Washougal Slough) to Lady Island on the Columbia River in the State of Washington; and

A bill (S. 3507) to provide a preliminary examination of the Cowlitz River and its tributaries in the State of Washington with a view to the control of its floods; to the Committee on Commerce.

By Mr. HEBERT:

A bill (S. 3508) granting a pension to George W. Olney; to the Committee on Pensions.

By Mr. ERICKSON:

A bill (S. 3509) to provide for the erection of a public historical museum in the Custer Battlefield National Cemetery, Mont.; to the Committee on Public Buildings and Grounds.

By Mr. COUZENS:

A bill (S. 3510) to amend title III of the National Prohibition Act, as amended and supplemented (relating to industrial alcohol), with respect to the issuance of tax-free alcohol to clinics; to the Committee on Finance.

By Mr. NEELY:

A bill (S. 3511) for the relief of Gill I. Wilson and Mrs. Gill I. Wilson; to the Committee on Finance.

By Mr. POPE:

A bill (S. 3512) authorizing certain changes in the contract for the payment of construction costs of the Minidoka irrigation project in Idaho; to the Committee on Irrigation and Reclamation.

By Mr. McKELLAR:

A bill (S. 3513) granting to the Attorney General the power to appoint referees in bankruptcy; to the Committee on the Judiciary.

By Mr. LEWIS:

A joint resolution (S.J.Res. 112) to permit articles imported from foreign countries for the purpose of exhibition at A Century of Progress Exposition, Chicago, Ill., to be admitted without payment of tariff, and for other purposes; to the Committee on Finance.

COINAGE OF 3-CENT PIECES

Mr. VANDENBERG. Mr. President, at the annual convention last week of the American Newspaper Publishers' Association in New York resolutions were adopted urging the coinage of a 3-cent coin. The resolutions pointed out that an intermediate coin is desirable between the 1-cent piece and the nickel. I quote one sentence from the resolutions of the American Newspaper Publishers' Association as follows:

> Millions of daily newspapers are now being sold for 3 cents, and a 3-cent coin would simplify the purchase of newspapers and be a convenience to the buying public.

It might also be remarked that we now have the 3-cent postage stamp.

I ask unanimous consent to introduce a bill to provide for the coinage of a 3-cent piece composed of copper and nickel, and I ask that the bill may be printed in the RECORD.

There being no objection, the bill (S. 3500) authorizing the coinage of a 3-cent nickel piece, was read twice by its title, referred to the Committee on Banking and Currency, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That section 3515 of the Revised Statutes, as amended, is amended to read as follows:

"SEC. 3515. The minor coins of the United States shall be a 5-cent piece, a 3-cent piece, and a 1-cent piece. The alloy for the 5- and 3-cent pieces shall be of copper and nickel, to be composed of three fourths copper and one fourth nickel. The alloy of the 1-cent piece shall be 95 percent of copper and 5 percent of tin and zinc, in such proportions as shall be determined by the Director of the Mint. The weight of the piece of 5 cents shall be 77.16 grains troy; of the 3-cent piece, 30 grains; and of the 1-cent piece, 48 grains."

SEC. 2. Section 3517 of the Revised Statutes, as amended, is amended to read as follows:

"SEC. 3517. Upon the coins there shall be the following devices and legends: Upon one side there shall be an impression emblematic of liberty, with an inscription of the word 'Liberty', and the year of the coinage, and upon the reverse shall be the figure or representation of an eagle, with the inscriptions 'United States of America' and 'E Pluribus Unum', and a designation of the value of the coin; but on the dime, 5-, 3-, and 1-cent piece the figure of the eagle shall be omitted."

CALL OF THE ROLL

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

The VICE PRESIDENT. The clerk will call the roll.

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

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

Mr. HEBERT. I desire to announce that the Senator from Pennsylvania [Mr. REED], the Senator from Ohio [Mr. FESS], and the Senator from Delaware [Mr. HASTINGS] are necessarily absent.

Mr. LEWIS. I announce the absence of the Senator from California [Mr. MCADOO], occasioned by illness, the absence of the Senator from Montana [Mr. WHEELER] on account of official business, and the absence of the Senator from Florida [Mr. TRAMMELL], who is necessarily detained from the Senate.

The PRESIDENT pro tempore. Ninety Senators having answered to their names, a quorum is present.

MESSAGES FROM THE PRESIDENT—APPROVAL OF A BILL

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that on April 27, 1934, the President approved and signed the act (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.

SUPREME COURT DECISION IN ILLINOIS BELL TELEPHONE CASE

Mr. DILL. Mr. President, I ask unanimous consent to have inserted in the RECORD the decision of the Supreme Court of the United States in the Illinois Bell Telephone Co. case. The principles of law announced in this decision are so far-reaching that I think it should be printed in the RECORD.

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

SUPREME COURT OF THE UNITED STATES

(Nos. 440 and 548. October term, 1933)

BENJAMIN F. LINDHEIMER AND OTHERS, CONSTITUTING THE ILLINOIS COMMERCE COMMISSION OF THE STATE OF ILLINOIS; OTTO KERNER, ATTORNEY GENERAL OF THE STATE OF ILLINOIS; AND THE CITY OF CHICAGO, APPELLANTS, *v.* ILLINOIS BELL TELEPHONE CO. ILLINOIS BELL TELEPHONE CO., APPELLANT, *v.* BENJAMIN F. LINDHEIMER AND OTHERS, CONSTITUTING THE ILLINOIS COMMERCE COMMISSION OF THE STATE OF ILLINOIS; OTTO KERNER, ATTORNEY GENERAL OF THE STATE OF ILLINOIS; AND THE CITY OF CHICAGO. APPEALS FROM THE DISTRICT COURT OF THE UNITED STATES FOR THE NORTHERN DISTRICT OF ILLINOIS

Mr. Chief Justice Hughes delivered the opinion of the Court:

This case comes here for the second time. It presents the question of the validity under the fourteenth amendment of rates prescribed by the Illinois Commerce Commission for telephone service in the city of Chicago. The commission's order, made on August 16, 1923, to be effective October 1, 1923, reduced rates applicable to a large part of the intrastate service of the appellee, Illinois Bell Telephone Co.[1] In this suit, brought by that company in September 1923, an interlocutory injunction was granted upon the condition that if the injunction were dissolved the company should refund the amounts charged in excess of the challenged rates. We affirmed that order (269 U.S. 531). The final hearing was not had until April 1929—a delay found to be attributable to the city of Chicago. On that hearing the district court, composed of three judges, entered a final decree making the injunction permanent (38 F. (2d) 77). We reversed that decree and remanded the case for further proceedings (*Smith* v. *Illinois Bell Telephone Co.*, 282 U.S. 133). Further evidence was then taken and the district court made new findings and entered a final decree which permanently restrained the enforcement of the commission's order and released the company from obligation to refund the moneys which had been collected pending the suit (3 F.Supp. 595). The State authorities and the city bring this direct appeal (Jud. Code, sec. 266). The company brings a cross appeal to review the findings below, insisting that its property has been undervalued and that substantial amounts of its operating expenses have been disallowed.

No. 440. The appeal of the State officers and the city of Chicago: On the former appeal it appeared that no distinction had been made by the commission or by the district court between the intrastate and the interstate property and business of the company. We found that separation was essential to the appropriate recognition of the competent governmental authority in each field of regulation. Accordingly we directed that as to the value of the property employed in the intrastate business in Chicago and as to the amounts of revenue and expenses incident to that business, separately considered, there should be specific findings. And as a rate order which is confiscatory when made may cease to be confiscatory, and one which is valid when made may become confiscatory at a later period, we held that there should be appropriate findings for each of the years since the date of the Commission's order (282 U.S., pp. 149, 162). On the further hearing that difficult task was so well performed that no question is now raised as to the allocation of property to the intrastate and interstate services, respectively, in the Chicago area, the allocation being made on the basis of use.[2] Nor is there dispute with respect to the separation of expenses. Appellants object to the separation of revenues, insisting that certain revenues were improperly assigned to the interstate instead of the intrastate business.[3]

Considering the fact that 99 percent of the stock of appellee is owned by the American Telephone & Telegraph Co., which also owns substantially the same proportion of the stock of the Western Electric Co., we directed that there should be further examination of the purchases made by appellee from the Western Electric Co. and of the payments made by appellee to the American Co. As it appeared that the Western Electric Co., through the organization and control of the American Co., was virtually the manufacturing department for the Bell system, we directed specific findings to be made as to the net earnings of the Western Electric Co. in that department, and as to the extent to which, if at all, such profit figured in the estimates upon which the charge of confiscation was predicated. We also held that there should be specific findings with regard to the cost to the American Co. of the services which it rendered to appellee and the reasonable amount which should be allocated in that respect to the operating expenses of appellee's intrastate business (id., pp. 153, 157).

The district court entered into an exhaustive examination of these questions and made detailed findings. The court found that the equipment and supplies furnished by the Western Electric Co. had been sold to appellee at fair and reasonable prices, and that the earnings of the Western Electric Co. on its investment allocated to the business done with appellee, and its profits on sales had been fair and reasonable, with the exception of an advance in prices of 10.2 percent effective on November 1, 1930. That advance the court disapproved, and in determining the reasonable outlays to be allowed to appellee after that date, the court made a reduction of 10 percent from the prices charged by the Western Electric Co.[4] Appellee contests this reduction and appellants object to the amounts allowed.

The district court made specific findings as to the character of the services rendered by the American Co. under its license contracts with appellee and the amounts of the cost of these services which should be allocated to the operating expenses of the latter's intrastate business. In the years 1923 to 1928, inclusive, when the court found that the payments under the license contracts charged on appellee's books exceeded the cost as thus determined and allocated, only the cost was held to be chargeable to operating expenses, but in the years 1929 to 1931, inclusive, when the license payments as so charged were less than the cost, only the amount of the license payments was allowed as an operating expense.[5] Appellants raise many questions in opposition to these determinations of costs and allocations, while appellee contends that the costs as found were less than the true costs and that the full amounts paid under the license contracts should have been allowed.

The evidence with respect to the value of appellee's property employed in its intrastate business at Chicago is voluminous. The evidence shows the original or book cost of this property, the market value of land, and estimates of the cost of reproduction new of the other physical property constituting appellee's telephone plant. There was also evidence of the condition of the property, together with estimates of accrued depreciation. Appellants submitted no valuations since one made by the commission in 1923[6] but presented detailed criticisms of appellee's estimates. The district court found that the method adopted by appellee's witness in ascertaining the cost of reproduction new was reliable and that appellee's estimates were substantially correct. The court encountered difficulties in making its valuations for the years 1931 and 1932. It took notice of the general fall in values which had accompanied the depression in business. And for that reason, the court fixed values for 1931 and 1932 which in its opinion gave due consideration to the element of the present decline. The court found that the fair rate of depreciation to be applied to reproduction cost new was 16 percent for the years 1923 to 1928, inclusive, and 15 percent for the succeeding years; and that the amount to be added to reproduction cost new on account of going value was 8 percent of that cost. The court also made findings as to the appellee's working cash capital, the amounts invested in materials and supplies and in property in course of construction, and as to these three items there is no controversy.

The court's findings, for each year, of the fair value of appellee's property, used and useful in its intrastate business in the Chicago area, including working cash capital, materials and supplies, construction work in progress, and going value, taking the average amount for the year, and the court's findings as to the original or average book cost of the same property, but without going value, are as follows:

	Fair value	Book cost
1923	$124,200,000	$95,074,135
1924	136,500,000	105,291,980
1925	148,500,000	117,730,536
1926	151,500,000	130,857,355
1927	167,000,000	146,173,197
1928	173,000,000	159,622,212
1929	184,000,000	168,988,816
1930	187,120,000	178,157,620
1931	179,100,000	181,925,963
1932	166,500,000	181,925,963

Appellants contend that the findings as to fair value are excessive. Appellee insists that they are too low. In particular, appellee says that the property was undervalued through excessive deductions for existing depreciation. Appellee maintains that the evidence shows a maximum depreciation of 9 percent for the years 1923 to 1928 and of 8 percent thereafter, instead of the 16 percent and 15 percent deducted by the court.

In computing the net revenue from the intrastate business in Chicago the court made adjustments in operating expenses with respect to the payments to the Western Electric Co. and the Amer-

[1] The order reduced rates for four classes of coin-box service. Otherwise it kept in force the rates which were fixed by an order of December 20, 1920. The coin boxes are in private residences and places of business and are not public pay stations.

[2] It appears that in 1923 there was used in the intrastate service approximately 95 percent of appellee's total property in the Chicago area. This percentage progressively decreased in the succeeding years, and in 1931 was somewhat less than 91 percent.

[3] The amounts of net revenue thus involved, which appellants contend should not have been allocated (under the rates in suit) to the interstate service for the respective years, are as follows: 1923, $245,042; 1924, $262,393; 1925, $309,505; 1926, $317,915; 1927, $354,372; 1928, $427,655; 1929, $486,875; 1930, $472,469; 1931, $437,580.

[4] Appellee states that this effected a reduction in the operating expenses of appellee of $67,167 for the last 2 months of 1930, $332,470 for 1931, and an equal amount for 1932.

[5] The amounts of the license payments thus disallowed by the court, as being in excess of the cost of the service, for the years 1923 to 1928, inclusive, are as follows: 1923, $573,819; 1924, $631,549; 1925, $531,233; 1926, $432,704; 1927, $558,011; 1928, $31,553. The amounts by which the cost to the American Co. exceeded the license payments, for the years 1929 to 1931, are as follows: 1929, $206,253; 1930, $327,751; 1931, $234,104.

[6] See 38 F. (2d) p. 86; 282 U.S. pp. 144, 145.

ican Co., as above stated, and also reduced to some extent the annual charges for depreciation. By these adjustments the amount of the net revenue as found by the court largely exceeded that shown by appellee's books. For example, the amount available for return in the year 1923 under the existing rates appears to have been $5,347,533, according to appellee's books, while the amount found by the court to have been available for return in that year is $6,646,183. We shall presently refer to the comparison for the other years.

The court found that if the rates in suit had been effective appellee's net earnings on its intrastate business would have thereby been reduced to the extent of $1,541,668 for 1923 and by somewhat greater amounts in later years, except in 1931 and 1932. As thus estimated, the net revenue available for return from the intrastate business in Chicago under the rates in suit would have been as follows: 1923, $5,104,515; 1924, $5,932,959; 1925, $6,297,890; 1926, $6,402,128; 1927, $6,686,503; 1928, $6,914,459; 1929, $8,939,602; 1930, $8,492,385; 1931, $8,392,555; 1932, $6,750,000.

The court found that the fair rate of return on the average fair value of the intrastate property was 7½ percent for each of the years 1923 to 1927, inclusive; 7 percent for each of the years 1928, 1929, and 1930; 6½ percent for 1931; and 5½ percent for 1932. On the basis of these findings of fact the court concluded that the rates in suit were confiscatory at all times from the date of the commission's order.

1. The experience of the company under the existing rates: The effect of the decision below, and of the findings upon which it is based, strikingly appears if we put aside for the moment the rates in suit and consider that effect in relation to the existing rates under which the Illinois Co. has conducted its business since 1920. That is, if we compare the amounts available for return—the net intrastate income in Chicago under existing rates—as shown (1) by appellee's statement from its books and (2) by the court's adjustments, with (3) the amount of the net income which, under the findings of fair value, income, expenses, and rate of return, would be necessary to avoid confiscation. The following table—with columns correspondingly designated—gives the comparison: [7]

	First	Second	Third
1923	$5,347,533	$6,646,183	$9,315,000
1924	6,230,178	7,483,954	10,237,500
1925	6,650,718	7,880,451	11,137,500
1926	6,887,012	8,052,698	11,362,500
1927	6,877,089	8,363,580	12,525,000
1928	7,601,567	8,627,769	12,110,000
1929	9,490,091	10,679,602	12,880,000
1930	9,152,490	10,138,263	13,098,400
1931	8,494,616	9,826,299	11,641,500
1932	----------	8,000,000	9,157,500

On this showing, the findings if accepted would compel the conclusion that when the commission's order was made in 1923, not only the new rates, but the existing rates as well were grossly confiscatory; that appellee was receiving under the existing rates, according to its books, a net return of $5,347,533 when it was entitled to nearly $4,000,000 more, or $9,315,000, to prevent its property from being confiscated. The table shows a similar situation in the succeeding years. Again, the inference would be irresistible that the existing rates were confiscatory when they were prescribed by the Public Utilities Commission of Illinois (the predecessor of the present commission) in December 1920, to be effective January 1, 1921. In the comprehensive disclosure of appellee's financial condition there is nothing to permit an inference of any radical change which would have made rates, compensatory in 1921, confiscatory in 1923.

But, instead of challenging the existing rates as constituting an invasion of constitutional right, appellee when summoned by the commission, in September 1921, in the proceeding which led to the order now under review, asserted that the existing rates were just and reasonable. In its answer to the commission, appellee alleged that its rates and charges heretofore approved and authorized by the aforesaid order of the Public Utilities Commission of Illinois, entered on the 20th day of December 1920, and now in full force and effect, are just and reasonable, and that the burden of proof is upon whomsoever avers, or seeks to show, that said rates and charges are unjust or unreasonable. And when this suit was brought in September 1923 to prevent the enforcement of the new rates, appellee did not seek to enjoin the existing rates.

The financial history of the Illinois Co. repels the suggestion that during all these years it was suffering from confiscatory rates. Its capital stock rose from $9,000,000 in 1901 to $70,000,000 in 1923, $80,000,000 in 1925, $110,000,000 in 1927, $130,000,000 in 1929, and $150,000,000 in 1930. Its funded debt, which was somewhat less than $50,000,000 in 1923, continued at about the same amount until 1930. During this period appellee paid the interest on its debt and 8-percent dividends on its stock. Its fixed-capital reserves,[8] which embraced the depreciation reserve presently to be mentioned, rose from $37,575,004 in 1923 to $63,966,748 in 1930, and to $69,242,667 in 1931. The company's surplus and undivided profits over and above these capital reserves increased from $5,600,326 in 1923 to $22,907,654 in 1930 and to $23,767,381 in 1931. Its fixed capital—that is, the book cost of total plant and general equipment—which was $145,984,084 at the end of 1923, increased to $288,381,090 at the end of 1930, and to $291,259,580 at the end of 1931.[9] We do not lose sight of the fact that this showing embraces the entire business of the Illinois Co., both interstate and intrastate. But it appears that the intrastate investment in the Chicago area approximated 60 percent of the entire investment of appellee in the State. The book cost of the plant in service and general equipment in intrastate business in Chicago increased from $95,582,266 at the end of 1923 to $174,160,314 at the end of 1930, and to $177,334,652 at the end of 1931.[10] "The gross additions" to the company's property in the Chicago area, the company states, "were spread fairly evenly over the period. The business expanded with great rapidity. The number of telephones in Chicago increased from 690,000 at the end of 1923 to 940,000 at the end of 1931, and was 987,000 at the peak in 1929." During the 9 years a greater amount of plant was added new to the property than was in service at the beginning of the term. The company informs us that the property was kept at a high and even standard of maintenance throughout the years involved, and was at all times capable of giving adequate telephone service abreast of the art. The property has been efficiently and economically operated and the company has enjoyed excellent credit.

This actual experience of the company is more convincing than tabulations of estimates. In the face of that experience, we are unable to conclude that the company has been operating under confiscatory intrastate rates. Yet, as we have said, the conclusion that the existing rates have been confiscatory—and grossly confiscatory—would be inescapable, if the findings below were accepted. In that event the company would not only be entitled to resist reduction through the rates in suit, but to demand, as a constitutional right, a large increase over the rates which have enabled it to operate with outstanding success. Elaborate calculations which are at war with realities are of no avail. The glaring incongruity between the effect of the findings below as to the amounts of return that must be available in order to avoid confiscation and the actual results of the company's business makes it impossible to accept those findings as a basis of decision.

2. The effect of the reduction through the rates in suit: The foregoing considerations limit our inquiry. It is not necessary to traverse the wide field of controversy to which we are invited and to review the host of contested points presented by counsel. In the view that the existing rates cannot be regarded as inadequate, the question is simply as to the effect of the reduction in net income by the rates in suit. The question is whether the company has established, with the clarity and definiteness befitting the cause, that this reduction would bring about confiscation (*Los Angeles Gas Co.* v. *Railroad Commission*, 289 U.S. 287, 304, 305). The amounts of the reduction for the respective years are not in dispute.[11] It would have been $1,541,668 for 1923, would have been greatest at $1,740,000 for 1929, and least at $1,270,000 for 1932.

Operating expenses: In determining the effect of these reductions and what amounts would still be available to the company for net return, we come to the questions raised by the company's charges to operating expenses. Charges to operating expenses may be as important as valuations of property. Thus excessive charges of $1,500,000 to operating expenses would be the equivalent of 6 percent on $25,000,000 in a rate base. In this instance, against the reductions which the rates in suit would have effected, are the considerable sums which would be added to the amounts available for return by the adjustments in operating expenses made by the district court.[12] These adjustments embraced overpayments found to have been made by the Illinois Co. in its transactions with the American Telegraph & Telephone Co. and the Western Electric Co. In 1923 the overpayment to the former company, treating its outlay or the cost of its service to its subsidiary as the measure of the operating expense, was found to be $573,819; the average of the annual overpayments, as found for the years 1923 to 1927, inclusive, amounted to $545,443.[13] It should be noted that on the same basis of adjustment there would have been an increase (averaging $256,036) in operating expenses for the years 1929 to 1931, when the cost of the service exceeded the license payments.[14] The court below found overpayments to the Western Electric Co.

[7] Column (1) gives the net intrastate income in Chicago, as shown by the company from its books; column (2) the amount as adjusted by the district court; and column (3) the amount required by the court's findings.

[8] The fixed-capital reserves are the depreciation reserve and the reserve for amortization of intangible capital. The latter reserve ranged from $182,041.50, in the year 1923, to $274,086.36 in 1930, and to $289,018.77 in 1931.

[9] This is according to the company's plant and general equipment accounts for the Chicago and State areas.

[10] The book cost of the plant in service and general equipment for the Chicago area, including both interstate and intrastate business, rose from $100,040,051 at the end of 1923 to $191,286,165 at the end of 1930 and to $195,422,113 at the end of 1931.

[11] The amounts of the reduction in intrastate income in Chicago, if the rates in suit had been effective, as shown by the company and found by the district court, are as follows: 1923, $1,541,668; 1924, $1,550,995; 1925, $1,582,561; 1926, $1,650,570; 1927, $1,677,077; 1928, $1,713,301; 1929, $1,740,000; 1930, $1,645,878; 1931, $1,433,744; 1932, $1,270,000.

[12] See comparison of the amounts of net return as shown by the company with the amounts as adjusted by the district court, in table, supra, p. 6.

[13] Supra, p. 4, note 5.

[14] Id.

of $332,470 in 1931 and 1932, respectively.[15] There are numerous contentions presented by each of the parties in relation to these adjustments—by appellants to decrease, and by appellee to increase, the amounts of expense allowed—but we shall not undertake to pass upon them in view of the determinative nature, for the present purpose, of the remaining question as to the sums which the company has annually charged to operating expenses for depreciation.

Annual allowances for depreciation: The commission, in the order under review, concluded that the depreciation reserve (amounting, at the end of 1922, for the Chicago property, interstate and intrastate, to about $26,000,000) had been built up by annual additions that were in excess of the amounts required. The commission provided for a combined maintenance and replacement allowance which it considered sufficient to protect the investment in the property and to permit the company to accrue a reserve in the anticipation of property retirements. On the first hearing the district court considered that the effect of that ruling was to reduce the amount charged for depreciation to the operating expenses in 1923 to the extent of about $1,800,000.[16] The company did not comply with the commission's requirement, but continued its own method of computing the annual allowances. We adverted to this question on the former appeal. We said that the recognition of the ownership of the property represented by the depreciation reserve did not justify the continuance of excessive charges to operating expenses. We thought that the experience of the Illinois Co., together with a careful analysis of the results shown under comparable conditions by other companies which are part of the Bell system, should afford a sound basis for judgment as to the amount which in fairness both to public and private interest should be allowed as an annual charge (282 U.S., pp. 157–159). The district court, in making its findings, stated that it had considered the data to which we referred, but we are not advised as to the precise method of its calculations.[17] The annual amounts allowed by the court for depreciation, as compared with those which appellee charged on its books to operating expenses,[18] are as follows:

	Court's allowances	Book charges
1923	$4,000,000	$4,222,000
1924	4,250,000	4,470,000
1925	4,750,000	5,048,000
1926	5,400,000	5,767,000
1927	6,000,000	6,335,000
1928	6,650,000	7,009,000
1929	7,000,000	7,436,000
1930	7,200,000	7,865,000
1931	7,400,000	8,133,000

Broadly speaking, depreciation is the loss, not restored by current maintenance, which is due to all the factors causing the ultimate retirement of the property. These factors embrace wear and tear, decay, inadequacy, and obsolescence.[19] Annual depreciation is the loss which takes place in a year. In determining reasonable rates for supplying public service it is proper to include in the operating expenses—that is, in the cost of producing the service—an allowance for consumption of capital in order to maintain the integrity of the investment in the service rendered.[20] The amount necessary to be provided annually for this purpose is the subject of estimate and computation. In this instance the company has used the straight-line method of computation, a method approved by the Interstate Commerce Commission. (177 I.C.C., pp. 408, 413.) By this method the annual depreciation charge is obtained by dividing the estimated service value by the number of years of estimated service life. The method is designed to spread evenly over the service life of the property the loss which is realized when the property is ultimately retired from service. According to the principle of this accounting practice, the loss is computed upon the actual cost of the property as entered upon the books less the expected salvage, and the amount charged each year is one year's pro rata share of the total amount.[21] Because of the many different classes of plant, some with long and some with short lives, some having large salvage and others little salvage or no salvage, and because of the large number of units of a class, the company employs averages—that is, average service life, average salvage of poles, of telephones, etc.

While property remains in the plant, the estimated depreciation rate is applied to the book cost and the resulting amounts are charged currently as expenses of operation. The same amounts are credited to the account for depreciation reserve, the "Reserve for accrued depreciation." When property is retired, its cost is taken out of the capital accounts, and its cost, less salvage, is taken out of the depreciation-reserve account. According to the practice of the company, the depreciation reserve is not held as a separate fund but is invested in plant and equipment. As the allowances for depreciation, credited to the depreciation-reserve account, are charged to operating expenses, the depreciation reserve invested in the property thus represents, at a given time, the amount of the investment which has been made out of the proceeds of telephone rates for the ostensible purpose of replacing capital consumed. If the predictions of service life were entirely accurate and retirements were made when and as these predictions were precisely fulfilled, the depreciation reserve would represent the consumption of capital, on a cost basis, according to the method which spreads that loss over the respective service periods. But if the amounts charged to operating expenses and credited to the account for depreciation reserve are excessive, to that extent subscribers for the telephone service are required to provide, in effect, capital contributions, not to make good losses incurred by the utility in the service rendered and thus to keep its investment unimpaired, but to secure additional plant and equipment upon which the utility expects a return.

Confiscation being the issue, the company has the burden of making a convincing showing that the amounts it has charged to operating expenses for depreciation have not been excessive. That burden is not sustained by proof that its general accounting system has been correct. The calculations are mathematical, but the predictions underlying them are essentially matters of opinion.[22] They proceed from studies of the behavior of large groups of items. These studies are beset with a host of perplexing problems. Their determination involves the examination of many variable elements and opportunities for excessive allowances, even under a correct system of accounting, are always present. The necessity of checking the results is not questioned. The predictions must meet the controlling test of experience.

In this instance the evidence of expert computations of the amounts required for annual allowances does not stand alone. In striking contrast is the proof of the actual condition of the plant as maintained—proof which the company strongly emphasizes as complete and indisputable in its sharp criticism of the amount of accrued depreciation found by the district court in valuing the property. The company insists that the existing depreciation in the property, physical and functional, does not exceed 9 percent in the years 1923 to 1928 and 8 perecent thereafter. The existing depreciation as thus asserted by the company, and the amounts it shows as the depreciation reserve allocated to the intrastate business in Chicago (taking in each case the average amounts per year), are as follows:

Year	Existing depreciation	Depreciation reserve [1]
1923	$11,992,000	$26,797,000
1924	12,865,000	29,316,000
1925	13,775,000	32,155,000
1926	14,621,000	35,572,000
1927	15,360,000	39,352,000
1928	16,241,000	42,769,000
1929	15,300,000	44,515,000
1930	15,863,000	45,829,000
1931	15,828,000	48,362,000

[1] The company obtains these average amounts from the total Chicago depreciation reserve at the end of each year, multiplied by the percentage found to be applicable to the intrastate business, with a deduction of one half of the increase during the year in order to obtain the average. The balance in the depreciation reserve for the entire Chicago property, interstate and intrastate, increased from $4,384,828 at the end of 1911 to $29,306,122 at the end of 1923.

[15] Supra, p. 3, note 4.

[16] 38 F. (2d), pp. 86, 87.

[17] 3 F. Supp., p. 605.

[18] The company's charges on its books were based on original cost. The company claims considerably larger amounts as the result of recomputations for each class of property according to its replacement value new.

[19] Depreciation, as defined by the Interstate Commerce Commission, "is the loss in service value not restored by current maintenance and incurred in connection with the consumption or prospective retirement of property in the course of service from causes against which the carrier is not protected by insurance, which are known to be in current operation, and whose effect can be forecast with a reasonable approach to accuracy" (177 I.C.C., p. 422).

[20] See *Knoxville* v. *Water Company*, 212 U.S. 1, 13, 14; *Kansas City Southern Railway* v. *United States*, 231 U.S. 423, 448; *Denver* v. *Denver Union Water Co.*, 246 U.S., 178, 191; *Southwestern Bell Telephone Co.* v. *Public Service Commission*, 262 U.S. 276, 278; *Georgia Railway & Power Co.* v. *Railroad Commission*, 262 U.S. 625, 633; *United Railways* v. *West*, 280 U.S. 234, 253, 260; *Smith* v. *Illinois Bell Telephone Co.*, 282 U.S. 133, 158; *Clark's Ferry Bridge Co.* v. *Public Service Commission* (Feb. 5, 1934), 291 U.S. —.

[21] See 177 I.C.C., pp. 451, et seq.

[22] In the exposition in evidence, to which the company's counsel refers in their argument, of the straight-line depreciation practice of the companies in the Bell system, it is said: "The proper interpretation of the data regarding plant life and salvage obtainable from accounts, records, and statistics is of equal importance with the integrity of the data themselves. It would seem that we should have first: Investigations of past service life and salvage through sound accounting and statistical methods; second, investigations of the conditions surrounding the employment of such plant in the past and of the extent to which such conditions still prevail; third, the best possible forecast of conditions looming in the future which should exert a modifying influence upon either life or salvage. And then the active judgment which fuses the experience of the past, so far as it is still pertinent, and the expectation for the future, so far as it is presently pertinent, into a just and reasonable determination of the current rate of depreciation for the time being."

In explanation of this large difference, the company urges that the depreciation reserve in a given year does not purport to measure the actual depreciation at that time; that there is no regularity in the development of depreciation; that it does not proceed in accordance with any fixed rule; that as to a very large part of the property there is no way of predicting the extent to which there will be impairment in a particular year. Many different causes operating differently at different times with respect to different sorts of property produce the ultimate loss against which protection is sought. As the accruals to the depreciation reserve are the result of calculations which are designed evenly to distribute the loss over estimated service life, the accounting reserve will ordinarily be in excess of the actual depreciation. Further, there are the special conditions of a growing plant—there are new plant groups in operation on which depreciation is accruing but which are not yet represented, or are but slightly represented, in the retirement losses. Where, as in this instance, there has been a rapid growth, retirements at one point of time will relate for the most part to the smaller preceding plant, while the depreciation reserve account is currently building up to meet the increased eventual retirement liability of the enlarged plant.

Giving full weight to these considerations, we are not persuaded that they are adequate to explain the great disparity which the evidence reveals. As the company's counsel say: "The reserve balance and the actual depreciation at any time can be compared only after examining the property to ascertain its condition; the depreciation, physical and functional, thus found can be measured in dollars and the amount compared with the reserve." Here we are dealing not simply with a particular year but with a period of many years—a fairly long range of experience—and with careful and detailed examinations made both at the beginning and near the end of that period. The showing of the condition of the property, and of the way in which it has been maintained, puts the matter in a strong light. In substance, the company tells us: The property in Chicago is a modern Bell-system plant. Through the process of current maintenance, worn, damaged, or otherwise defective parts were being constantly removed before their impairment affected the telephone service. The factors of inadequacy and obsolescence were continuously anticipated by the company so that the telephone service might not be impaired, and no depreciation of that character was ever present in the plant, except to the slight extent that obsolete items of plant were found, as stated by the company's witnesses.

One of these witnesses testified that, in his examination of the plant to determine existing depreciation, he understood that anything that was obsolete or inadequate was to be depreciated accordingly. We are told by the company that in that investigation "condition new was assumed to be free from defects or impairment of any kind—that is, perfect, or 100 percent condition—and the thing as it stood in actual use in the plant was compard with the same thing new. All existing depreciation, both physical and functional, was reduced to a percentage and subtracted from 100 percent. The service measured up to the standards of the telephone art at all times. The plant capable of giving such service was not functionally deficient in any practical sense. This is not to say that parts of the plant did not from time to time become inadequate or obsolete, but that the company continuously anticipates and forestalls inadequacy and obsolescence. Before a thing becomes inadequate or obsolete it is removed from the plant. But little variation was found in the percentage of existing depreciation during the years 1923 to 1931.[23] The company points out that the commission found, in its order of 1923, that the property was then in at least 90 percent condition. The weighted total or overall condition, the company shows, is 91 percent for the years 1923–28 and 92 percent for subsequent years.

This condition, kept at a nearly constant level, directs attention to the amounts expended for current maintenance. In the process of current maintenance, new parts are installed to replace old parts in units of property not retired. Such substitutions or repairs are separate from the amounts which figure in the depreciation reserve. The distinction between expenses for current maintenance and depreciation is theoretically clear. Depreciation is defined as the expense occasioned by the using up of physical property employed as fixed capital; current maintenance, as the expense occasioned in keeping the physical property in the condition required for continued use during its service life. But it is evident that the distinction is a difficult one to observe in practice with scientific precision, and that outlays for maintenance charged to current expenses may involve many substitutions of new for old parts which tend to keep down accrued depreciation. The amounts charged by the company to current maintenance year by year, the amounts credited to the depreciation reserve, and the total of the two sets of charges to operating expenses for the intrastate property in Chicago are as follows:

Year	Current maintenance	Depreciation	Total
1923	$5,643,623	$4,222,000	$9,865,623
1924	6,043,737	4,470,000	10,513,737
1925	6,563,193	5,048,000	11,611,193
1926	7,714,364	5,767,000	13,481,364
1927	8,849,550	6,335,000	15,184,550
1928	9,941,143	7,009,000	16,950,143
1929	10,671,576	7,436,000	18,107,576
1930	11,372,858	7,865,000	19,237,858
1931	10,842,053	8,133,000	18,975,053

These aggregate amounts range from over 30 percent to nearly 40 percent of the total amounts charged by the company to operating expenses.[24]

In the light of the evidence as to the expenditures for current maintenance and the proved condition of the property—in the face of the disparity between the actual extent of depreciation, as ascertained according to the comprehensive standards used by the company's witnesses and the amount of the depreciation reserve—it cannot be said that the company has established that the reserve merely represents the consumption of capital in the service rendered. Rather, it appears that the depreciation reserve to a large extent represents provision for capital additions, over and above the amount required to cover capital consumption. This excess in the balance of the reserve account has been built up by excessive annual allowances for depreciation charged to operating expenses.

In answer to appellants' criticism, the company suggests that an adjustment might be made by giving credit in favor of the telephone users in an amount equal to 3½ percent upon the difference between the depreciation reserve and the amount deducted from the valuation for existing depreciation. The suggestion is beside the point. The point is as to the necessity for the annual charges for depreciation, as made or claimed by the company, in order to avoid confiscation through the rates in suit. On that point the company has the burden of proof. We find that this burden has not been sustained. Nor is the result changed by figuring the allowances at the somewhat reduced amounts fixed by the court below.[25]

We find this point to be a critical one. The questionable amounts annually charged to operating expenses for depreciation are large enough to destroy any basis for holding that it has been convincingly shown that the reduction in income through the rates in suit would produce confiscation.

The case has long been pending and should be brought to an end. The company has had abundant opportunity to establish its contentions. In seeking to do so, the company has submitted elaborate estimates and computations, but these have overshot the mark. Proving too much, they fail of the intended effect. It is not the function of the court to attempt to construct out of this voluminous record independent calculations to invalidate the challenged rates. It is enough that the rates have been established by competent authority and that their invalidity has not been satisfactorily proved.

The decree below is reversed, and the cause is remanded with direction to dissolve the interlocutory injunction, to provide for the refunding, in accordance with the terms of that injunction and of the bonds given pursuant thereto, of the amounts charged by the company in excess of the rates in suit, and to dismiss the bill of complaint.

No. 548. The appeal of the company: The company was successful in the district court and has no right of appeal from the decree in its favor. The company is not entitled to prosecute such an appeal for the purpose of procuring a review of the findings of the court below with respect to the value of the company's property or the other findings of which it complains. Its contentions in these respects have been considered in connection with the appeal of the State authorities and the city. The appeal of the company is dismissed (*New York Telephone Co.* v. *Maltbie*, 291 U.S. —, Feb. 19, 1934). Decree in no. 440 reversed. Appeal in no. 548 dismissed.

MOTHER'S DAY STAMP—ADDRESS BY POSTMASTER GENERAL FARLEY

Mr. McKELLAR. Mr. President, tomorrow motherhood, the most sacred of all our worldly associations, is to be

[23] Referring to the period 1923 to 1931, and to the company's exhibit, the company's counsel state that the percentage of depreciation in the various classes of plant did not vary materially during the period, with the exception of three classes, namely, central-office equipment, private-branch exchanges and booths and special fittings. In the case of central-office equipment there were large installations of new equipment in 1929, which had the effect of raising the percent condition for the entire class from 92 percent for prior years to 93 percent for 1929 and subsequent years. In the case of private-branch exchanges the percentage condition improved gradually from 88 percent in 1923 to 94 percent in 1930, due to the large proportion of new installations and correspondingly large retirements of the old. In the case of booths and special fittings, the percentage condition gradually improved from 78 percent in 1923 to 85 percent at the end of the period, in this case also because of abnormally large changes of booths at pay stations. These are the changes which in the main account for the fact that the overall condition of the plant rose from 91 percent for the years 1923–28 to 92 percent thereafter.

[24] The total amounts charged by the company for operating expenses in the intrastate business at Chicago appear to be as follows: 1923, $31,550,286; 1924, $33,275,574; 1925, $35,649,160; 1926, $38,893,042; 1927, $42,142,649; 1928, $45,704,899; 1929, $48,439,647; 1930, $49,319,993; 1931, $47,904,196.

[25] See supra p. 11.

honored by the Government by the issuance of a stamp by the Post Office Department. The picture on the stamp is a replica of Whistler's "Portrait of My Mother."

President Wilson 20 years ago established Mother's Day by formal proclamation; and the issuance of this stamp dedicated to motherhood is the outgrowth of the recognition given by our late President, Woodrow Wilson.

I present for the RECORD an address broadcast yesterday by Hon. James A. Farley, Postmaster General, in which he pays a beautiful tribute to the sacredness of motherhood. I ask that it be printed in full in the RECORD.

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

In memory and in honor of the mothers of America the Post Office Department will, on May 2, of this year, for the first time in all history, place on sale at Washington, the Capital of the Nation, a new postage stamp dedicated to motherhood.

In size, approximately the same as the special-delivery stamp, with which everyone is familiar, it will be a substitute, until the printings are exhausted, for the ordinary 3-cent stamp.

It is purple in color—an exquisite example of the engraver's art—and bears as a central motif the figure of mother, inspired by the likeness appearing on the world-famous painting, Portrait of My Mother, by that most distinguished of American painters, James Abbott McNeill Whistler.

Twenty years ago, on May 12, Woodrow Wilson, then President of the United States, by formal proclamation, established Mother's Day as a national occasion of tribute to motherhood. Tonight I feel grateful that I have been privileged as Postmaster General to be the official instrument by which the post-office system of the United States, the greatest and most far-flung single business in all the world, indeed, in all history, has issued the order paying this tribute to the mothers of America.

I take a deeper satisfaction, if that were possible, in the fact that President Franklin D. Roosevelt, following in the footsteps of his illustrious predecessor, Woodrow Wilson, has given evidence of his complete devotion to this comprehensive sentiment of obligation, respect, and love for motherhood, which we all feel, by himself selecting the design.

When it was decided to issue this stamp, to do this honor to the women whose heartstrings have vibrated for each and all of us, I turned to the President for advice and instruction. Upon his suggestion the Whistler painting, now ranked among the most notable artistic achievements of all time, provides the central figure of the design.

It is a source of pride to me that of all the postal systems of the world ours is the first to do this honor to the supreme mission of womanhood and that an American painter should have been the author of the pictorial ideal which is the central theme of the stamp.

Not without significance is the fact that this portrait has long been given an honored place in the Louvre at Paris.

Greatest, perhaps, of all the art galleries of the world, it has held forth to the admiration of the sons and daughters of all nations a portrait of an American mother by an American son.

So great is the interest attracted by this wonderful painting that it has been brought to this country where it has been exhibited in some of the art galleries of our larger cities. It is at present being displayed in the Museum of Fine Arts at Boston.

It inspires one to recall that here, on this soil, were born the woman and the son to whom all the world now does honor.

And who shall say which the world shall honor most, the mother or the son? The mother whose suffering, whose devotion, whose patient care made possible the character and genius of the son, or the boy whose adherence to the tenets of maternal training, whose loyalty and gratitude for his mother's sacrifice, found their supreme expression in a work that takes its place among the greatest artistic works of human genius.

That mother, whose portrait on the new stamp will, in a few days, enter millions of homes here and abroad, was an American mother. She was filled with the same emotions, the same hopes, the same aspirations that throb in the hearts of every mother in all this land.

There is no son, there is no daughter anywhere in all the United States, indeed in all this world, who cannot rely on the same deep love that nurtured the great Whistler.

Mother love, the love of the mother for the child and of the child for the mother, is the very core of our civilization. This is the source of loyalty. This is the source of the spirit of sacrifice. This is the source of the spirit of cooperation; and it is loyalty, sacrifice, and cooperation that have made America great.

I am happy that it has fallen to my lot to participate in this tribute to motherhood, a tribute that must of necessity include the family. Brothers and sisters, and father, all gather around the hearthstone on which mother is enshrined, and the hearthstone is the center of the family.

There in the home are performed the homely duties and developed the homely ties—observe the words, "the homely duties and the homely ties"—which unite every family, and which, uniting the family, in turn unite the city, the State, and the Nation.

It is not the luxuries of life, nor yet the personal triumphs that build the family, the State, and the Nation, but the sacrifices one for another and all for the common good. In that direction mother points the way.

I think it particularly appropriate that at this time, when, throughout the Nation, we have the opportunity of sounding the depths of sacrifice and cooperation, the occasion of honoring motherhood should be presented. Certainly there never was a time in all the history of the American people when we needed more to take to heart the lessons that motherhood teaches.

In every hamlet throughout this land tonight there are mothers whose every thought at this very moment is for the welfare, not of themselves but of their children. Under the roof-tree of every home is the chair of the mother whose heart beats now or in the past was unselfishly throbbing for the sons and daughters who, in their time, were to raise the families of the future.

We will celebrate Mother's Day, Sunday, May 13. May I suggest that it would be most appropriate and a manifestation of proper sentiment if every man and woman and boy and girl who is so fortunate as to have a living mother, would write that mother a special Mother's Day letter and place upon the envelop one of the new stamps. If possible, the letter should be so timed that it will be received on Mother's Day.

I know that there is not a mother in America whose heart would not thrill with such a remembrance. These special letters, adorned with the special stamp, will be kept among the real treasures of the mothers receiving them.

The first sheets of these new stamps were run through the presses of the Bureau of Engraving and Printing several days ago and the ceremonies incident to the first printing were most impressive.

Mrs. Roosevelt, the wife of our beloved President, herself typifying the finest in American motherhood, was the honor guest. It was my privilege to present her with the first sheet of stamps to come from the presses; and in doing so, I said to her:

"Mrs. Roosevelt, it is one of the great pleasures of my life to take a part in this ceremony incident to the first press run of the new postage stamp in tribute to the motherhood of America. What we are and what we expect to be is all due to mother, our best friend, to whom we may ever turn in time of trial or adversity for comfort and benediction."

In her brief response, Mrs. Roosevelt said: "I receive these stamps with a great deal of pleasure, and I am sure that this mothers' stamp will be one of the most popular issues we have had for a long time. This is a most beautiful stamp and I am sure that the mothers of America are most appreciative of the great honor that has been conferred upon them through the issuance of this stamp by the Post Office Department."

In approving the idea for a mothers' stamp and in selecting Whistler's masterpiece as the principal feature of its design, the President undoubtedly had in mind his own lovely and noble mother from whom he has received many of the qualities of mind and heart which have made him the great and beloved leader of the American people. Her tender devotion to him and his revered devotion to her are a constant inspiration to other mothers and other sons.

Provisions for 200,000,000 of the new stamps was made in the initial printing order. They will be placed on first-day sale at the philatelic agency at Washington May 2 and on the following day will be on sale at the post offices throughout the country.

Fortunate, indeed, is he who may tonight turn to his mother and pay her the tribute of devotion which we all feel but too infrequently express. He can tell her that he will repay her for all her sacrifice and care by similar devotion to the common cause of all humanity.

To him, however, who finds an empty chair on the hearthstone there must come the realization of opportunities that have been lost to give expression to what every heart feels.

To such I say, it is not for the present but for the future that your mother lived. It was not for the present but for the future that the mothers of the past have lived. It was not for personal and selfish good that they lived but for the welfare of their children. So, following their example, we of this generation, sons and daughters of America, secure in the knowledge of what they have done, may by similar devotion and sacrifice make easier the path of those who are to follow.

To the mothers of America, those who have gone before, those who now serve, and those who are to come, the Nation through the medium of this simple postage stamp offers its pledge of undivided loyalty and love.

RETAIL PRICE AND COST-OF-LIVING INDEXES

Mr. SHIPSTEAD. Mr. President, in the issue of the Railroad Trainman for April 1934 there is a very interesting and illuminating article on "Retail Price and Cost of Living Indexes." The retail-price and cost-of-living indexes are interesting because they have been used as the basis for the establishment of what is called a living wage. It is further interesting because Mr. Ethelbert Stewart, the author of the article, shows that the theory of a living wage originated in England at the time England emerged out of feudalism, when the laborers after feudalism had been granted a living wage based on the theory that if the wage of the laborer could be kept low enough or on the basis of his necessities of life, the overlord or the employer could have his

labor cheaper than under slavery, because it was thought the free laborer or individual laborer could maintain himself cheaper than prior thereto when the underlords had maintained them in groups. Because of the rule used now to determine cost of living indexes, Mr. Stewart shows how absurd are the figures based upon that rule. I ask unanimous consent that his article may be printed in the RECORD.

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

[From the Railroad Trainman, April 1934]

The retail-price and cost-of-living indexes as carried by the United States Bureau of Labor Statistics have to do, so far as that Bureau is concerned, only with the relation of living costs to wage rates. The origin of this idea, that is of its expression in economic literature, dates back to the days when England was emerging from feudalism and beginning to manufacture for export trade. It was believed that the lower the wages paid, the more export business could be secured. Besides, the laborers of the world had so recently come out from under slavery, a feudal form of slavery at least, it was believed that the individual could maintain himself on less proportionately than the overlord could maintain his laborers in groups; hence wages should be the least amount that would enable the laborer to subsist, and, if married, to rear another laborer to take his place when he was too old to work or was dead. This cold-blooded doctrine was written into our economic literature and is there yet.

The Bureau of Labor Statistics began the collection of retail prices of various foodstuffs, in a small way, a good many years ago; likewise, in a small way, it began collecting cost-of-living schedules or family budgets. Some of this work was done in 1901, retail prices even earlier. In 1918, at the request of the Shipping Board, the Bureau of Labor Statistics undertook a really wide-spread investigation into the cost of living in the principal shipbuilding centers. There is no doubt but that the Shipping Board intended and expected to prove that wages were too high and out of all proportion to cost of living, just as the original doctrine and theory were that a free laborer, having his mind on his own individual interests, could keep himself cheaper free than his master could keep him as a slave, and that if wages could be kept down to actual cost of living, free labor would be cheaper than slavery. But no matter what actuated the Shipping Board, the request was made, President Wilson allocated money from his defense fund to pay the cost, and the work was begun. So far as the Bureau of Labor Statistics was concerned, it was not worrying about economic doctrines or wage theories; it went to work at a statistical problem and its work was honestly, fairly, squarely, and efficiently done. The figures were not only honestly secured but tabulated, classified, and presented, and, so far as the cost of living can be statistically shown, this report represented conditions as they were in 1918 as nearly as is humanly possible by the statistical method.

The method of doing the work is briefly this: Trained agents of the Bureau visited personally 12,096 families in 92 varied localities and secured from the wife and other members of the family a detailed report upon a printed schedule furnished the agent by the Bureau, as to the quantity, quality, and cost of each thing purchased during the year. While on the face of it, it seems absurd that any housewife would know what she bought and what she paid for such a vast variety of things over a definite period of time, nevertheless it is true that a trained agent will get mighty close to the facts. The costs of the big items, like rent, coal, etc., are, of course, easy enough; and when it comes to the smaller matters, the quantities used are the great source of memory in determining cost. For instance, no tactful agent would ask a woman, "How much sugar did you buy in 1918 and how much did it cost you?" The agent asks, "How do you buy sugar?" and the answer comes "In 5-pound bags." "How long will a 5-pound bag last you?" "Ten days." "How about fruit season?" "Well, I only used 10 pounds, 2 bags of sugar, on fruits last year." The quantity of sugar used is thus mighty closely determined, and the price is not only fairly well remembered by the housewife but is checked up month by month by other agents from adjoining stores. Item by item the trained agent thus goes through the schedule with the housewife, who frequently refers to such "store books" as she may have. It is astonishing how well the ordinarily intelligent housewife knows where her money goes. When these schedules are all tabulated, it is found that the average family used 146 pounds of sugar in 1918; bought 397 loaves of white bread; 691 pounds of Irish potatoes, and so on through the long, long list. These quantities then become the weights or measures of the relative importance of things in household expenditures. An increase of 1 cent on a loaf of bread means an increase in the cost of living of $3.97 per year per family; an increase of 1 cent a pound in the retail price of potatoes means an increase of $6.91 in the cost of living, provided always that the quantity used was the same as it was in 1918. The total average expenditure for the 12,096 families was $1,434.37, and this became the index base, or 100. This was subdivided into six groups—food, clothing, rent, fuel and light, furniture and furnishings, and miscellaneous—and the average total for each group was the base, or 100, for that group. Thus, the total average expenditure for food by the 12,096 families was $548.51, and this is the base of the index, or 100. Retail prices were secured back to 1913, and applied to these quantities used in 1918 to give a 1913=100 base, because the Shipping Board wanted to get back to a pre-war cost of living. As a matter of fact, no 1913=100 base was ever established on a survey made during that year. The 1918 survey did not include any expenditure for automobiles, radios, victrolas, electric sweepers, and other electric household appliances, for the reason that the workers' families were not using those things in those days. Much that was considered good enough then would not be classed as even comfortable now. Nevertheless, the fact remains that we have had no survey, no record of standards, no "weights" since 1918.

These groups were further classified by percentages that each one was of the whole; that is to say, taking the number of families as a whole, and the expenditure for food was 38.2 percent of the total expenditure, clothing 16.6 percent, rent 13 percent, fuel and light, 5.2 percent, furniture and furnishings, 5.1 percent, miscellaneous, 21.3 percent. The lower the income, the greater the percentage of expenditure for food and the lower the percentage for miscellaneous. Take the groups of families with incomes less than $900, and 44.1 percent of their total expenditure was for food and 17.8 for miscellaneous; while the group of families with incomes between $2,100 and $2,500 spent 34.6 percent for food and 24.3 for miscellaneous. Miscellanea included streetcar fare, doctors' bills, daily papers, books, movies, and whatever of luxuries the family may have had.

Then the Bureau of Labor Statistics collects monthly prices on 43 articles of foodstuffs, not from all the 92 localities from which family budgets were secured in 1918 but from 52 of the principal cities of the country. The actual prices printed are the true prices of the month; the index, however, is a 1913 base, and the weighting to determine the effect of food-price changes on cost of living is on the weights of 1918. Once in 6 months—that is, in June and December—agents are sent out to get retail prices on the other items and groups of items, such as rent, clothing, furniture and furnishings, etc. These are not secured from the families but from the local merchants. The articles upon which prices are sought are the identical articles described in the schedules of 1918. On this subject the Bureau of Labor Statistics itself says (Bulletin 326, p. 15): "Prices of clothing, furniture, etc., are secured through the personal visits of agents, for two reasons: The articles in these groups are not standardized to the extent that articles of food are, neither can they be described so definitely as to be readily identified at all times. Besides this, the grade or quality, as well as the style of clothing, furniture, etc., is constantly changing and substitutions have to be made. It is absolutely essential to secure correct results that when such substitutions or changes must be made, the articles substituted must be as nearly as possible of the same quality or grade as the original article." That is the article described and priced in the family budget of 1918. I am not criticizing this as a statistical method; I am simply trying to show how utterly absurd, to use no stronger word, it is to use such "cost of living" in 1918 as a rule for adjusting wages in 1934. By the very methods described, it is impossible for the Bureau of Labor Statistics figures to show any improvement in standards of living, unless the articles used in 1918 are so utterly out of date that any possible substituted article would be an improvement.

To change the base from 1913 to 1926 makes the picture a little more understandable as to the figures themselves; but it must not be forgotten that however you shift the price base, the standard of living is that of 1918; no other family survey has been made to form a weighting to which to apply the price. Shifting the base to 1926 and taking a few cities notable as railway centers—Atlanta, Ga., for instance, on a 1926 base of 100, had a cost of living index of 74.2 in December 1933, all items considered; Chicago, an index of 72.1; Denver, 76.8; Kansas City, Mo., 77.2; New York City, 79.3; while for the United States as a whole it was 77.1. In the meantime, as against this decrease in cost of living (on a 1918 basis), the earnings of 57 percent of railroad men have been decreased 40 percent; nearly 50 percent have been entirely detached from pay rolls by furloughs. The whole national income since 1926 has dropped 46 percent, while wages and the smaller salaries have been cut 56 percent, and unemployment rose from 1,669,000 in 1926 to 12,000,000 in 1934. The whole system has been so shot to pieces since 1918 that it is absurd to talk about adjusting wages in 1934 on any figures of cost of living now in the possession of the Bureau of Labor Statistics, or anybody else.

Prices on identical things today, applied to the consumption figures or "weights" even of a year ago, are, in some instances, perfectly absurd. This applies particularly to fuel and to clothing. To illustrate by an actual personal case, in my home during February 1933 I had a contract price of 8½ cents per gallon for oil; my oil bill was $18.18; in February 1934 I had a contract price of 8¼ cents per gallon and my bill was $50.69. By any possible application of the Bureau of Labor Statistics methods, my cost of living for fuel was less in 1934 than in 1933, because the price was less. February 1933 was a mild, warm month; February 1934, the coldest ever known in the District of Columbia. The "consumption figures" of "weights" just did not match, that's all.

The latest figures of the Bureau of Labor Statistics show a general increase in cost of living in all its branches, except rent. The general rise for the United States, as a whole, was 5.2 percent in December 1933 as against June 1933; in Atlanta, Ga., it was 5.2 percent; in Baltimore, 6 percent; Birmingham, 5.6; Buffalo, 4.8; Chicago, 3.8; Cincinnati, 4.1; Cleveland, 3.9; Denver, 3; Detroit, 6.4; Indianapolis, 4.8; Kansas City, Mo., 2.5; Minneapolis, 5.2; New

Orleans, 5.1; New York, 4.9; Norfolk, 8; Philadelphia, 6.2; Pittsburgh, 4.5; Richmond, 6.5; St. Louis, 3.7; San Francisco, 4.9; and so on.

Last month the question of the wholesale-commodity price index was discussed, because, since it is to be made the basis of the content and volume of circulation of money, it seemed important that everybody should understand exactly what it means; likewise, since the cost of living index is still very much with us as a gage and a regulator of wage rates, since the railroads in 1934 insist upon using it as a basis for wage changes, and since Congress and the President in 1934 (A.D., mind you) insist on it as a basis for Government pay, everybody ought to know what it is and what it is worth as a wage argument.

SUBSISTENCE HOMESTEAD PROJECT, REEDSVILLE, W.VA.

Mr. SCHALL. Mr. President, I ask leave to have printed in the RECORD an article which appeared in last Sunday's issue of the Washington Star, written by Grace Hendrick Eustis, concerning the Reedsville, W.Va., communistic project financed by Government funds. The article is accompanied by two photographs, one showing a girl weaving at the Morgantown, W.Va., commune, and I quote the caption of the other: "Bedroom furniture made by the unemployed miners at the Reedsville, W.Va., home-subsistence project."

From the article I quote the following:

The furniture, copied from designs brought to the project by Miss Nancy Cook, who runs the Vall-Kill Furniture Shop at Hyde Park for Mrs. Roosevelt, is made of pine and poplar, highly polished and waxed.

How does this fit in with Mrs. Roosevelt's and Secretary Ickes' statements that this was not a furniture factory but a plant to manufacture post-office boxes, as a "measuring rod on their cost"? Can it be possible that the author of this article is misinformed? Should she have seen Mrs. Roosevelt or Secretary Ickes before taking these pictures? Certainly her statement and the statements of Mrs. Roosevelt and Secretary Ickes are at odds. My information, gathered from articles I have read and conversations I have heard, coincides with this article from the Star. I call the article to the attention of Mrs. Roosevelt and Secretary Ickes.

Since Miss Nancy Cook runs Mrs. Roosevelt's furniture factory, why does she not autograph the furniture, she being the artist and designer? Why is Mrs. Roosevelt's autograph used?

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

[From the Washington Star of Apr. 29, 1934]

By Grace Hendrick Eustis

The most striking parts of the exhibition of work done under the subsistence homestead projects, being shown at the Department of Commerce, are two completely furnished rooms. All the articles therein are made by the unemployed miners and their wives in the Reedsville, W.Va., experimental community of the division of subsistence homesteads.

The furniture, copied from designs brought to this project by Miss Nancy Cook, who runs the Vall-Kill furniture shop at Hyde Park for Mrs. Roosevelt, is made of pine and poplar, highly polished and waxed. There are gate-leg tables, chests of drawers, corner cabinets, Welsh cupboards, cribs for babies, double-decker beds for children, double beds for adults, and different varieties of chairs. They are hand made and strongly made by the men of the community. They possess considerable elegance.

WOMEN TAUGHT TO WEAVE

The women have been taught to weave. On the looms they have made carpets, coverlets for beds and chairs from cotton thread, blankets and material for dresses from wool. They have been instructed in the art of weaving by Mr. and Mrs. Shipley Brown. These two kindly people have left their home in Pennsylvania and are going to homestead in Reedsville with the miners so that they may teach them to work the looms and become, if possible, self-sustaining. The Society of Friends, who have long been working among the destitute miners, asked Mr. and Mrs. Brown if they would do this. True to their faith, they went unhesitatingly.

The loom is shown in one of the furnished rooms by Miss Elizabeth Elonies, of Annetsville, W.Va. She is working on a carpet. Mrs. Brown is exhibiting a knitting machine that can make a pair of socks in half an hour and a little girl's dress, both jumper and skirt, in 3½ hours. Enough wool to make the socks costs 9 cents, wool for the dress is 62 cents.

These two productions, the furniture making and the weaving, form the industry for the Reedsville project. Orders may be given for the furniture. The money made will go into developing the Reedsville Experimental Community.

$25,000,000 APPROPRIATED

The way these subsistence homesteads operate and their objective can be explained most simply by a description of Reedsville, which is approaching the starting point of its rehabilitation. Last July, under the National Recovery Act, $25,000,000 was appropriated for the subsistence homesteads. Thirty-five projects have been announced to date, extending from coast to coast and from Minnesota to Texas. The division of subsistence homesteads, which was established in the Department of the Interior under the direction of M. L. Wilson, hopes to create 50 projects. Each project gets its allocation of funds from the Washington division. Reedsville was given approximately $600,000. Their double objective is to take families off Federal or State relief pay rolls, make them self-supporting by creating an industry for them, if there is no nearby industry where they can work and to settle them on plots of land ranging from 1 to 5 acres where they can raise enough vegetables, fruit, poultry, possibly hogs and a cow to feed themselves.

1,000 FAMILIES APPLIED

Miss Virginia Wheatley, of Danville, Va., who has spent the winter in Reedsville, helping to start and organize this project, explained how the wheels were set in motion. After the number of families who could be taken care of in extent of land by the limitation of the allocation and the architectural planning of the project had been established, the weeding-out of applicants began. In Reedsville, for instance, where 125 families could be placed, 1,000 applied. The specifications for the families were that the age limit of the man must be between 25 and 30, that there must be at least 2 children and that the man must know something about farming. Both a physical and an oral examination were given, the first to prove that there was no tuberculosis and the second to find out how much the man knew about farming. He was asked such questions as, when would he feed sheep, how would he plant peas, where would he look for lice on chickens. The next step was a visit to the man's wife. She was asked whether she wanted to live on a small farm and whether she could do the canning. Finally the children were interviewed.

If it was ascertained that the whole family wanted to live in this way and they all passed the physical test, then the man started in working on the construction of his house and the making of the furniture and his wife began to learn how to weave and knit.

HOUSES MAY BE ENLARGED

Featured in this exhibition are the architectural plans for the houses and the community center at Reedsville. The architect is Eric Gugler, of New York. He has worked out an ingenious plan whereby the houses are attractive and can be added to, as a man's family increases, or he makes more money and wants to spread out, with very little expense. The original house has two rooms. The cost is $1,200. Two more rooms can be attached for $600 more, and still 2 more, making a 6-room house, may be added for $400. This makes a total expenditure of $2,200.

The community center is where the industrial life of the community will take place. Here will be the carpentry shop, the forge, and the looms. Plans are being made for community orchards and a sawmill.

On the same board on which Eric Gugler's houses are shown is a plan for a 2-acre homestead plot with gardens. Two thirds of an acre are devoted to an orchard with apple, pear, and peach trees. One fourth of an acre is for a rotating vegetable garden, one eighth of an acre for late corn, and other eighth for late potatoes. One half an acre is devoted to space for the home, a movable poultry house, and flower garden. Finally there is half an acre for the regular garden, in which can be grown sweet-potatoes, corn, cucumbers, melons, squash, okra, spinach, tomatoes, cabbages, peas, beans, radishes, onions, eggplant, parsnips, carrots, and asparagus.

It is claimed by the Department of the Interior that "1½ acres of good land is sufficient to produce all the vegetables, potatoes, and small fruits for the use of a family of five throughout the year."

MUNICIPAL DEBT READJUSTMENT

The Senate resumed the consideration of the bill (H.R. 5950) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto.

Mr. FLETCHER. Mr. President, I do not propose to consume much time in discussing the pending bill. I should like to see it passed as early as possible so the question may be finally decided. It has occasioned a great deal of anxiety and interest throughout the whole country. It is a very important measure.

The able presentation of the case yesterday by the Senator from West Virginia [Mr. NEELY], the Senator from Michigan [Mr. VANDENBERG], and the Senator from Nevada [Mr. MCCARRAN] makes it unnecessary for me to dwell at any great length on the principles involved and the need for the legislation. I shall endeavor not to repeat the argu-

ments which they so well and clearly and forcefully presented.

It is a matter not concerned entirely with 1 State or 2 or 3 States. It involves 42 States. A list of those States was furnished yesterday, and I shall not repeat it. There are 42 States deeply concerned in the measure. They must have aid in some form. It is believed this is the only form in which it can be adequately afforded. There must be some means of relieving the various communities in the 42 States from distress, from hopelessness; to restore, if possible, the vitality, the life, and the hope of the various communities involved.

The question involved is really a simple one. Of course, when we exhaust all other argument, the favorite reference to constitutionality of the measure is heard. I do not claim to be a constitutional lawyer or an expert on the Constitution. I practiced law about 30 years, and I did not quit because I had to. I think I know something of the Constitution and something of the law. In my opinion, for whatever it may be worth, the measure is constitutional. The fact that it is something new, that there is no precedent for it, is no argument against it. If it were not new, if there were plenty of precedents on the statute books, we probably would not need the legislation. I look upon the measure as a sign of growth; not something founded on ancient precedents, from which we can never get loose, but something that is evolving and growing; something that is found necessary to meet conditions as they arise, to meet circumstances and situations as they develop.

A few years ago I was at Fort Myer attending an airplane exhibition. The Wright brothers were there. I witnessed the launching of their plane. After some considerable difficulty they were able to push it off and get it into the air. I think it flew about 100 or 200 yards. I looked upon the airplane as a splendid idea, but thought it simply meant the development of a toy without any possibility of being useful for any particular purpose. That was the first venture of the Wright brothers in the airplane field. Today we see airplanes flying over the oceans, flying around the world, passing over the Andes, at a speed of nearly 200 miles an hour, carrying passengers, express, and mail across the continents. There is no limit to their development. It might have been argued that there was no precedent for that sort of thing, that it was not reasonable and not practical, and, therefore, we should not attempt it. The fact is the law must meet conditions as they arise. The law is growing and developing. The legalistic idea that it must be based entirely upon precedent ought to be discarded.

The question of constitutionality is one which, after all, can be settled only by the courts. Eventually the measure may come before the courts, and in testing its constitutionality the decision of the courts will settle the question. But in the meantime we believe there is provision in the Constitution for this kind of legislation. It is well thought out, well advised, well considered, and absolutely necessary to relieve conditions in many important communities of the country. The people cannot pay the taxes. They are in need of a little extension of time in order to reach some compromise, some adjustment, some composition which they are ordinarily willing to make. There are a few Shylocks who stand out and refuse to cooperate, demanding their pound of flesh and preventing settlements and adjustments which would ordinarily and reasonably follow. There must be some way of compelling, by decree of court, proper and reasonable and fair adjustment of the debt question.

I have in my hand a very able argument by Louis C. Ward on the Sumners bill for the relief and adjustment of debts of taxing districts. He sums up the situation in these words:

> It is necessary, workable, moral, constitutional, and well-studied legislation.

I shall not discuss the pamphlet nor Mr. Ward's argument in detail. Anyone can obtain a copy of the argument. In my judgment, he meets clearly and conclusively all the objections and criticisms which have been made to the bill. I should like to refer to one or two paragraphs in his argument, very briefly, in which he rather well sums up the situation. For instance, at page 41 of the pamphlet, he says:

> An intellectual critic argues: "If there is anything the Federal Government has not touched it is the municipality." The whole point to the legislation is that no power except the Federal Government can solve the problem because, written into our fundamental law, there is the power of Congress to pass a bankruptcy law. Precluded by the same Constitution is the power of the State to impair the obligations of a contract.

He concludes with this statement:

> Debt is the subject matter of the Sumners bill. An impoverished nation prays for debt relief.
>
> The House has passed the Sumners bill.
>
> The Senate can complete the work of passing a humane law, thereby deciding that "a man is more precious than gold", and that the interest of millions of taxpayers is paramount to the interest of a few bondholders who hypocritically parade the widow and orphan and place upon the national altar a sacred sewer bond for our worship.
>
> The immediate passage of the bill will prevent chaos in municipal and legal governmental financing.

There will be a good many deserted villages in the country unless something of this kind can be done to relieve the situation and give vitality and hope to the various communities which are so deeply concerned. The people cannot escape their obligations. They have no desire to repudiate them. There is no inclination to escape the payment of their debts while they are able to pay them and where it is possible for them to pay. They are taxed, however, almost to the limit. In many instances resort has been made to the courts. Any bondholder can go into court and bring suit, where his obligation is in default, and obtain a mandamus to compel the authorities of the municipality, for instance, to levy an assessment. The authorities make the levy. The taxpayers cannot pay the tax. In one instance, as I said yesterday, an assessment was levied to the amount of 425 mills on the actual value of the property for 1 year. In other words, an assessment made as required by the court amounted to 42½ percent of the entire value of the property. That meant that in 2 years the city taxes alone, without regard to the State and county taxes, would amount to the entire value of the property.

In those circumstances, what are the taxpayers to do? They simply lose their property. They suspend all payments. The bondholder gets nothing; the community gets nothing; the property depreciates in value, has no sale, no chance to realize anywhere, and there is a total loss. Involved in all this are expenses, attorneys' fees, and what not.

This bill provides a way whereby 75 percent of the creditors of a city or town, community or tax district, can arrive at a voluntary agreement or plan for the settlement of the debt. It may possibly involve some reduction of principal. It may involve a reduction of interest. It will involve postponement of maturities; but these people themselves voluntarily come together and agree upon a plan, and the city organization or municipality is in position to carry it out. At present, however, because some minority bondholder, who perhaps has bought his bond at reduced price, is not willing to agree, the whole thing is held up. In one instance which was cited yesterday a man bought a $5,000 city bond for $450 and proceeded to mandamus the city to levy an assessment.

The claim is made that the passage of the bill means that the Federal courts will supersede the State courts. There is nothing in that contention. The Federal courts already have jurisdiction to issue orders compelling the assessment of taxes. A Federal court has jurisdiction to go even further than that. It can issue an injunction for the protection of bondholders. For instance, a municipality that could not get tax money decided that it would accept its own bonds in payment of taxes. A taxpayer holding a city bond, unable to pay his taxes in cash, offered the city its own bond in payment. That was quite a good scheme, as the debt of the city would be reduced by accepting its own bonds for taxes. The plan seemed to work very well, and was going on satisfactorily in the community; but an outside bondholder came in and said, "That is not fair. That is not

just to me. You cannot do that"; and he proceeded to obtain an injunction from a Federal court against the municipal authorities to restrain them from accepting their own bonds in payment of taxes.

So there is ample jurisdiction now, so far as that is concerned, in the Federal courts to handle these matters. While this bill provides for a Federal court enforcing the bankruptcy laws under certain conditions, 51 percent of the creditors have to file a petition and agree upon a plan in order to invoke the jurisdiction of the court. After that, 66⅔ percent of the creditors must agree, and then finally 75 percent of all the creditors must voluntarily agree upon the plan for settlement and adjustment of the debt; and in that case the court can put it into operation and effect.

Why is not that fair? Why is not that reasonable? What objection can there be to it except the notion that it is interfering in some way with contracts, or with the rights of individuals, or something of the kind? There is nothing to that argument. In my judgment this bill is absolutely fair and reasonable and just, and there is no question but that its enactment will accomplish a great deal of good.

I have before me an article printed in Today of February 24, 1934, entitled "Mortgaged Municipalities", by Frederick L. Bird. I ask that the article be inserted in the RECORD at the appropriate place.

The PRESIDENT pro tempore. Without objection, it is so ordered.

(The article appears at the conclusion of Mr. FLETCHER'S remarks.)

Mr. FLETCHER. I shall not attempt to discuss the article, but I should like to refer to the two concluding paragraphs, as they seem so much in point.

Mr. Bird says:

> The great majority of bondholders are ready and willing to cooperate. Almost invariably municipalities are more than anxious to meet their obligations.

That is quite true. They want to meet their obligations.

> Large numbers of refunding plans have been worked out which are acceptable both to the municipalities involved and to the preponderance of their creditors. Yet in no important instance has it been possible to place such a plan fully in operation. The reason lies in the recalcitrance of small minorities of bondholders, often speculators who have bought up their holdings at low prices.
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> To meet this situation and to avoid a repetition of the long years of expensive and destructive controversy which followed the disastrous flood of defaults in the 1870's, a bill was passed in the National House of Representative last June and is now pending in the Senate, which will make reasonable debt compromises possible. This bill, known both as the "Sumners bill" and the "Wilcox bill", provides, briefly, that a plan which has the approval of the municipality, of 75 percent of the creditors, and of the Federal district court, shall become binding upon the creditor minority.
>
> The passage of this bill should do more than any other single step to avoid years of expensive litigation and demoralizing confusion for our less fortunately situated municipalities. The great majority of local governments will have no need to resort to its aid, but it offers the most hopeful means of self-rehabilitation in those areas where the wreckage of the past must be cleared away.

The municipalities are not to blame for the situation, except as we may say that it was a great mistake in 1925, 1926, and on down to 1929, anyway, for us to suppose that everything was going to blossom according to our expectations and that the country was prosperous and getting more prosperous day after day. People were encouraged to go in debt on the installment plan. It was possible to buy anything from a toothpick to a locomotive on the installment basis; and people were buying, and urged to buy. They got into extravagant habits, and so did municipalities. They looked forward to continuous development and growth. They spent a large amount of money in paving, and in sidewalks, and in utility development, and in health programs, and all that sort of thing, schools and what not. They overbuilt. They contracted for expenditure of more money than they ought to have contracted for. That may have been a mistake of judgment. It was not dishonesty.

Then there came a turn in the tide of affairs and values went down. In October 1929 security values on the New York Stock Exchange shrank $29,000,000,000. In October 1930 they shrank $20,000,000,000 more. There was $49,000,000,000 of shrinkage in the value of securities. That affected everything, business everywhere, real estate, and everything else. Matters got so that the word "value" could not be identified with property at all. It was impossible to sell or dispose of it in any way; and so the values of real estate and other property in the various municipalities have dried up, though not through the fault of the municipalities.

Here is a city in which, when the bonds were issued, the taxable value of the property was $100,000,000. Today the value of that property is estimated at $17,000,000. It is due to no fault of the city; but there has been a shrinkage of values, and people cannot pay taxes on the basis of the old value.

So we must meet these conditions as best we can. There is no idea of repudiating debts, no idea of escaping obligations, but simply the suggestion that a court may, upon the application of a municipality, backed by its creditors to the amount of 75 percent, put into effect a compromise, a composition, an adjustment satisfactory to them, and effective so far as the municipality is concerned, restoring new life and new hope to the community, and bringing about a situation which is of immense importance to various communities and to the taxpayers generally as well as the creditors, for the benefit of the bondholders, and for the benefit of everybody concerned.

Why should not the court carry out a plan like that and not permit a minority holding securities for which perhaps they paid a very low price, purely as a matter of speculation, to prevent an adjustment of that kind?

I therefore wish to say, Mr. President—and with that I shall conclude—that I hope the Senate will adopt the substitute offered by the Senator from Nevada [Mr. MCCARRAN], and that the bill, as amended by the substitute, will be passed by the Senate.

(The article ordered printed at the conclusion of Mr. FLETCHER'S remarks is as follows:)

[From the Today of Feb. 24, 1934]

[Our cities are more than a billion dollars in default. What should be done about it?]

MORTGAGED MUNICIPALITIES

By Frederick L. Bird

One hundred and ninety-four thousand local governments in the United States began 1934 with a headache. In New York City it was a hangover from an 8-year spending spree; in most it was ceaseless worry about making both ends meet; in some it was a more painful financial malady that showed symptoms of becoming chronic.

Few, if any, American municipalities have escaped the financial ravages of 4 years of hard times. All have had the problem of how to reconcile declining revenues with increased costs of an emergency nature, and some have fallen so far short of an adequate solution as to become involved in financial confusion from which they may not be able to emerge for many years to come.

Sweeping headline references to our bankrupt cities, however, are a misleading attempt to generalize on the unfortunate predicament of a minority. So strong has become the obsession regarding the squandering of funds and the bungling of management by our municipal governments (thanks not so much to the limited validity of such beliefs as to the irrational assertions of those who apparently want the cost of public services conjured out of thin air) that there is a tendency to overlook the simple fact that our local government system, though somewhat the worse for wear, is still functioning.

Many municipalities, especially favored with capable, foresighted management, are as sound financially today as they were in 1929. The great majority have struggled through 4 years of declining fortunes with varying degrees of success. In many instances it has been at the expense of ruthless curtailment of budgets which has impaired essential functions and resulted in underpayment of personnel, or has involved such emergency devices as the use of scrip in payment of salaries and bills. In others it has been merely a case of muddling through.

Despite surprisingly zealous regard for the maintenance of municipal credit, in a period when private financial structures were tumbling on every hand, the casualties among local governments have been mounting and there are more to follow. With our entangled jungle of nearly 200,000 local areas of government, there is no means of knowing exactly how many have defaulted in payment on their debts. The most reliable estimates place the number at about 2,000. These places range in size from Detroit, Mich., to hundreds of rural counties, irrigation districts, school districts, and crossroads hamlets, and are scattered unevenly through most sections of the country. It is estimated also that of a total municipal indebtedness of $15,223,000,000, about $1,200,-

000,000, or 7.9 percent, is in default on principal or interest. Not since the panic of 1873, when probably one fifth of our municipal debt was in default, have our local governments encountered such a financial setback, and those were the days before the invention of budgets, borrowing limits, and other contrivances for the establishment of sound municipal finance.

Hundreds of municipalities, their budgets hopelessly out of balance, are bound to join the ranks of the defaulters in 1934 unless there is a rapid rise in ability and willingness to pay taxes, an increase in Federal and State aid, or the extension of easier credit whereby refunding bonds can be floated to pay off maturing obligations. While the devaluation of the dollar contemplates reduction of the load of public debt, it offers only uncertain value toward the meeting of municipal-debt obligations this year. The property valuations which make up the tax base have already been determined and the tax rates set. Hard-pressed cities, therefore, will have to place their immediate hopes on more dollars in the hands of their taxpayers and easier credit from bankers.

In attempting an analysis of the extent, severity, and causes of municipal financial ills, the most conspicuous characteristic is the uneven distribution of defaulting localities. Using as a basis for study the authoritative tabulation of 1,734 cities, counties, and districts in default compiled by the New York Bond Buyer, the fact stands out that in all New England there is a record of only four defaults. Moving down through the Atlantic States, New York has only 4, Pennsylvania 12, Virginia but 1, and Delaware and Maryland none. But looming up like a black spot on the map is New Jersey with 94. Other of the larger States with fewer than 10 are Kansas, Minnesota, Nebraska, Wisconsin, and West Virginia, the latter with a clean record under the State plan of centralized sinking fund administration.

At the other end of the list are five States which, with New Jersey, supply 53 percent of all the defaults. In Florida, where a solvent city is a rarity, there is a total of 324. North Carolina is a close second with 264. Ohio accounts for a generous share, 121; Texas is next in line with 105; and California follows close behind with 101, 74 defaulted irrigation districts being the major contributing factor. With the inclusion of the five remaining States showing 50 or more defaulted municipalities, Arkansas, Illinois, Kentucky, Michigan, and Tennessee, we have a concentration of 78 percent of the default list in 11 States with 38 percent of the country's population.

Here is a seemingly anomalous state of affairs. The uneven incidence of the depression affords a partial, but by no means complete, explanation. Bad laws, bad management, excessive borrowing, and short-sighted and sometimes vicious business and financial influences contribute an equally realistic interpretation.

Too much debt, to summarize the state of affairs succinctly, supplies the fundamental reason for the large majority of municipal defaults. Most frequently it is merely a case of too much debt to manage under present circumstances; but in some distressing instances it is a case of the accumulation of obligations which can never be fully met, unless by some improbable future turn in the wheel of fortune.

Notwithstanding the somewhat disconcerting increase in local debt it can hardly be asserted that $122 per capita—the national average—is beyond the average community's capacity to pay. The embarrassment lies rather in the unequal distribution, both in amount and in relation to wealth, and in the almost exclusive dependence upon the local general property tax for means of payment. Even a national-average debt is excessive for areas whose inhabitants never rise above the poverty level; and debt loads of twice the average are beyond the reasonable capacity to pay of any community, unless there are exceptional conditions of large, locally taxable wealth. Yet hundreds of such excessively burdened units exist, the bulk of them in default, with per capita debts twice, four times, and in extreme instances as high as eighty times the average figure.

The responsibility for the acquisition of these unwieldy debts rests by no means entirely with the local officials and citizens. Unfortunately, instead of being permitted to judge their own needs, they were preyed upon by powerful equipment interests and their satellite contractors who bedeviled or corrupted public officials or high pressured untutored publics into lavish and injudicious expenditures. Land speculators appropriated municipal borrowing power for their own promotional purposes; the extension of easy credit, with only the most perfunctory regard for the security involved, stimulated a veritable torrent of bond issues; and the failure of investors to apply even the most rudimentary criteria of safety facilitated the marketing of the most speculative municipal securities, so long as they bore the lure of tax exemption.

One choice example—a small mideastern community in default—will show why there is wreckage to be cleared after the storm. The realtors moved into this suburban area in the early 1920's, when its population numbered under a score; subdivided it by laying out several miles of cheaply surfaced streets and staking off building lots; induced purchasers by easy down payments and the promise to pay 3 years' taxes; and had it incorporated as a city. Maneuvering their own representatives into controlling official posts, they kept the tax rate down for the 3-year period, meanwhile using the city's public credit to finance extensive sewer and water systems and other physical requirements. At this point, the enterprise having proved a failure, they withdrew, neglecting thereafter to pay taxes on their still extensive holdings. Today, the somewhat confused inhabitants find themselves with a debt obligation of over $6,000 per capita and a total city income which covers less than half the interest requirements on the debt. Yet these bonds were marketed by highly regarded investment bankers and large quantities of them rest in the investment portfolios of institutional custodians of people's savings. Defaults of such stellar magnitude, fortunately enough, exist in only a limited number of areas outside of Florida; but the same characteristics, milder in degree, are complicating the financial difficulties of a large number of municipalities.

The use of public credit for land speculation, then, affords a veritable master key to understanding the heavy concentration of municipal defaults. Operating either exclusively, or in conjunction with other factors, it discloses the background, not merely of the Florida debacle, but of the financial collapse of hundreds of other local areas. Especially conspicuous has been the wholesale credit wrecking of Cleveland suburban communities, in one of which, for example, the realty interests primarily responsible are a million dollars in arrears in taxes and assessments. No less evident is the predicament of spectacularly promoted resort cities, particularly in North Carolina and in New Jersey. In Detroit and its metropolitan area, extravagant realty promotion played a prominent part in the undermining of public credit. In the West and South, drainage and irrigation districts are in default because of the inability of the farmers to meet the many debts incurred by the original promoters. Contributing to the financial weakness of local governments under such conditions are two depressing factors in addition to the burdensome public debt. Taxpaying capacity is diminished by the presence of an abnormal private mortgage debt, and abandoned subdivisions become a municipal liability, not only by driving down the assessed values on which taxes are based but by yielding insufficient tax revenues to pay their own public maintenance charges.

Especially vulnerable to business depressions, particularly in conjunction with high debt and a background of excessive realty inflation, are cities dominated by a single industry. When such an industry has overexpanded and is itself peculiarly susceptible to fluctuating demands, the financial stability of the cities dependent on it are doubly precarious. Detroit and its satellite automobile manufacturing cities; Akron, Ohio, with its rubber; Grand Rapids, Mich., as a furniture center; and Atlantic City, N.J., and Asheville, N.C., with their recreational "industries" are among the more important examples of places in default, partially because their sources of financial support have been more severely depleted than the average.

Contributing still further to the confusion regarding the status of municipal credit are the didn't-know-it-was-loaded casualties in civil divisions where the magnitude of the total local debt load went unrecognized until the crash came. The city debt, the school debt, the county debt, and the special district debt were all carried separately on the books of these independent but overlapping governments, and no one took the trouble to add the total which the same group of taxpayers had to carry. One hard-pressed suburban township, for example, felt full confidence in the moderation of its town debt of $217 per capita. But a belated investigation educed the alarming fact that its citizens were actually carrying a total local debt of $911 per capita. Most State-constituted legal borrowing limits have the same effect. They rarely take into account the duplication of local debts and sometimes permit deductions of a misleading nature. The State of New Jersey leads in this respect. Despite a nominal limitation of borrowing by cities to 7 percent of assessed valuation, the actual total local tax-supported debt in New Jersey municipalities of over 10,000 population averages in excess of 17 percent of assessed valuation and in some instances rises above 30 percent.

The underlying causes of default on municipal debt have been given particular attention with a view to showing the futility of overnight correction; but some of the more immediate influences are likewise not susceptible of swift elimination and call for constructive adjustments.

Decline in municipal revenues from year to year of the depression rendered fixed charges for debt service an ever-increasing proportion of the total, with a constantly dwindling margin for operating costs. In 1930 cities collected, on the average, 90 percent of their taxes; in 1933 they were struggling along on a bare 75 percent. The accumulated arrears constitute a largely realizable asset, often well in excess of defaulted bond principal and interest, but only slowly available unless recovery is unanticipatedly rapid and complete. The banking catastrophes of 1933 were the final straw for many municipalities, especially when an entire local banking system collapsed. Not only were public funds impounded, but the reserves of the taxpayers were thus depleted to the vanishing point. Again, irregularities in debt structure, with the unfortunate piling up of maturities at a time when revenues were showing an unforeseen decline, have frequently been a direct cause of default, even when the total debt was of very moderate proportions. Especially in Ohio, where strict requirements frequently call for retirement of 20 percent or more of a debt in a year, have defaults of this nature been prevalent.

Municipalities exist only incidentally as debt-paying entities. Their concern with credit and the maintenance of credit has to do with facilitating the socially and economically indispensable functions for which they have been evolved. The first objective of rehabilitation, therefore, is the conservation, or restoration, of municipal capacity to perform these functions on a plane compatible with a decent standard of civilized life. In the case of a bankrupt railroad or other private utility, this attitude is accepted without question, and it is fully as applicable to that vital group of public services which are embodied in our local governments. Even from the creditors' point of view, restored capacity to pay lies in maintaining the municipality as a going concern and in strengthening the morale of its taxpayers.

The great majority of bondholders are ready and willing to cooperate. Almost invariably municipalities are more than anxious to meet their obligations. Large numbers of refunding plans have been worked out which are acceptable both to the municipalities involved and to the preponderance of their creditors. Yet in no important instance has it been possible to place such a plan fully in operation. The reason lies in the recalcitrance of small minorities of bondholders, often speculators who have bought up their holdings at low prices.

To meet this situation and to avoid a repetition of the long years of expensive and destructive controversy which followed the disastrous flood of defaults in the 1870's, a bill was passed in the National House of Representatives last June, and is now pending in the Senate, which will make reasonable debt compromises possible. This bill, known both as the "Sumners bill" and the "Wilcox bill", provides, briefly, that a plan which has the approval of the municipality, of 75 percent of the creditors, and of the Federal District Court, shall become binding upon the creditor minority.

The passage of this bill should do more than any other single step to avoid years of expensive litigation and demoralizing confusion for our less fortunately situated municipalities. The great majority of local governments will have no need to resort to its aid, but it offers the most hopeful means of self-rehabilitation in those areas where the wreckage of the past must be cleared away.

Mr. HATFIELD obtained the floor.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDENT pro tempore. Does the Senator from West Virginia yield to the Senator from Arkansas?

Mr. HATFIELD. I yield.

Mr. ROBINSON of Arkansas. I desire to address the Senate on the pending bill briefly, and I should like to ask the Senator whether it would suit his convenience to postpone his address until after the pending bill shall have been acted upon.

Mr. HATFIELD. Mr. President, I do not know when that time will be. Does the Senator from Arkansas feel that the bill will be disposed of in the very near future?

Mr. ROBINSON of Arkansas. It is my impression that it may be passed within an hour; but, of course, I can give no assurance as to that.

Mr. HATFIELD. Very well. I shall accede to the request of the Senator.

Mr. ROBINSON of Arkansas. It is very kind of the Senator to do so.

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

The PRESIDENT pro tempore. The clerk will call the roll.

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

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

Mr. LEWIS. I reannounce, for the reasons then given, the absences of Senators as previously announced. I ask that this announcement may stand for the day.

The PRESIDENT pro tempore. Ninety Senators having answered to their names, a quorum is present.

Mr. ROBINSON of Arkansas. Mr. President, if I may have the attention of Senators, only a brief period will be required for the expression of some views concerning the pending bill which I feel prompted to present to the Senate.

The measure before us is of very great importance. It has encountered serious opposition from various sources. It receives the support of many citizens and organizations.

The circumstances which make necessary legislation similar to that contemplated by the bill before us may be very briefly reviewed. They were stated in admirable detail by the Senator from West Virginia [Mr. NEELY] yesterday and also by the Senator from Michigan [Mr. VANDENBERG], and other arguments, to which I may refer, were presented by the Senator from Nevada [Mr. McCARRAN].

More than 2,000 municipalities are in default in the payment of their obligations. That of itself is a complete answer to the objection which has been made to this bill on the ground that the enactment of the proposed legislation would impair the credit of those public corporations. Their credit has already been impaired. They are unable to meet their debts as they mature.

No other plan than the one now presented to the Senate has been proposed for the composition of the difficulties of these public corporations, and it is not likely that any other plan will be proposed. So, that Senators should understand that if anything is to be done pertaining to the difficulties referred to, it must be done now, and in connection with this bill. In all probability the subject will not be renewed, either during the present session or during a future session of the Congress, as there is no other plan proposed or in contemplation.

Mr. President, there is another class of public corporations that would be affected by the proposed legislation. It includes irrigation, drainage, and levee districts, and other taxing units. Hundreds of these districts are in default, and the properties within the districts are being subjected to processes for the enforcement of the obligations.

In 31 States there are drainage districts having large securities outstanding, and in many of these States there are some districts which are in default, due to the depression, as I may say in general terms. An effort has been made to provide relief as to this class of public corporations by providing a public fund, through the Reconstruction Finance Corporation, of $50,000,000, which was recently supplemented by an additional fund of $50,000,000 to enable the Reconstruction Finance Corporation to make loans to these districts for the purpose of effectuating adjustments that may be made respecting the indebtedness of the districts. It has been found impossible to complete these loans because of the fact that minority holders of the obligations of the districts seek to place themselves in a position of great advantage by declining to accept any compromise as to their claims, and by insisting on their payment in full; and if no arrangement such as that proposed in this bill shall be made, thousands of citizens will be deprived of their property, thousands will be driven from their homes, and a great national calamity inevitably will result.

Let me ask Senators what better plan can be devised than the plan now under consideration? If a better plan can be proposed, if one is in contemplation, let it be brought forward. But are we to permit this condition to continue with no proposal or effort to relieve the sufferings and the distress of those who find themselves in the situation of having their properties so greatly depreciated in value that they are insufficient to meet the first liens that have been imposed upon them by improvement districts and by other public corporations?

I repeat the question: What is to be done about the matter? If nothing is to be done, then we must face the consequences and our responsibility for them.

I know that one of the principal grounds of opposition urged is that the enactment of the proposed legislation will impair the credit of the public corporations involved. I have already said that as to those corporations in default and unable to meet their obligations, their credit is already impaired, and it will not be further impaired by making the best arrangement possible for meeting their obligations, which is exactly what it is proposed shall be done under the terms of the pending bill.

In the next place, the credit of public corporations which are not insolvent will not, in the long run, be impaired in the slightest degree, but rather, their credit will also be im-

proved by the results of the application of the provisions of this bill.

A public corporation which is not insolvent and which is able to meet its obligations as they mature, will not be detrimentally affected in the long run as to its ability to make loans in the future, but the fact that a plan has been worked out which will enable insolvent public corporations of the classes embraced in this bill to discharge their responsibility fairly, will tend to strengthen the credit of public corporations, rather than to impair it.

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

Mr. ROBINSON of Arkansas. I yield.

Mr. VANDENBERG. May I confirm the Senator's observation with the simple exhibit that the Executive Committee of the Conference of Mayors of the United States, consisting of chief executives of leading municipalities of the country, not one of which is in default, is unanimously praying the Senate to approve this legislation on the theory that it is essential, precisely as the Senator from Arkansas indicates, for the preservation of municipal-bond credit as a common and complete structure.

Mr. ROBINSON of Arkansas. I thank the Senator for his contribution.

I ask unanimous consent to have printed in the RECORD at this point data which have been supplied me respecting the situation of the drainage districts and their applications for loans. Legislation of this character must be enacted if the funds which have been made available for these districts are to be used, because they cannot be used so long as the minority bondholders are insisting upon the right to collect their claims as a whole, and refusing to enter into any composition or arrangement whatever for the adjustment of their obligations.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The data referred to are as follows:

Drainage, levee, and irrigation division

State	Formal applications received for consideration			Loans approved by board of directors									
	Number of applications	Outstanding indebtedness	Loans applied for	Outstanding indebtedness	Loans approved	Number of loans	Reduction	Number of acres	Outstanding in debtedness per acre	Loans per acre	Reduction per acre	Ratio on bonds	Ratio over all
Alabama	1	$560,876.71	$200,000.00										
Arizona	9	8,997,315.59	4,068,655.28										
Arkansas	86	34,625,805.33	18,283,064.98	$18,488,511.06	$5,575,200.00	30	$12,913,311.06	1,462,718	$12.64	$3.81	$8.83	33.86	29.91
California	45	59,251,466.91	33,361,434.92	10,568,390.17	3,842,560.90	9	6,725,829.27	118,580	89.12	32.40	56.72	42.28	36.18
Colorado	19	3,597,950.33	2,508,000.00	1,812,648.91	860,841.35	5	951,807.56	133,899	13.54	6.43	7.11	52.85	47.04
Florida	29	13,834,483.80	6,729,292.58	1,908,219.81	790,600.00	9	1,117,619.81	88,391	21.59	8.94	12.65	49.58	40.88
Idaho	26	6,851,632.32	2,303,455.67	3,395,172.45	1,063,000.46	7	2,332,171.99	61,790	54.95	17.20	37.75	49.67	30.98
Illinois	31	6,264,390.15	4,082,441.50	3,523,033.68	1,407,225.13	13	2,115,808.55	231,013	15.25	6.09	9.16	46.76	39.40
Iowa	4	452,392.89	299,500.00	466,212.61	250,500.00	4	215,712.61	38,500	12.11	6.51	5.60	70.91	52.55
Kansas	1	95,000.00	95,000.00										
Kentucky	2	191,049.60	114,691.44										
Louisiana	23	6,837,493.50	3,610,682.00	1,269,295.50	695,550.00	5	573,745.50	149,982	8.46	4.64	3.82	56.41	54.04
Minnesota	1	425,100.00	425,100.00	409,100.00	302,500.00	1	106,600.00	26,750	15.30	11.31	3.99	73.33	73.33
Mississippi	50	9,594,955.46	4,895,251.16	6,102,303.07	2,109,650.00	16	3,992,653.07	590,073	10.34	3.58	6.75	41.90	34.13
Missouri	56	16,474,316.03	8,209,803.14	12,840,102.78	3,916,625.20	26	8,923,477.58	750,693	17.10	5.22	11.88	33.85	30.21
Montana	16	3,938,815.19	1,686,005.82	2,484,403.99	979,741.04	5	1,504,662.95	53,137	46.76	18.44	28.32	44.71	38.93
Nebraska	6	2,593,804.98	1,414,240.03	2,242,969.13	1,259,140.00	2	983,829.13	67,590	33.19	18.63	14.58	60.26	55.97
Nevada	3	968,627.00	908,393.00	922,822.00	427,933.00	2	494,889.00	125,963	7.32	3.40	3.92	48.95	45.99
New Mexico	8	2,125,986.88	1,052,879.00	892,627.02	380,307.76	5	512,319.26	57,853	15.43	6.57	8.86	66.36	41.37
New York	1	45,028.50	46,000.00										
North Carolina	1	61,400.00	30,700.00	61,440.00	38,000.00	1	23,440.00	7,711	7.97	4.93	3.04	64.91	60.22
Oregon	35	12,815,293.17	4,587,710.77	6,584,609.98	1,832,606.00	10	4,752,003.28	75,875	86.78	24.15	62.63	34.67	27.56
South Carolina	7	673,426.00	418,400.00	271,930.00	154,160.00	3	117,770.00	70,925	3.83	2.17	1.66	59.98	56.69
South Dakota	6	265,735.00	214,290.00	269,664.61	156,100.00	6	113,564.61	31,309	8.61	4.99	3.62	59.44	57.83
Tennessee	3	398,777.62	160,857.15										
Texas	62	29,295,139.74	15,087,200.47	14,617,629.95	6,563,383.93	14	8,054,246.02	568,951	39.62	17.79	21.83	49.55	44.70
Utah	10	1,918,828.00	877,725.00	102,000.00	51,000.00	1	51,000.00	4,772	21.38	10.69	10.69	50.50	49.01
Virginia	1	178,000.00	151,300.00	178,000.00	118,200.00	1	59,800.00	13,568	13.12	8.71	4.41	65.00	65.00
Washington	24	6,586,451.53	3,975,830.53	1,564,794.63	900,995.70	10	663,798.93	27,695	56.50	32.53	23.97	60.71	56.71
Wisconsin	1	34,534.00	32,800.00	34,528.00	22,000.00	1	12,528.00	540	63.94	40.74	23.20	67.07	63.71
Wyoming	25	2,671,433.90	2,333,958.60	33,000.00	27,400.00	1	5,600.00	9,953	3.32	2.75	.57	80.00	80.00
Formal	[1] 592	234,925,510.13	122,164,663.04	91,043,409.35	33,725,221.17	187	57,318,188.18	[2] 4,568,261	19.93	7.38	12.55	42.58	36.72
Preliminary	14	10,192,785.76	7,490,178.54										
Ineligible	14	2,363,794.27	2,192,768.00										
Withdrawn	5	395,187.22	327,460.00										
Total received	625	247,878,277.38	132,175,069.58										
Irrigation	[1] 219	122,220,618.96	63,238,393.21	42,567,205.38	17,506,410.84	64	25,060,794.54	1,061,763	40.09	16.49	23.60	47.85	40.85
Drainage	[1] 373	112,704,891.17	58,926,269.83	48,476,203.97	16,218,810.33	123	32,257,393.64	3,506,498	13.82	4.63	9.19	38.03	33.08

[1] Formal applications.

[2] Assessed acres.

Mr. ROBINSON of Arkansas. I pass from the subject of credit to the question of the validity or constitutionality of the proposed statute. I know that subject has already been ably presented by other Senators, and I shall content myself with a very brief discussion of this phase of the measure.

In the first place, the objection has been raised that this bill does not constitute an exercise of the power of Congress to provide uniform bankruptcy laws, and yet it is identical in principle with acts passed during the last Congress relating to railroads and relating to farmers and farm organizations, and based upon the very same constitutional power upon which those statutes were rested.

The Supreme Court has in numerous cases held that the power of Congress to enact bankruptcy legislation is not limited to the enactment of that character of laws which were in existence at the time of the adoption of the Constitution or prior thereto, but that the authority of the Congress over the subject of bankruptcy is plenary.

"Bankruptcy" has many definitions, one of the primary definitions of a bankrupt being "a person unable to pay."

"Insolvency" likewise has many definitions. One of the primary definitions of insolvency is "the state of a person who is unable to meet his obligations as they mature."

So it is not necessary that an act of bankruptcy, as the Constitution has been interpreted by the Supreme Court of the United States, must provide for a disposition or distribution of the bankrupt's property. It is sufficient, as stated by the Supreme Court of the United States in the case of *Canada Southern Railway Co.* v. *Gebhard and Another, Executors* (109 U.S. 527), that adjustments or arrangements for the settlement of the bankrupt's obligations shall be comprehended in the legislation.

It might be appropriate at this point to read from a brief filed with the committee in connection with this measure, a statement of the court in that opinion. I quote:

Hence it seems to be eminently proper that where the legislative power exists some statutory provision should be made for binding the minority in a reasonable way by the will of the majority; and unless, as is the case in the States of the United States, the passage of laws impairing the obligation of contracts is forbidden, we see no good reason why such provision may not be made in respect to existing as well as prospective obligations. The nature of securities of this class is such that the right of legislative supervision for the good of all, unless restrained by some constitutional prohibition, seems almost necessarily to form one of their ingredients, and when insolvency is threatened, and the interests of the public, as well as creditors, are imperiled by the financial embarrassments of the corporation, a reasonable "scheme of arrangement" may, in our opinion, as well as legalized as an ordinary "composition in bankruptcy." In fact, such "arrangement acts" are a species of bankrupt acts.

* * * * * * *

It is in entire harmony with the spirit of bankrupt laws, the binding force of which, upon those who are subject to the jurisdiction is recognized by all civilized nations. It is not in conflict with the Constitution of the United States, which, although prohibiting States from passing laws impairing the obligation of contracts, allows Congress "to establish * * * uniform laws on the subject of bankruptcy throughout the United States."

* * * * * * *

The confirmation and legalization of "a scheme of arrangement" under such circumstances is no more than is done in bankruptcy when a "composition" agreement with the bankrupt debtor, if assented to by the required majority of creditors, is made binding on the nonassessing minority. In no just sense do such governmental regulations deprive a person of his property without due process of law—

And so forth.

It is clear from that opinion that arrangements contemplated in this measure come within the legal definition of the term "bankrupt", and are, therefore, within the power of Congress to pass uniform laws concerning the subject of bankruptcy.

There has been presented an opinion from someone in the Department of Justice to the effect, as I understand, that the bill is valid insofar as cities and counties are concerned, but not valid as to drainage, irrigation, levee districts, and other taxing units of a similar character on the theory that the latter class are departments of the State government.

In my judgment, there is not the slightest foundation for the discrimination which has been made in the opinion referred to. A city is certainly as much a part of the State government as a school district or a drainage district or a levee district. As a matter of fact, the courts have made no such distinction. There are hundreds, perhaps, thousands of cases that have been decided by the Federal courts involved bond issues of counties, townships, school districts, irrigation districts, drainage districts, levee districts and other types of taxing units, and the attempted distinction between municipalities and cities, towns and villages, and quasi-public corporations, such as counties, townships, school districts, drainage, irrigation, and levee districts is, therefore, clearly, to my mind, unsound.

Mr. LOGAN. Mr. President——

Mr. ROBINSON of Arkansas. I yield to the Senator from Kentucky.

Mr. LOGAN. If the opinion to which the Senator refers is sound, then the districts mentioned need no legislation to enable them to go into the bankruptcy court. The distinction which is sought to be made is that the taxing districts and municipalities have a governmental capacity and also a business capacity of a private nature. That has been recognized by all the authorities. The maintaining of waterworks, for instance, is not a necessary governmental function by a city. In those cases where the functions performed are not necessarily governmental functions, if it be desired to classify them as private business, then there is no law needed to enable them to go into bankruptcy. But I agree fully with the Senator that there are no decisions of which I know that would justify the opinion which I heard mentioned by the Senator from Indiana [Mr. VAN NUYS] yesterday in his argument.

Mr. ROBINSON of Arkansas. And that is the opinion to which the Senator from Arkansas is now referring. There is absolutely no important distinction under the Constitution properly to be made, in my judgment, between that class of public corporations which the opinion held as coming within the power of Congress to enact bankruptcy laws and that other class which was held not to come within the same authority.

Mr. LOGAN. The fact is that none of them can exist without the authority of the State in some way.

Mr. ROBINSON of Arkansas. That is entirely true.

Mr. LOGAN. And one is just as much an arm of the State government as is the other.

Mr. ROBINSON of Arkansas. That is exactly true, in my judgment.

So I pass now from that phase of the subject to a conclusion with respect to the proposed legislation.

This bill is safeguarded, particularly as proposed by the so-called "McCarran amendment", to a degree that will make exceedingly difficult in some instances the application of the relief, but, at the same time, it is recognized that public corporations ought not to find it easy to enter into a process for the adjustment of their obligations. The McCarran amendment recognizes in a greater degree than does the original bill the necessity for imposing restrictions and safeguards.

Now I desire to call to the attention of the Senate just what must happen in order that one of these taxing units may have the benefit of the arrangement contemplated by the pending bill.

In the first place, the holders of 51 percent of the obligations of the district must concur with the district in a plan. When that has been done, the matter may be brought before the court. Before the plan can be confirmed the holders of 66⅔ percent of each class of obligations owed by the taxing unit must concur in the plan and the holders of 75 percent of the aggregate of the obligations must agree to the plan. That means that when a district is unable to meet its obligations, when certain facts required by the proposed statute to be found by the court shall have been ascertained, the holders of 75 percent of the obligations of the taxing unit may impose on the remaining 25 percent the necessity of abiding the decision of the court and of the 75 percent.

Mr. LOGAN. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Arkansas yield to the Senator from Kentucky?

Mr. ROBINSON of Arkansas. I yield to the Senator from Kentucky.

Mr. LOGAN. Is there any difference in that principle and the principle that governs in the consolidation of corporations and the sale of corporate property by corporations? Nearly all the States have found it necessary, in order to protect a majority against an obstreperous minority, to provide that the minority must be bound by the action of a majority, and usually it has been fixed at 75 percent. The action is binding on all of them if 75 percent of the stockholders or bondholders agree to it.

Mr. ROBINSON of Arkansas. There is no difference in morals; of course, there are legal differences, which the Senator readily can see.

If any adjustment is to be worked out, if any relief is to be afforded to the people residing in the territory covered by these various public corporations, this plan admittedly is a fair one. It is very carefully safeguarded. What must the court find before the plan is approved? I quote now from the so-called "McCarran amendment":

After hearing such objections as may be made to the plan, the judge shall confirm the plan if satisfied that (1)—

Now, listen to this—

it is fair, equitable, and for the best interests of the creditors, and does not discriminate unfairly in favor of any class of creditors.

That is the first requirement that must be determined by the court in passing upon the plan presented and approved, as I have already indicated. It must be "fair, equitable,

and for the best interests of the creditors", and it must not "discriminate unfairly in favor of any class of creditors."

(2) Complies with the provisions of subdivision (b) of this chapter.

And subdivision (b) is "a plan of readjustment within the meaning of the chapter" and—

Shall include provisions modifying or altering the rights of creditors generally, or of any class of them secured or unsecured, either through the issuance of new securities of any character or otherwise; and (2) may contain such other provisions and agreements, not inconsistent with this chapter, as the parties now desire.

It is lengthy, and I will not read all of subdivision (b).

(3) Has been accepted and approved as required by the provisions of subdivision (d) of this chapter.

That is, by 66⅔ of each class of every class of claims and by 75 percent of the claims in the aggregate.

(4) All amounts to be paid by the taxing district for services or expenses incident to the readjustment have been fully disclosed and are reasonable.

It even safeguards against excessive expenses and against waste of the funds of the bankrupt.

(5) The offer of the plan and its acceptance are in good faith; and (6) the taxing district is authorized by law, upon confirmation of the plan, to take all action necessary to carry out the plan. Before a plan is confirmed, changes and modifications may be made therein, with the approval of the judge after hearing upon notice to creditors, subject to the right of any creditor who shall previously have accepted the plan to withdraw his acceptance, within a period to be fixed by the judge and after such notice as the judge may direct, if, in the opinion of the judge, the change or modification will be materially adverse to the interest of such creditor, and if any creditor having such right of withdrawal shall not withdraw within such period, he shall be deemed to have accepted the plan as changed or modified: *Provided, however,* That the plan as changed or modified shall comply with all the provisions of this subdivision.

I have taken the pains to cite these provisions in order to show, since some method of adjustment is necessary on account of the circumstances which are described earlier in my remarks, and since this is the only plan presented, that this plan is amply and carefully safeguarded in the interest of the creditors. The rights of the municipality, or of the taxing unit, of course, are preserved, because the entire proceeding must be initiated and be carried forward with its approval.

I thank the Senate for the very attentive manner in which it has heard me.

Mr. NEELY. Mr. President, may I inquire if the amendment offered by the Senator from Florida has been adopted?

Mr. FLETCHER. I understood the amendment was adopted.

Mr. NEELY. May I inquire whether the amendment of the Senator from California [Mr. JOHNSON] has been adopted?

Mr. JOHNSON. No, Mr. President. I have merely a formal amendment, which I should like to have adopted. I send it to the desk and ask to have it read.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 3, line 7, it is proposed to strike out the period following the word "located" and to insert the following:

And for any such district having no officials of its own, the petition shall be filed by the municipality or political subdivision, the officials of which have power to contract on behalf of said district or to levy the special assessments within such district.

Mr. NEELY. Mr. President, that amendment is satisfactory to those who have the bill in charge, and I ask unanimous consent that it may be adopted.

The PRESIDENT pro tempore. Without objection, the amendment is agreed to.

Mr. McNARY. Mr. President, it is not a question of the adoption of the amendment. The Senator has a right to ask that it be substituted for his own proposal. The adoption must come, of course, upon the vote of the Senate.

Mr. NEELY. I merely asked that the Johnson amendment be adopted to the proposed substitute amendment.

Mr. McNARY. I beg the Senator's pardon.

Mr. JOHNSON. Mr. President, the amendment is to the original bill, and, if the proposed substitute is to be adopted, I will have to insert it in the substitute as well.

Mr. NEELY. I thought the Senator from California was offering the amendment to the proposed substitute. May I suggest that he do that?

Mr. JOHNSON. I can do that. All that will be essential is to change the reference to the particular place where it should appear. The wording is the same; but in the proposed substitute it should be inserted after the word "located", in line 6, page 3. I offer the amendment to the proposed substitute and ask for its adoption.

The PRESIDENT pro tempore. The Senator from California offers an amendment to the amendment of the Senator from Nevada [Mr. McCARRAN], as amended, in the nature of a substitute. The amendment to the amendment will be stated.

The CHIEF CLERK. It is proposed to amend the amendment on page 3, line 6, by striking out the period following the word "located", and adding the following:

and for any such district having no officials of its own the petition shall be filed by the municipality or political subdivision, the officials of which have power to contract on behalf of said district or to levy the special assessments within such district.

Mr. NEELY. Mr. President, I ask unanimous consent that the action taken a moment ago in regard to the adoption of the amendment to the original bill be vacated and that the amendment now offered by the Senator from California be adopted as an amendment to the proposed substitute offered by the Senator from Nevada [Mr. McCARRAN].

The PRESIDENT pro tempore. Without objection, it is so ordered, and the amendment of the Senator from California to the amendment in the nature of a substitute offered by the Senator from Nevada, as amended, is agreed to.

Mr. NEELY. I now ask unanimous consent that the substitute offered by the Senator from Nevada [Mr. McCARRAN], as amended, may be adopted.

Mr. McNARY. Mr. President, that is hardly the right proposal. It is not a question of adoption of the substitute by unanimous consent. That must come on the final vote, upon which I shall insist upon a roll call. I understand the Senator from West Virginia wants to accept the substitute proposed by the Senator from Nevada instead of the bill as reported by himself.

Mr. NEELY. That is true.

Mr. McNARY. That is all right.

The PRESIDENT pro tempore. The Senator from West Virginia asks unanimous consent to be allowed to accept the pending substitute of the Senator from Nevada [Mr. McCARRAN], as amended, in lieu of the original text reported by himself in behalf of the committee. Is there objection? The Chair hears none. The question is on the engrossment of the amendment and the third reading of the bill.

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

The PRESIDENT pro tempore. The clerk will call the roll.

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

Adams	Caraway	Fletcher	Keyes
Ashurst	Carey	Frazier	King
Austin	Clark	George	La Follette
Bachman	Connally	Gibson	Lewis
Bailey	Coolidge	Glass	Logan
Bankhead	Copeland	Goldsborough	Lonergan
Barbour	Costigan	Gore	Long
Black	Couzens	Hale	McCarran
Borah	Cutting	Harrison	McGill
Brown	Davis	Hatch	McKellar
Bulkley	Dieterich	Hatfield	McNary
Byrd	Dill	Hayden	Neely
Byrnes	Duffy	Johnson	Norris
Capper	Erickson	Kean	Nye

O'Mahoney	Robinson, Ind.	Stephens	Wagner
Overton	Russell	Thomas, Okla.	Walcott
Patterson	Schall	Thomas, Utah	Walsh
Pittman	Sheppard	Townsend	White
Pope	Shipstead	Tydings	
Reynolds	Smith	Vandenberg	
Robinson, Ark.	Steiwer	Van Nuys	

Mr. LEWIS. I reannounce the absence of certain Senators for the reasons heretofore set forth, and ask that the announcement apply to the present roll call.

The PRESIDENT pro tempore. Eighty-one Senators having answered to their names, a quorum is present. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill as amended was read the third time.

The PRESIDENT pro tempore. The question is, Shall the bill pass?

Mr. VANDENBERG. Let us have the yeas and nays.

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

Mr. CUTTING (when his name was called). On this question I have a pair with the Senator from South Dakota [Mr. BULOW]. Not knowing how he would vote, I withhold my vote.

Mr. KING (when his name was called). I have a pair with the senior Senator from Montana [Mr. WHEELER]. Not knowing how he would vote, I withhold my vote.

Mr. LA FOLLETTE (when his name was called). I have a general pair for the day with the junior Senator from Iowa [Mr. MURPHY], who is unavoidably absent. I am not informed how he would vote on this question, and I, therefore, withhold my vote.

Mr. ROBINSON of Arkansas (when his name was called). I have a pair with the Senator from Pennsylvania [Mr. REED], which I transfer to the Senator from Florida [Mr. TRAMMELL] and will vote. I vote "yea."

Mr. SHIPSTEAD (when his named was called). On this question I am paired with the Senator from Colorado [Mr. COSTIGAN]. Not knowing how he would vote, I withhold my vote. If at liberty to vote, I should vote "nay."

Mr. TYDINGS (when his name was called). Has the senior Senator from Rhode Island [Mr. METCALF] voted?

The PRESIDENT pro tempore. That Senator has not voted.

Mr. TYDINGS. I have a general pair with the Senator from Rhode Island, but as he would vote in the same way that I shall vote, I feel at liberty to vote. I vote "nay."

Mr. WALCOTT (when his name was called). I have a general pair with the junior Senator from California [Mr. MCADOO], who is necessarily absent on account of illness. I transfer my pair with him to the Senator from Delaware [Mr. HASTINGS] and will vote. I vote "nay."

The roll call was concluded.

Mr. GLASS. I have a general pair with the Senator from Ohio [Mr. FESS], who is necessarily absent from the Senate. Not knowing how he would vote, I withhold my vote. If at liberty to vote, I should vote "nay."

Mr. LEWIS (after having voted in the affirmative). I am informed that my pair with the Senator from Rhode Island [Mr. HEBERT] is still existing; and, as the Senator from Rhode Island has not voted, I beg to withdraw my vote and rest upon the pair until I am released. Were I at liberty to vote I should vote as my vote has already been cast.

I desire to announce that the Senator from Kentucky [Mr. BARKLEY] has a general pair with the Senator from Iowa [Mr. DICKINSON].

I also desire to announce that the Senator from Kentucky [Mr. BARKLEY], the Senator from Washington [Mr. BONE], the Senator from South Dakota [Mr. BULOW], the Senator from Colorado [Mr. COSTIGAN], the Senator from Iowa [Mr. MURPHY], the Senator from Utah [Mr. THOMAS], the Senator from Nebraska [Mr. THOMPSON], the Senator from Florida [Mr. TRAMMELL], and the Senator from Montana [Mr. WHEELER] are necessarily detained from the Senate on official business.

Mr. MCNARY. The Senators from Rhode Island [Mr. METCALF and Mr. HEBERT] and the Senator from Iowa [Mr. DICKINSON] are detained on official business. If present, both the Senators from Rhode Island, the Senator from Iowa, and the Senator from Delaware [Mr. HASTINGS] would vote "nay."

The Senator from Pennsylvania [Mr. REED], the Senator from Delaware [Mr. HASTINGS], and the Senator from Ohio [Mr. FESS] have been necessarily called out of the city. The pairs of all these Senators have been announced.

The result was announced—yeas 45, nays 28, as follows:

YEAS—45

Adams	Coolidge	Hatch	Pope
Ashurst	Copeland	Hayden	Reynolds
Austin	Couzens	Johnson	Robinson, Ark.
Bachman	Dieterich	Kean	Sheppard
Bailey	Dill	Logan	Smith
Bankhead	Duffy	McCarran	Steiwer
Barbour	Erickson	McKellar	Stephens
Black	Fletcher	McNary	Vandenberg
Bulkley	Frazier	Neely	Wagner
Byrnes	George	Norris	
Caraway	Gibson	Nye	
Connally	Harrison	Pittman	

NAYS—28

Borah	Goldsborough	McGill	Thomas, Okla.
Brown	Gore	O'Mahoney	Townsend
Byrd	Hale	Overton	Tydings
Capper	Hatfield	Patterson	Van Nuys
Carey	Keyes	Robinson, Ind.	Walcott
Clark	Lonergan	Russell	Walsh
Davis	Long	Schall	White

NOT VOTING—23

Barkley	Fess	Lewis	Shipstead
Bone	Glass	McAdoo	Thomas, Utah
Bulow	Hastings	Metcalf	Thompson
Costigan	Hebert	Murphy	Trammell
Cutting	King	Norbeck	Wheeler
Dickinson	La Follette	Reed	

So the bill was passed.

Mr. NEELY. I move that the Senate insist on its amendment to the bill, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the President pro tempore appointed Mr. NEELY, Mr. MCCARRAN, and Mr. AUSTIN conferees on the part of the Senate.

CORPORATE REORGANIZATIONS

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of House bill 5884, to amend an act entitled "An act to establish a uniform system of bankruptcy", and so forth.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and the Senate proceeded to consider the bill (H.R. 5884) 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, which had been reported from the Committee on the Judiciary with amendments.

RECIPROCAL TARIFF AGREEMENTS

Mr. HATFIELD. Mr. President, as the representative of a sovereign State, the continued existence of which is dependent upon the success of its industries, I must protest against the placing of plenary tariff power in the hands of any one man or any one group. West Virginia is dependent for its success on the maintenance in America of conditions which will make possible the use of the products of the industries and mineral resources of the State.

The utterances before the Finance Committee of Secretary of Agriculture Wallace, Secretary of State Hull, and other representatives of the administration, coupled with the contents of the report of the Tariff Commission to the Senate in response to Senate Resolution 325, indicate very strongly that tariff protection is essential to the continued success of the people of the State I have the honor in part to represent, and without such protection they would be greatly jeopardized.

Some of the officials who came into office with the present administration have continually contended that Congress

should only legislate on those problems submitted by the administration, and having for their purpose our recovery from the depression.

While Congress has been scolded from time to time and told that matters of recovery must come first, we find that it is not recovery, but so-called "reform legislation" we are asked to act upon.

Indeed, there are strong indications that the reform program submitted by the administration is delaying recovery in this country to such an extent that we are falling far behind other leading countries in our efforts to recover from the world-wide, war-caused depression.

Congress, as a whole, has agreed that relief must be provided and is of first importance. Administration spokesmen direct our attention to the need for haste and the need to permit of quick action with what they term "emergency problems."

Mr. President, the question of proper tariff protection originated in the First Congress of the United States, and it has been ever present with us since that date.

The question of the tariff is sometimes connected with that of an emergency, but tariff revision downward can never be connected with either recovery or reform.

Mr. President, as a representative of a sovereign State, West Virginia, with a full realization of the deplorable conditions existing throughout our land, with millions of our people unable to secure employment, with millions of our people dependent upon public or private charity for their existence, I wish to protest against diverting the attention of Congress at this time to a question of tariff revision and other so-called "reform measures", when our utmost energies should be exerted for the relief of our people.

Instead of instilling confidence in the minds of those running industries, those employed in industries, and the farmers, who are dependent for the sale of their products upon the 50,000,000 of workers of our country, we find the administration raising the red flag of fear, and it is my purpose today to direct attention to the number of industries which will be faced with increasing turmoil should plenary powers in tariff making be granted to the President.

Mr. President, the people of West Virginia believe in constitutional government, and they have the conviction that the Constitution provides for three specific branches of the Government.

The request of the President for plenary and complete power in dealing with tariff rates and reciprocal treaties without any reference to the legislative branch of Congress justifies the criticism of those who allege that the present Government is fast degenerating into a dictatorship.

Surely it cannot be contended that any central control here in Washington can know or understand the needs of the individual man and the individual industry in all of the districts of the 48 States of the Union as well as the Senators and Representatives who are elected to represent them.

It cannot be seriously contended that any such centralization of power in Washington can render to the people of our country and all of our States the substantial justice which the Senators and Representatives from those States will demand for their people.

Before dwelling upon the fallacious attitude set forth in the proposed reciprocal tariff treaty measure, let us consider the whole picture.

First. The entire basis of the argument of its proponents for this measure is a false premise. Great stress is laid on the reduction of our exports from five billions of dollars in 1929 to $1,600,000,000 in 1932. However, the proponents of the legislation proposed are not fair enough to admit that 50 percent of this loss in foreign trade is due to the loss in the price obtained in 1932 as compared with that of 1929.

I ask that there be incorporated as a part of my remarks at this point a statement showing the value of the dollar as it applies in the purchase of these commodities over these different periods, to support the contention I make respecting the value of these products, comparing the values of one period with those of another.

The PRESIDING OFFICER (Mr. POPE in the chair). Is there objection?

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

Wholesale price index, as given by the Department of Labor

1913	69
1917	117
1918	131
1919	138
1920	154
1926	100
1929	95
1930	86
1931	73
1932	70
1933	66

Mr. HATFIELD. Mr. President, in the United States there are 125,000,000 people, speaking the same language, enjoying a standard of civilization probably higher than that of the inhabitants of almost any other country on earth, and enjoying a higher standard of social welfare than that of any other nation in the world.

Here we have the wealthiest, the most complete economic machine the world has ever known.

Here we enjoy a greater opportunity for prosperity in our own markets than exists in all the rest of the world put together.

Here one half of the world's business is conducted. The entire trading world seeks to penetrate and exploit our market here, where, despite the complaint of those who criticize our supposedly high-tariff wall, two thirds of our imports are on the free list, and the average rate paid on imports into our country in 1932 was 17.9 percent as compared with 17.4 percent for free-trade England. Incidentally, England collects something near double the tariff duties that are collected by our own Government on imports from foreign countries.

There is little or no complaint in England similar to that which is heard here in the United States because of the tariff that is paid by the consumer in England as compared with the tariff paid by the consumer in the United States.

The English have learned of the advisability, yes, the Nation's profit, in providing employment for their workers.

In 1917 we gave our best in the way of promises for future manhood to further the progress of democracy among the nations of the earth.

As a nation of peace-loving people in the year of 1917 we were embroiled in the greatest conflict in the history of the world. At that time we had a nation debt of $1,225,000,000, as compared with a debt calculated in 1921 to be over $26,000,000,000. That is part of the price we paid for participating in this unnecessary conflict, which was conceived, fostered, and prosecuted for imperialism and territorial possessions.

Our national debt today is between twenty-six and twenty-seven billion dollars, with allotments and commitments amounting to $10,000,000,000 more, or a total of approximately $37,000,000,000. This will mean a yearly interest rate of well over a billion dollars. And the responsibilities to our veterans are not yet determined.

An average of more than 90 percent of all we produce is consumed in the home market by our own people, yet some would open our home market to foreign labor products, notwithstanding current history records the fact that in Europe labor is paid from one fourth to one third the wages paid to industrial workers in America, while the Asiastic wage is not greater than 0.1 of the wages paid to the workers in America.

Mr. President, there appeared in the Evening Public Ledger, of Philadelphia, on Tuesday, April 24, a very interesting communication dealing with this very subject as it applies to that empire in the Orient, Japan. I ask that it be included as a part of my remarks.

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

JAPANESE COMPETITION

To the EDITOR OF THE EVENING LEDGER.

SIR: Realizing your interest in behalf of industry and labor, might I bring to your attention the following?

The increasing trade of Japan with South America and the United States, the vast amount of manufactured goods she is able to export has brought out the fact that weavers in Japan earn $1.33 per week working long hours, and girls earn about 50 cents per week. In Pennsylvania, especially Philadelphia, weavers of chenille and rag rugs earn $20.50 to about $30, and many of the employees in other work make good wages; many girls earn from $15 to $28 per week.

The rag and chenille rug mills are almost at a standstill. Many industries are facing ruin and thousands of employees are facing starvation. Is it fair to ruin American industries and throw out of employment American labor?

Your interest and cooperation are asked. Some 300 mills and 25,000 employees in cotton mills are at stake.

ROBERT L. SINCLAIR.

PHILADELPHIA.

Mr. HATFIELD. Mr. President, while we are standing on the brink of bankruptcy, with repudiation already indulged in, we are asked to set up a reciprocal tariff scheme to deal with bankrupt nations of Europe and of South America, as well as to enter into reciprocal relations with that well developed little nation in the Orient which is claiming our home and foreign markets; and industries here which once enjoyed these foreign and home markets may soon be confronted with the danger of elimination.

I ask unanimous consent that there be printed in the RECORD at the conclusion of my remarks, as proof of the statement I have just made, a statement showing the great progress Japan has made in the last few years in the development of all kinds of industries, especially the one industry which is paramount to all other industries, one we did not enjoy for a period of a hundred years, namely, the chemical industry. Japan, France, England, and Germany do not permit the importation of foreign-made chemicals.

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

Mr. HATFIELD. Mr. President, few American citizens realize the astounding progress made by Japan as an industrial nation. Within a few years she has become not only well nigh self-contained but today is occupying a commanding position in the export markets of the world in the export of many products. The advantage of Japan as a low-cost producer, with pitiful wages compared with those of any other industrial nation, hardly needs further mention. I will take only one example.

Japan today occupies the first place among all the nations of the world as an exporter of manufactured cotton goods, formerly held by Great Britain. Quick to realize the fundamental place of the chemical industry in national welfare as a key to national defense and as a necessity in a rising position in the export markets of the world, Japan, through government aid, has a chemical industry today which is rapidly achieving a position in the export markets of the Eastern Hemisphere. Her capital investment in the chemical industry as of December 1932 is reported by the Department of Commerce to be 510,839,040 yen, with the total number of companies 1,451.

Exports are increasing of industrial chemicals, fertilizers, dyes, paints, medicinals, and a host of miscellaneous chemical products. Production is well established in the heavy chemical field in such basic products as acids, alkalis, salts, carbide; and Japan today has a large and rapidly expanding dye and synthetic organic chemical industry which ties up directly with research and production of medicinals for her peace-time requirements and export markets, as well as a large capacity for the production of high explosives and munitions.

These are facts which should be considered with deliberate care, as they typify the transformation of a backward nation to a forward looking, aggressive, industrial nation stepping out, demanding and taking over export markets. Perhaps no better example could be taken than the progress in the production of pyroxylin-celluloid and rayon. No industrial chemical nation, including Germany, can compete with Japan's pyroxylin articles. It is entirely clear that Japan will soon be one of the world's dominant factors in the export of rayon, due to her tremendous advantage in low labor costs.

It will, I believe, be of unusual interest to the Members of the Senate and the citizens of our country generally to review Special Circular 383, of the Department of Commerce of the United States, entitled "Japan's Chemical Industry in 1933", so I have asked permission to include this report on Japan's chemical industry at the conclusion of my remarks.

It seems to me both presumptuous and wholly un-American that despite the constitutional limitations on treaty making the President should give serious consideration to entering into treaties with foreign nations, which treaties can only mean further suffering and privation for our millions of farmers and industrial workers. I venture this conclusion largely upon a report of the Tariff Commission in response to Senate Resolution 325.

We are asked to place a large part of the taxing power in the hands of some unknown agency to be designated by the President.

We are asked further to surrender to foreign nations, as the State Department has already surrendered to Colombia, the right of the Congress of the United States to levy import duties on certain commodities.

We are asked, as representatives of sovereign States, to delegate to an unknown group the power of life and death over the employment opportunities and continued welfare of American labor, American agriculture, and American industry.

It is only in recent months that the question has been raised of inefficient industries. We heard that discussed in the contest on the floor of the Senate over rates in the tariff bill which became a law in 1930, but only in a brief way, without any support being given to the statements made by those who preferred lower rates to the rates finally adopted by a majority of this body. Members of the House Ways and Means Committee, and members of the Senate Finance Committee, I understand, have appealed in vain for some definition of what industries might be characterized as inefficient.

Mr. President, at last, from the administrative spokesman of agriculture, we have received a definition of that which, in his opinion—and I assume he reflects the opinion of the administration—that formula by which we can ascertain those American industries, which, in the opinion of the "brain trust" are inefficient and marked for slaughter.

It is my understanding, Mr. President, that Secretary Wallace contends that a tariff of 100 percent of itself suggests, according to his definition of ability to meet foreign competition, that an industry needing such protection is inefficient.

Further, I understand that Secretary Wallace contends that the tariff on any commodity which is on an export basis—that is, those products of which we export more than we import—is but a paper tariff and is of no consequential benefit to the American industry so protected.

I presume it will interest some Members of the Senate to read a compilation of those industries which, according to the formula of Secretary Wallace, are inefficient or protected by paper tariffs.

Of course, with such a reasoning in control, the present tariff rates on those commodities will be reduced the full 50 percent if the authority sought by the President in the pending measure is granted by this body.

Mr. President, there are possibly three commodities of the many produced in our country which can meet world competition without any tariff.

One is cotton, the exports of which were 25 percent greater in 1932 than they were in 1929.

Automobiles constitute another. We export only 5 percent of our total production but are able to meet world competition, due to mass production, which is made possible by the purchasing power of our own people, who ordinarily purchase 95 percent of the automobiles manufactured.

Third, heavy machinery and office supplies, such as typewriters, addressing machines, and so forth. The ability to meet foreign competition is due principally to the fact that some 90 percent or more of such products are sold in the

American market and, through tremendous demand on the part of our own people, the mass production of such articles alone makes possible their competition in world markets.

The basic commodity, that commodity and the producers of which the Congress is allegedly seeking to benefit through the granting of this extraordinary power to the President, is dependent for some 95 percent of its income, other than cotton, on the purchasing power of the industrial workers of our country.

Were the President permitted by the Senate, and were he able to negotiate reciprocal trade treaties with foreign nations so that the products of American soil, American mines, and American factories could meet world competition without present tariff protection, that could only be done through the reduction of the standard of living ordinarily enjoyed by Americans to those standards so prevalent in Europe, Asia, and South America.

Is it possible that those who are advising the President, and who contend that they wish to help American farmers, are ignorant of the developments of American chemistry?

Surely, college professors and economists who lecture on the knowledge contained in scientific books are conversant with the fact that modern chemistry is now able to take whale oil, or coconuts and other tropical products, and deliver to the American consumers the same nutritive value, the same body builders, the same blood builders as are obtained from the milk, cream, butter, and cheese which are now produced by American dairies, and do so at less than 5 percent of the cost of production of the food products by the American dairies.

At a future date I shall undertake to discuss in great detail the important developments of chemical progress as they apply to the cotton farmers, which will demonstrate completely that if we revolutionize our industrial fabric it must be done in the interest of the American producer and American consumer, and not having uppermost in mind those who live in other parts of the world, where food products, due to favorable natural environments, are largely developed and ripened with little mental or physical effort on the part of those who garner these products and ship them into competition in our home market with American products, where real labor and toil must be exerted from sun-up to sun-down on the American farm.

The present situation suggests a development which may not be unlike the case of the production of indigo. In former days indigo, a vegetable product, utilized thousands and thousands of acres of land to take care of the demands of the consumer, whereas now the synthetic product has eliminated the need for the natural cultivation of indigo.

Indeed, it is not unlike another case wherein thousands of acres of the farmers' land were devoted to the purpose of yielding a sufficient amount of madder dye to meet the demands of the consumer, but now synthetic dyes can and have been developed through the unfolding and unravelling of chemical equations. The same can be said of the development recently projected by a distinguished chemist by which slash pine, through certain chemical treatments resulting in the formation of cellulose, can be transformed into newsprint, writing paper, and other basic and byproducts that are furnished by the cotton farmer. Synthetic chemical products will soon be a formidable competitor of the American farmer unless the production of chemical products shall be adjusted along with the development of the production of food products in such manner that chemical, industrial, and farm production will go hand in hand in the future.

I merely refer to these facts in passing, as it is my purpose to deal more fully with them at a later date. It is my purpose, Mr. President, to give attention to these new products which have been made possible by chemical revelation in industry, and of which we were deprived for a period almost as old as the Nation itself and only taken advantage of after the costly price in the way of experience we paid during the great World War due to this lack of chemical development.

My purpose today is to review the Tariff Commission's report and point out the fallacy and the pitfalls which must necessarily come if the purpose of the reciprocal tariff trading experiment is carried out.

The Senate resolution and the response made by the Tariff Commission can be taken, in my judgment, Mr. President, as an indication of the basis upon which readjustment of tariff rates will come, and in every instance, Mr. President, it will mean a reduction in the way of tariff protection to the industries wherever they are found in any section of this country.

It seems to me that most any fairly well-trained mind could write in advance the obituary of this experimentation. It is only one among others which are admitted by the administration to be experimental.

The administration is responsible for the regimentation of the individual man, as well as the industries of this land, and the ultimate effect that this reciprocal tariff effort will have on American labor and industry, as a result of the power which Congress proposes to grant to the experimenters of this administration, can only be harmful. When this transfer is completed the entire destiny of the American people will be in their control, directly in contradiction to every principle which has made this Nation great.

It is for these reasons, Mr. President, I propose to review the report of the Tariff Commission given in response to Senate Resolution 325, so that the American people may know the story, for I am deeply concerned with the welfare of everyone in the 48 States of the Union, and especially with the 1,750,000 people of West Virginia, the State I have the honor to represent in part here in the Senate.

This action is not one that was thought out for the purpose of helping to promote the success of American labor, agriculture, or industry. This action is predicated upon a resolution presented to the Senate of the United States by the Senator from Colorado [Mr. COSTIGAN], who prevailed upon the Senate on January 28, 1933, to direct the United States Tariff Commission and other Government bodies to make a report to the Senate relative to the imports of those dutiable articles more or less noncompetitive with domestic products and with respect to which foreign countries possess advantages, dutiable articles of which the imports are less than 5 percent of domestic production, articles on which the tariff rates exceed 50 percent ad valorem, articles of which imports have substantially decreased, dutiable articles of which the imports have increased since 1929, articles produced in the United States with advantages which were factors in causing them to be exported in substantial quantities, exports which have decreased in quantity or value since 1929, and information on the extent of resulting unemployment.

Mr. President, the recommendation now before the Senate Finance Committee is but a continuation of subtle efforts made by and on behalf of those who are opposed to the policy of protection for American industries, and who, realizing the impossibility of having their wishes concurred in by a majority of Congress or a majority of the American public, resort to such devices as we will soon have before us—the reciprocal tariff bill.

It is interesting to note that some 10 reciprocal trade treaties were entered into on the part of the United States with foreign governments under the Dingley law, and none of such treaties was ever ratified by the Senate. The people of the United States, to assure themselves of the protection which was necessary to them while those treaties were under consideration, maintained a substantial Republican majority in the Senate of the United States who believed in the principles of protection and in the development of industry in America.

Mr. President, it is not my intention to deal with the constitutional phase of this subject; that I will leave in the hands of those in the Senate well versed in the law and in much better position than am I to discuss the constitutional and legal questions involved.

As farming is the basic industry upon which we are all dependent, it is advisable that we start with the articles

produced on the American farm which come within the classification of "inefficient" industries.

The first article on the list, Mr. President, is cane and beet sugar.

As to the intention of the administration with respect to sugar, there is hardly any Member of the Senate who is not familiar with the policy of those in charge of the Department of Agriculture, which is the elimination of the production of cane and beet sugar in the United States.

The expert for the Department of Agriculture, no less a person than the Secretary of Agriculture himself, has publicly stated that the production of sugar in the United States should be abandoned and has advised that we become dependent upon Cuba and other countries for our sugar.

How different that position, Mr. President, from the position taken by Germany and by practically every European nation that is determined to be self-sufficient, self-furnishing to their own people, so that in any critical period that may come to them they will not have to depend upon some other country for support.

Incidentally, it might be mentioned at this time that Wall Street bankers have invested many million dollars in Cuban sugar plantations not for the benefit of the American people but solely for the enrichment of themselves. Naturally, if we are to become dependent upon Cuba for the sugar which we must necessarily consume, we will insure substantial profits, to say the least, to the Wall Street bankers who have a way of getting such legislative results as they find are helpful to their financial interests. I do not have any fault to find with the banker as such, but I do have fault to find, and a very grevious one, when any group takes the position that we should not be self-sufficient or, at least, in a position to protect ourselves against prices increased beyond reason which we may be forced to pay for some basic commodity essential to the welfare of every American home.

In substance the comment of the Tariff Commission in its findings on sugar are—and I quote—as follows:

> Cuba has special advantages in the production of cane sugar by reason of her soil and climate. The climate permits a long-growing season, and the soil yields more crops from one planting than are obtained in the cane-sugar area of continental United States. Furthermore, there is sufficiently large amount of land available in Cuba so that an extensive form of cultivation is possible.

The Tariff Commission might have added that the labor costs in Cuba are very small and, despite conditions sometimes referred to as harmful in America, there is no restriction in Cuba against child labor or any other near-slave labor.

Mr. BORAH. Mr. President, do I understand the quotation the Senator has just cited is from the Tariff Commission or from the National City Bank?

Mr. HATFIELD. It might have been from the National City Bank, but in reality it comes from the Tariff Commission. Where the Tariff Commission procured this information, the Senator is in about the same position, from the standpoint of analogy to determine, as am I, if we are to believe the statements of Mr. O'Brien, Chairman of the Tariff Commission, regarding the careless way the Commission deals with the confidence of the Senate.

The next item I find is leaf tobacco for cigar wrappers. I note the comment of the Tariff Commission, which, in part, is as follows:

> Since 1880 Sumatra and Java have been the world's principal source of high-grade cigar wrapper, being favored by possession of rich soil and tropical climate adapted to growing leaf of requisite color, burn, flavor, texture, and size. Abundance of cheap labor, Javanese and Chinese, is important because of necessity of heavy expenditures of hand labor in growing and grading leaf. Large Dutch companies have combined to introduce economies of large-scale operation, to standardize grades, and to enforce monopolistic policies. Imports are supplementary to most of the domestic cigar tobacco but competitive with domestic wrapper leaf grown at high cost under artificial shade in Connecticut Valley and Georgia-Florida area.

I direct the Senate's attention to the fact, Mr. President, that reference is made in many comments on the part of the Tariff Commission to the existence in foreign countries of cheap labor.

It is my understanding that the Chinese and Javanese labor used in the production of Sumatra tobacco is indentured labor. The Tariff Commission's findings indicate that the Sumatra wrapper is the product of the Dutch monopoly. Yet this monopolistic product is to be favored by the administration. Such action would be in harmony with the present trend of the administration in encouraging big-business monopolies by the suspension of the Sherman antitrust laws.

Leaf tobacco for cigarettes: The Tariff Commission's comment, in part, reads as follows:

> Soil and climatic conditions in Near East countries especially adapted to production of small-leaved aromatic types imported. Harvesting by picking individual leaves requires large expenditure of hand labor.

Mr. President, this subject was thoroughly discussed and threshed out during the consideration of the tariff bill in this Hall in 1930, when a majority of this body dealt with these imports in a way that protected, at least in part, the opportunities of the American farmer in the production of American tobacco.

The Tariff Commission might well have added that hand labor in the Near East is cheaper than any labor available to the American farmer in this country.

The next item is eggs in the shell, whole egg yolks, and egg albumen, dried. The Tariff Commission indicates that China supplies 94 percent of the eggs imported and practically the entire domestic consumption of whole egg yolks and egg albumen, dried.

Mr. President, is it any wonder that the dairy interest of this country, large producers of eggs, find themselves in an embarrassing position when they are forced to compete with the products of the Chinese farmers?

The next item on the list is fish, dried and unsalted, and I note that the principal source of imports is Japan.

I want to read a telegram from the Westgate Sea Products Co. It is dated February 3, 1933, addressed to me, and is as follows:

> During 1932 Japan exported to United States approximately 200,000 cases canned tuna, an increase of 558 percent. Information on hand shows Japan has potential supply to pack far more tuna than is consumed in United States and plans to more than double exports to this country during present year. Japan used very little canned tuna. Practically their entire market is this country. California fishing industry has about $50,000,000 invested, employing 25,000.

Mr. President, complaints came from the great State of Washington, from California, and other western-coast States in 1932 and 1933; indeed, representatives from those States came to the Congress of the United States and appealed to the Congress for relief, but no relief was afforded.

Another item I note is oil cake and oil-cake meal, and the principal source of imports is China. The comment of the Tariff Commission, in part, is as follows:

> Soil, climatic, and labor conditions have so favored production of soybeans in Manchuria that the world's most important soybean industry has been established there. Crushers have available the cheapest supply of beans and are favored by low ocean freight to our west coast, which is a deficiency area for protein feeds.

The report of the Tariff Commission indicates that the American farmers are substantial producers of soybeans, but, naturally, they cannot get a fair price for their product when they are forced to compete with the cheap labor conditions of China.

The next item is orange and lemon peel, of which Florida and California produce substantially the same material. The comment of the Tariff Commission is, in part, as follows:

> Italy has an advantage not only of an established industry but an adequate supply of hand labor for the preparation and grading.

They did not add, as they might have, that this adequate supply of hand labor is also cheap labor.

Another item is tomatoes, a product produced on the farms of America in almost every State, and chiefly in Florida, Texas, and West Virginia.

The next item is long-staple cotton, a commodity which the Republican Party succeeded in placing upon the dutiable list, at the instance and suggestion of the distinguished Senator from the great State of Mississippi [Mr. STEPHENS], with a duty which it was hoped would make it possible for the cotton planters of Mississippi, Texas, Arizona, and California, to produce at a profit in competition with the cheap cost of production of Egypt and the Sudan, where sufficient long-staple cotton can be produced to supply all the demands of every nook and corner of the world.

The Tariff Commission's comment on long-staple cotton, in part, is as follows:

Egypt and Sudan can supply the present world demand for this staple length. The relatively less expensive hand labor in Egypt also makes possible more careful ginning, mixing, and baling.

Another item worth mentioning and of special interest to New York, New Jersey, Delaware, Maryland, Virginia, and some other States, is common brick. During the period 1926 to 1928 the domestic industry, especially in New York and the New England States, were suffering from the importation of the cheap-labor-produced bricks of Belgium, which were landed along the Atlantic seaboard at prices which were less than American costs of production. Of course, it can well be said that Belgium, in this case, and other countries and China in other cases, possess an advantage, in that they have cheap hand labor and low freight rates.

Another item of interest to the people of Alabama is that of graphite, or plumbago, the imports of which come principally from Madagascar. The comment of the Tariff Commission on this article may be of some interest to Members of the Senate, not alone as it affects graphite but as it may affect interests which are consequential in their home States. The comment, in part, is as follows:

Nineteen hundred and twenty-nine imports were the greatest since 1923. The Alabama producers of flake make strong efforts to compete with Madagascar, and there are indications that the use of the oil-flotation process of concentration may strengthen their efforts. Transportation costs from Alabama to the large New York market are nearly twice the freight charges from Madagascar.

The next item is that of prisms and glass chandeliers, a commodity of interest to the people of my State, Pennsylvania, Ohio, and Illinois. The comment of the Tariff Commission, in part, is indicative of why foreign producers of these articles control our market. I quote:

Production requires considerable amount of hand labor. Foreign producers have the advantage of a long-established industry, articles for the most part being produced by workers in their homes.

The next item is illuminating glassware, the imports of which come principally from Czechoslovakia and Germany. The comment of the Tariff Commission on this commodity is similar to that on prisms and glass chandeliers.

May I digress to remark that the glass industry of West Virginia is among the greatest industries we have there. Fifty percent of all the window glass produced in America is produced within the confines of the State of West Virginia. Many other glass industries of very great importance can only hope to continue in a profitable way and pay a standard of wage which is worthy of the hire of toilers in those industries by being protected against the cheap products that are shipped into this country from Europe and Asia.

The next item I note is that of marble, the imports of which come principally from Italy and Belgium. I have reason to believe that there is an abundance of marble in our own country; but, due to the fact that the producers of this marble pay labor a comparatively high wage, when the competition they must face is considered, the comment of the Tariff Commission on marble might be of interest to those who seek the development of foreign industries at the expense of American industry, farming, and labor. The comment, in part, is as follows:

The Italian industry has available an abundance of experienced quarry labor at relatively low wages.

Manganese ore, a product of interest to many Senators, is also on the list of industries to be sacrificed. The comment of the Tariff Commission is, in part, as follows:

Deposits in Russia, India, Brazil, and on the Gold Coast of Africa are far richer and more extensive than those in the United States. Any of the first three named countries could probably supply the world's needs.

Mr. President, in case of a need of manganese for national defense, would there be an opportunity for us to secure manganese from either Russia, India, or Brazil? The Tariff Commission failed to comment on the fact that the principal reason for the lack of production of manganese in the United States is the fact that the labor costs in Russia, India, and Brazil are so much lower than similar labor costs in America that American mines for the most part have had to shut down.

Another essential metal is that of tungsten ore and concentrates, and I note the Tariff Commission comment is that—

Deposits in China are of much higher grade than in the United States. Bolivia and Burma are minor sources of high-grade ore.

I do not quite fathom why the Tariff Commission, in fairness to itself and to the Senate, fails in this case, as in so many others, to note that the real advantage possessed in the Asiatic countries over labor costs of our own country is that the wages paid to the labor of the Orient would not be tolerated by labor in our own country.

The next item is that of woven wire cloth, and the comment of the Tariff Commission, of interest to those dependent upon this industry in our own country, is in part as follows:

Fineness and extreme uniformity of mesh require weaving the finer meshes on hand looms, giving European producers an advantage on account of high proportion of labor used and availability of small-shop methods.

Another item is that of watch movements and watch parts. The comment of the Tariff Commission is in part as follows:

Watchmaking is an important traditional industry in Switzerland, with abundant skilled labor, flexible, organized in small units, and supplying a world market with nearly all varieties of watches.

Such comment may be of interest to those representing the watch industry of New England, Illinois, and other States.

Mr. President, the Congress of the United States for years has sought to find a way to help the cotton planter. One way in which we can help the cotton planter is to make use of cotton in American mills. Another way to help both labor and cotton is to pay the American cotton farmer a bounty, so that we would have cheap textiles on the markets of this country that could be enjoyed by the group of our citizens who cannot well afford to buy them at present. Especially is this true at the present time, and especially does it apply to the hospitals of this land, which are on the brink of bankruptcy. The high prices of cotton and gauze and other cotton products essential to the administration of these institutions makes it almost prohibitive for them to take care of the demands of the unfortunate people who are brought to them daily for relief.

One of the items worth while mentioning in this list of industries is that of cotton-warp-knit fabric gloves. The Tariff Commission comment is as follows:

A Tariff Commission investigation in 1923 showed duty of about 122 percent ad valorem necessary to equalize costs.

Of course, that industry would go out without any discussion, according to Mr. Wallace's theory, were he in control of the administration of the tariff as it applies to this industry.

The Tariff Commission continues:

The long-established German industry has the advantage of cheap labor, highly skilled in the technique of knitting and finishing such gloves. The best grades of domestic circular-knit gloves

are comparable with the lowest grade of imported warp-knit fabric gloves.

It might be noted in this comment of the Tariff Commission that Germany has the advantage of cheap labor.

Mr. President, among the commodities added by the Senate amendments to the list of basic commodities under the Agricultural Adjustment Act, were flax and hemp. It is to be assumed that flax and hemp are produced in sufficient quantities in our own country to warrant some assistance being given domestic producers, or we would not have voted them basic crops.

The comment of the Tariff Commission may be of interest to Senators representing flax- and hemp-growing districts:

This type of crop does not appeal to the American farmer. It has not been produced in the United States in appreciable quantities, and domestic production is, furthermore, not comparable as to quality with imported fiber.

The Tariff Commission's comment on hemp is of interest:

Domestic production of hemp fiber in recent years has not been substantial in relation to imports, and had almost entirely disappeared in 1932.

Mr. President, for a number of years Senators, representing especially the Western States, and those sincerely interested in the development of American industry, have sought to help by legislation, where possible, the American wool grower. The comment of the Tariff Commission on carpet wool, camel's hair, and other wool not finer than 40s is interesting. I quote:

The competition with domestic wool is, therefore, in part indirect. Imports of all other wools, not finer than 40s, compete directly with domestic wools of like grade. Dutiable camel's hair competes directly with cashmere, alpaca, vicuna, and similar hair. Being used in specialty fabrics, the competition between camel's hair and domestic wool is in part indirect.

If this bill becomes a law we shall be buying imported instead of home products.

Another item I note is that of toy games, and so forth, imported principally from Germany and Japan; and the Tariff Commission comment indicates the interest which the Tariff Commission experts may have in developing employment opportunities for American labor. I quote:

Hand labor, required for making these toy games, etc., is readily available in Germany and Japan.

An item of interest to some Senators is the manufacture of lace. The comment of the Tariff Commission, in part, is:

Chinese laces are made with cheap labor, and are competitive with some of the products of the American machine-made lace industry.

Further on, the Tariff Commission's comment reads:

The principal foreign advantages are the length of time the industry has been established and the available highly skilled workers.

Mr. President, if we were to proceed upon this principle in the development of our industry as it pertains to the lace manufacturer, we would never be self-sufficient.

Mr. President, many Members of the Senate are especially interested in the maintenance of a market in America for hides and skins of American cattle. Apparently this industry also is marked for slaughter. The beef-packing trusts will not suffer, as it is my understanding that the hides and skins now imported from Argentina and Brazil are the property of the Chicago beef-packing industry. The comment of the Tariff Commission on hides and skins may be of interest to some Members of the Senate. I quote:

Cattle hides and calf and kip skins are byproducts of the meat-packing industry. Domestic slaughter is not sufficient to supply the demands in grades and qualities required by domestic tanners. Heavy leather tanners are dependent on Argentina for "Frigorifico" hides, which are similar to domestic packer native steer hides. Argentina has a large meat-packing industry, with a surplus of high-quality hides which is more than sufficient to supply the tanners in that country.

The items I have just referred to are those listed by the Tariff Commission as no. 9 in their report to the Senate on Senate Resolution 325, and found in Senate Document No. 180 of the second session of the Seventy-second Congress.

Mr. President, list no. 2 of the report to which I have just referred comprises a list of articles of which imports represent less than 5 percent of domestic production.

The contention of our free-trade friends during the consideration of the present tariff law was that those commodities of which we import less than 5 percent of the domestic production should be left on the free list. Assuming this to be true, I am going to show that if the power and authority sought by the Chief Executive in the pending reciprocal trade treaty bill is granted, such commodities as I shall now refer to will be among those sacrificed in favor of some other and more-favored articles or commodities.

The first item I find on this list of agricultural products and provisions is that of live cattle. Upon presentation of the Senator from Texas [Mr. CONNALLY] in an effort to help the live-cattle producers of America, the Congress has voted to make live cattle a basic commodity, and grant to them certain privileges and financial benefits in order that the live-cattle producers of this country might have an opportunity to continue to prosper. Yet, Mr. President, the policy of the administration, as set forth in the resolution presented by the Senator from Colorado [Mr. COSTIGAN], would warrant the belief that this industry is to be sacrificed without a hearing, and without the Senator from Texas and others representing States dependent upon the live-cattle industry having an opportunity to protest, as the importations of live cattle represent less than 1 percent of domestic production.

Mr. President, other items which I note in this list are those of tallow, oleo oil, and stearin. In each case the imports of tallow and oleo oil are listed by the Tariff Commission as less than 1 percent, while the imports of oleo stearin are listed at 4 percent.

Incidentally, Mr. President, our exports of oleo oil and oleo stearin are many times more than the value or volume of our imports. Yet in an honest effort to assist the American farmer, especially the dairy interest, the House voted an excise tax of 5 cents per pound on these commodities, and the Senate voted an excise tax of 3 cents per pound on them. Are we to suppose that the action of the Congress in voting these excise taxes is an idle gesture, or is it really intended to benefit the American farmer?

The principal sources of importations of tallow, oleo oil, and oleo stearin are Canada and Argentina. Is it to be expected, if the authority sought is granted, that in the reciprocal tariff treaties which will be made with those countries Canada or Argentina will agree to enter into reciprocal trade relations with a continuation not only of the excise tax of either 3 cents or 5 cents per pound, but also the present duties, ranging from 10 percent to 22 percent?

Mr. President, another item of interest to almost every Member of the Senate interested in developing and maintaining American industries and the prosperity of the American farmer and industrial worker is that of lard and lard substitutes. Under the present Tariff Act, the equivalent ad valorem on lard and lard substitutes runs from 11 percent to 46 percent, according to the report of the Tariff Commission. Our imports of lard and lard substitutes are inconsequential. Our exports of lard are in the hundreds of millions. Yet, Mr. President, if the producers of edible and inedible oils are to receive the protection which the Congress of the United States has voted to them, it is essential that we maintain a duty on lard and lard substitutes.

Mr. President, if there is to be any established policy or principle laid down to carry out the authority which the Chief Executive seeks in the reciprocal tariff measure now pending, the duties now imposed on imports of lard and lard substitutes would necessarily be reduced the full 50 percent.

Another item of considerable interest to the Senators of the New England States, New York, Pennsylvania, New Jersey, Ohio, Illinois, Indiana, and Wisconsin, is that of whole milk and cream. The comment of the Tariff Commission

on both these articles is rather similar, and I quote it in part, as follows:

The domestic production estimated in the table is for the New England States, New York, Pennsylvania, and New Jersey for all uses. The domestic production of whole milk for the entire United States was over 11,000,000,000 gallons in both 1929 and 1931. Imports increased until 1926, when they reached 7,386,000 gallons. Rate of duty changed from 2½ cents to 3¾ cents per gallon by presidential proclamation effective June 13, 1929.

Incidentally, the ratio of cream imports to total domestic production is less than 1 percent. The principal source of imports is Canada. I might suggest to the Senators of the New England States, and of New York, Pennsylvania, New Jersey, Ohio, Illinois, Indiana, and Wisconsin, that the dairy interests of their States, dependent for a market, as they are upon the employment of industrial workers, would find competition from Canada a factor which would soon impoverish many of the residents of those States.

Another dairy product which concerns the dairy interests, especially of the States I have mentioned, as well as of the States on the Atlantic, Gulf, and Pacific coasts, is butter.

According to the Tariff Commission report for 1932, the equivalent ad valorem duty on imports, which come principally from New Zealand, Canada, and Denmark, was 66 percent. The importations of butter are less than 1 percent, and we export approximately the same amount. Yet, Mr. President, unless this duty of 14 cents per pound, on butter imported from New Zealand, Canada, and Denmark is maintained, many American dairy farmers will find farming a further liability, rather than an asset.

Mr. President, only a few weeks ago the Senate of the United States, upon the presentation of the senior Senator from South Dakota [Mr. FRAZIER], passed a bill making barley a basic commodity, and entitling the producers of barley to the benefit of a processing tax, to be levied by the Secretary of Agriculture for their benefit. The report of the Tariff Commission indicates that our imports of barley and barley malt come principally from Canada and Czechoslovakia, and the importations represent less than 1 percent of domestic production.

Incidentally, despite the fact that barley carried an equivalent ad valorem duty for 1931 of 60 percent, the imports are listed at 187,000 bushels, while our exports for the same period amounted to 7,850,000 bushels. So I am quite sure that the senior Senator from North Dakota will be very much concerned as to what will happen to the processing tax, as well as the protection to barley, which is produced in the section of the country which he represents.

Another item of interest to many Senators is that of corn. Our principal source of imports is Argentina. Our imports for 1932, despite the equivalent ad valorem duty of 57 percent, were 185,000 bushels, while our exports are listed at 7,786,000 bushels.

It is my understanding, Mr. President, that should the duty of 25 cents a bushel be eliminated, the producers of corn in Argentina could deliver their corn into the Atlantic, Pacific, and Gulf Coast States at a price which would impoverish the American producers of corn, this despite the fact that the Tariff Commission states that 70 percent of the world's corn supply is grown in this country.

Another item is that of lemons. The principal source of imports is Italy. The equivalent ad valorem duty, as given by the Tariff Commission, is in excess of 92 percent. Our imports for 1932 are listed as 7,000,000 pounds, while our exports were 16,000,000 pounds. Is it to be expected that Mussolini will enter into a reciprocal tariff treaty with the United States, permitting the products of California and Florida to retain a tariff of 92 percent against importations of lemons from Italy, the importations of which now represent less than 1 percent of domestic production?

Another item, Mr. President, I note in the Tariff Commission report is that of peanuts. Peanuts are also listed, by action of the Senate, as a basic commodity, and therefore considered by a majority of the Senate to be a commodity the American producers of which are entitled to be furnished funds from the Treasury of the United States.

The importations of peanuts come principally from Asia and Spain, and for 1932 were less than 1 percent of domestic production. The imports amounted to some 627,000 pounds, while our exports were in excess of 7,000,000 pounds. The equivalent ad valorem duty on shelled peanuts, which come mostly from the Asiatics and which represent less than 1 percent of domestic production, according to the Tariff Commission report, was 246 percent.

I am wondering what Secretary Wallace will do when he comes to deal with that farm product, which is produced so generally down in the good old State of Virginia, from a tariff point of view.

Another item of interest to the farm States is that of beans. This item comes within the category of those commodities the imports of which were less than 5 percent of domestic production. The principal source of imports was Mexico; the equivalent ad valorem duty was 84 percent.

Mr. President, with the repeal of the eighteenth amendment and legalization of the sale of beer, it was to be expected that the American producers of hops would find a market for their products in America. Our imports of hops come from Czechoslovakia and Germany. Imports represent some 4 percent of domestic production and paid an equivalent ad valorem duty for 1932 of 176 percent, despite the fact that our exports for 1931 and 1932 were more than double our imports. Is it to be expected that Czechoslovakia or Germany will enter into reciprocal trade relations and permit the American producers of hops to continue to receive the protection they now receive of an equivalent ad valorem duty of 176 percent?

Fruit juices, a product of those States interested in the production of lemons, oranges, and other citrus fruits, are now protected by a duty of some 84 percent. Our importations, which come mainly from the British West Indies, amount to less than 5 percent. Are we to sacrifice the tariff protection now accorded to the fruit producers of Florida, Texas, and California?

An item of special interest to Texas, as I understand it, is that of mohair products. The Tariff Commission report for 1932 shows that with an equivalent ad valorem duty of 58 percent, our imports were less than 1 percent; and the imports come principally from Turkey and South America. I am sure that if the authority sought by the Chief Executive is granted, an effort will be made to enter into a reciprocal trade treaty with Turkey. Is it possible that mohair producers in Texas, so ably represented in past years in tariff legislation by the present Vice President of the United States, will continue to hold the protection which they now have? That which is true of mohair is also true of wool.

Mr. President, many of the Southern States now secure employment for their workers in the rayon and rayon products mills of America. Our importations of rayon represent less than 1 percent of domestic production. The imports come principally from Germany, Italy, and the Netherlands. The equivalent ad valorem duty on imports runs from 50 percent to as high as 87 percent, despite the fact that the Tariff Commission's comment on yarns of rayon is as follows:

Domestic industry leads the world; output of the United States represents over 30 percent of world's annual rayon production.

Continuing, the Tariff Commission, referred to the depression year of 1932, said:

In latter half of 1932 industry operated at capacity with record demand. Imports, due to declining prices, are dutiable mainly at minimum rate of 45 cents per pound. Composition of imports same as domestic output.

Is is expected that Germany, Italy, and the Netherlands will enter into reciprocal trade treaties with the United States, and, if so, what will happen to the employment opportunities of the workers in the rayon mills of the Southern States?

An item of interest to Senators of many States is that of straw and felt hats. The principal source of importation of straw hats is Italy, despite the equivalent ad valorem

duty of more than 60 percent. The Tariff Commission states that our imports in 1931 were less than 5 percent of domestic production. Our principal source of importation of fur-felt hats is Italy, France, Belgium, and Czechoslovakia.

The Tariff Commission states that in spite of the duty of 60 percent, our imports in 1931 represented less than 2 percent of domestic production. Is it possible that we shall soon all be wearing straw and fur-felt hats produced by foreign labor?

An item of interest to Senators from many States is that of boots and shoes. Our imports come mainly from Czechoslovakia, and represent less than 3 percent of domestic production. Yet it is my understanding that this importation of less than 3 percent but a few years ago demoralized the shoe industry of this country and deprived many shoe workers of employment opportunities, as the product of their labor could not be sold at prices which competed with the product of the workers of Czechoslovakia. When we take into consideration the differential in wages paid to those men in Europe as compared with the wages paid to the toilers here in America, we can understand the condition when we know that the machinery which operates in the Czechoslovakian shoe industry is the same modern machine that operates in America, and that a thousand pairs of shoes can be ordered by some buyer of an American store one evening and in 24 hours the order is filled and on its way to America.

Mr. President, the examples which I have cited will indicate to any Senator interested in the welfare of our Nation as a whole, and in the various elements within our country, the fallacy and the dangers confronting us, if the Senate should see fit to evade its responsibilities in treaty making and turn these legislative powers over to the Chief Executive and his advisers.

Mr. President, I want to make the observation that when the Congress of the United States turns this responsibility over to the President of the United States it will take more than a majority of votes in the Congress to relieve him of the responsibility if he cares to oppose such action.

No American industry can carry out the request of Congress for the shortening of hours or the increasing of wages, or even the retention of those now employed, faced with the conditions as they would be were such legislation enacted, with the possible influx of foreign products at prices which are less than American cost-of-production.

When the distinguished Senator from Alabama presented his 6-hour day law in the Senate for the industrial workers of this country, Mr. President, I suggested to him that if he would accept an amendment which would protect the work opportunities of the American laboring man, that when goods came to our ports from Europe and from Asia that like provisions would be required in their production before they could be sold in the markets of this country, I would have no hesitancy in supporting his bill, but he declined to accept that amendment and the majority of the Senate refused to adopt it. It is only in that way, Mr. President, that hours can be reduced, wages can be increased, and the American toiler can be enabled still to enjoy employment opportunities here in America if he is brought into competition with the European and the Asiatic.

Mr. President, the passage of this bill is a repudiation of the promises made to the American people by the Chief Executive and by those in control of Congress that the expenditures of vast millions of dollars for employment of American workers would assist in eliminating the present depression.

Mr. President, the passage of this bill makes insecure the holdings of every owner of a Government bond, every life-insurance policy, and every savings-bank depositor in that it will do more to throttle the success of American industry than any other legislation up to the present conceived by the theorists and economists who seemingly are directing the destinies of our Nation at this time.

Such unrestricted power, amounting to the power of life or death for American manufacturing, mining, and farming industries, is typical of the power which those surrounding and advising the Chief Executive seek through legislation.

When this legislation is granted, Mr. President, may I ask what is left for the Congress to do? Why not pass a blanket appropriation bill for the remainder of the time that this administration is to control the destinies of the country, and permit Congress to abdicate and surrender its functions, and its Members to take up whatever vocation the individual Congressman had before he came to these bodies and relieve the taxpayers of this country of that much of a burden in the way of taxes.

The passage of this bill, it is admitted by even the administration leaders, will give to the President of the United States dictatorial power such as is not enjoyed by the Emperor of Japan, Mussolini, Hitler, or Stalin over industry and labor.

The carrying out of the measure, based as it is only upon secret diplomacy, is turning the calendar back to the methods of the dark ages. It will be turning back the calendar, Mr. President, for the Senate of the United States has refused to deal with problems pertaining to the people of this country behind closed doors.

I feel confident in saying that the vast majority of the American people are opposed to secret diplomacy and secret treaties, and if given an opportunity, would insist that international negotiations be carried on in the open.

It is admitted by the proponents of this measure that the Chief Executive, to whom they wish to give this dictatorial power, will have to depend upon advisers and subordinates to make effective the purposes of this proposed legislation. As a practical matter, from an American standpoint, no mandate has yet been given by the American people in our entire history which permitted the vesting in any one man the power sought in this bill.

The contention is raised that the President alone was elected by all the people, and this argument is set forth as to why this power should be conferred on the President. Yet those who present this argument admit that the President has not the time nor the facilities to undertake this task and must be dependent upon the activities and the influence of his advisers and subordinates.

May I ask, Is it contended that the present Chief Executive, still human, is infallible and all-wise?

Why, Mr. President, he is made of that same bone and sinew, brain and blood that the average citizen is made of, and no citizen ordinarily would want this great power left to him to direct the destinies of 125,000,000 people.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield?

Mr. HATFIELD. I yield.

Mr. ROBINSON of Indiana. I was very much interested in the Senator's statement a moment ago with reference to secret diplomacy, to transferring treaty-making power to the President to be exercised only in secret. The Senator is aware of what I understand to be the fact, that Mr. Sayre, who is credited with having written this bill, with being its author, came before the committee and was asked what industries would be affected and what agreements would be made with foreign countries with reference to the lowering of tariffs on the assumption that it might somehow or other injure some of the industries in this country.

Mr. Sayre, Assistant Secretary of State in the present administration, at that time replied that he was not at liberty to mention the approaches that had been made to this Government by foreign governments. That he thought it was not politic to answer a question of that kind; that it probably did not concern the American people, anyhow, to know just what foreign governments were proposing in the way of trade agreements with this country. Is the Senator familiar with what transpired in the committee at that time?

Mr. HATFIELD. Mr. President, the distinguished Senator from Indiana states accurately the question which was propounded to the distinguished Assistant Secretary of State, and he also is correct in his conclusion about the re-

sponse given by the distinguished Assistant Secretary of State.

I may say to the Senator that I called Mr. Sayre by phone and asked him if he would tell me what were the products referred to in the treaty which had been agreed to between the United States and Colombia, and he said that it was still a secret, and in my judgment it will remain a secret as to the exchanges of goods that have been agreed upon until this bill becomes a law.

I insert as a part of my remarks the letter I received from Assistant Secretary of State, Mr. Sayre, and the enclosure, which speaks for itself. This treaty as signed precludes the Congress of the United States from placing any excise tax on any commodity covered by this treaty.

WASHINGTON, *April 28, 1934.*

The Honorable HENRY D. HATFIELD,
United States Senate.

MY DEAR SENATOR HATFIELD: I am sending you herewith by special messenger, as you requested, a copy of the press release concerning the pending treaty with Colombia.

Sincerely yours,

FRANCIS B. SAYRE.

Joint statement by the Acting Secretary of State and the Minister of Colombia

DEPARTMENT OF STATE,
December 15, 1933.

The Acting Secretary of State and the Minister of Colombia today signed a reciprocal trade agreement. The agreement will come into force after the necessary legislative action shall have been taken in the United States and Colombia. The minimum term of the agreement is 2 years from the date of its coming into force.

On the part of the United States the agreement provides that certain specified products of Colombia shall continue to be exempt from import duties, Federal excise taxes, and prohibitions on importation, and also that State excise taxes affecting interstate or foreign commerce, insofar as they are subject to statutory control by the Federal Government, shall not exceed the maximum tax at present levied by any State.

The agreement provides that Colombia on its part will reduce its customs duties on specified products from the United States and will refrain from increasing them on certain other specified products. As regards the products listed in the agreement Colombia makes commitments with respect to internal taxes and prohibitions similar to those made by the United States.

This agreement, which is of mutual benefit to the two countries, furnishes a practical example of the policy of "neighborliness" in the American continents, and it is hoped may lead to other bilateral agreements of a similar nature having as their object the restoration and improvement of trade relations.

Then, Mr. President, it will not be necessary for the President of the United States or for the Secretary of State or the Assistant Secretary of State to ask the Senate of the United States to approve this reciprocal treaty which has already been signed and at the present time remains the secret of the President and the Secretary of State and the Assistant Secretary of State here at Washington.

I have a response, Mr. President, from the Assistant Secretary. All the information he was willing to give a United States Senator as to the extent of the agreement or treaty, if you please, which has been entered into between Colombia and the United States, was what he gave to the press on December 15, 1933.

Mr. ROBINSON of Indiana. Mr. President, then, referring again to the secrecy connected with this treaty making, it would necessarily follow, would it not, may I ask the very able Senator from West Virginia, who has studied this question very thoroughly, that no industry in this country would know if it was to be destroyed or not until it read about it in the newspapers, until it had read that it had been guillotined?

Mr. HATFIELD. That is absolutely correct. The owners of an industry can only surmise or conceive intuitively what is going to happen to that industry by some remark or some admission made either by the Secretary of State or the Secretary of Agriculture. The Secretary of Agriculture, when asked by the distinguished Senator from Pennsylvania [Mr. REED] as to what he considered was necessary in the way of tariffs and whether he would consider an industry which in order to exist in America necessarily had to have a 100-percent tariff rate to be an efficient industry, said "no." So the average industry owner and the average citizen of America who are interested in the continuation of the industries of American cannot know when the fatal blow will come because of a reduction of tariff rates.

Mr. ROBINSON of Indiana. That would mean that neither the Senate nor the House, either legislative body, could inquire into it until after the damage was done. It would mean, too, Mr. President—I think the Senator will agree with me—that an industry employing thousands of men and women might be destroyed merely by a secret treaty entered into by the President of the United States, resulting in the throwing out of employment of untold thousands and the destruction of the industry, and none of those interested would know anything about it until they read it had been done in the press. Is not that true?

Mr. HATFIELD. Mr. President, the distinguished Senator from Indiana [Mr. ROBINSON] is entirely correct.

Mr. President, in discussing the question of the power, this supreme power, that is being asked by the present administration, I ask unanimous consent to have printed in the RECORD at this point, as a part of my remarks, a statement made by that distinguished American, that distinguished educator, that distinguished President of the United States from March 4, 1913, to March 4, 1921, the late President Wilson, in support of my contentions respecting dictatorship.

The PRESIDING OFFICER. Without objection, permission is granted.

The matter referred to is as follows:

In 1912 Woodrow Wilson said:

"The history of liberty is a history of the limitation of governmental power not the increase of it. When we resist, therefore, the concentration of power we are resisting the processes of death, because concentration of power is what always precedes the destruction of human liberties."

Mr. HATFIELD. Mr. President, a mistake on the part of his advisers, for which the Chief Executive is, of course, responsible, may result in depriving thousands of workers of employment, just as the distinguished Senator from Indiana pointed out a few moments ago, and in depriving thousands of farmers of markets and thousands of investors of their life savings. Yet, Mr. President, should this happen, the Senate would not be blameless, as it is only through our lack of courage and our evasion of the responsibility vested in us that such mistakes can be made possible. I contend that we are justified in judging the capacity of Presidential advisers by the actions of the advisers of the present Chief Executive in other governmental affairs during the past year. We are all familiar with the air-mail fiasco, and the stubborn insistence that an impractical plan be carried on by means of one scheme after another, rather than a frank admission of error. We are all liable to error and mistake; if we were otherwise, we would not be human; but there is no question that at least 12 men, patriotic in their service and devotion to their flag, were sent to an untimely grave by this error, this mistake, which was a part of the game of politics, pure and simple, and which the record made here on the floor of the Senate by the distinguished and able senior Senator from Vermont [Mr. AUSTIN] so well develops and so well explains.

We are all familiar with the admitted experimentation now being made in industry, labor, and agriculture. There are but few who will contend that these experiments have proven successful insofar as helping the American Nation and assisting our people to recover from the depression are concerned. The few who say this legislation has been successful are those in control of big business, who have guaranteed profits and have been permitted to exploit the consumers, our farmers and wage workers, with but little resistance on the part of the Government.

I wish to make this observation, Mr. President, that in the very near future those who have profited by the suspension of the Sherman antitrust law and who are profiting today by returns on their investments and in the sale of their products in the markets of this and other countries will soon reap the whirlwind by tax burdens which will take

from them every pittance they are enjoying at the present time and even more for the purpose of furnishing the young experimenters sufficient funds to continue their exploitation.

There is nothing in the platform of the Democratic Party of 1932 nor in the interpretations of that platform on the part of its candidates for office which can be construed as a mandate from the American people to turn the American Nation over to the control of a small group of youthful theorists and economists.

There was no indication during the election of 1932 that the American people expected to find that the officers elected would permit of the Russianization of American business and the regimentation of labor and the farmer on the basis of collectivism.

I had the pleasure, Mr. President, on May 30, 1933, of pointing out the direful possibilities which would result under the National Industrial Recovery Act and later, on June 10, 1933, to my observations on this same legislation. I then expressed my views of that measure, and I have not changed my mind down to this hour. Although I have received criticism within and without my party and from the press throughout the country, I still stand firm, because the principles found in the National Industrial Recovery Act are not compatible with the principles that have made our Nation great and placed its people in such a position that they are envied by every other nation on the face of the earth because of their success not only in intellectual development but in chemical and industrial development as well.

Should the Senate of the United States debase itself by evading its responsibilities of treaty making and pass this measure, the making of reciprocal tariff treaties will be placed in the hands of the commercial policy committee which today, so I understand, consists of the following economists and college professors.

This list comprises Francis Sayre, chairman, Assistant Secretary of State; John Dickinson, Assistant Secretary of Commerce and late college professor; W. L. Thorpe, of the Department of Commerce, late a college professor and one who is looked upon by many Members of the Senate as a political opportunist in that he seeks and obtains high office in a Democratic administration even though he is listed as an active Republican worker; Rexford G. Tugwell, Under Secretary-to-be of Agriculture, whose persuasive influence at the White House is conceded by all. Tugwell was also a college professor and is the author of several books which seek to prove to the American people the benefits of communism, even though suggested in different language.

Then there are Oscar B. Ryder, of the Tariff Commission, an economist with well-known free-trade leanings; R. L. O'Brien, Chairman of the Tariff Commission, former school teacher and famous for his attempts to follow every political will-o'-the-wisp in tariff making—a veritable chameleon; and Thomas Walker Page, Vice Chairman of the Tariff Commission, for many years a college professor. Page is probably the best versed, the most intelligent, and the only one of the committee who is more interested in America, his own country, than in the success of foreign countries, but nevertheless a free-trader. Mr. Page is honest in his conclusions, honest in his convictions, regarding the principle of free trade as it should be applied to the American people. We could all understand his principles and his policy if the standards of Europe and China and Japan were brought to a parity with the standards which we demand here under the American flag.

I have no criticism to make of the character of these men. I have no criticism of the professional standing of these men, but their backgrounds are almost entirely restricted to lives of academic theory, inspiring no confidence that they can or do represent the views of American labor, the American farmer, American mining, or American business interests involved in the numerous decisions which are to be handled in secrecy.

Criticism was made on the floor of the Senate in 1929 and 1930 by the proponents of this measure opposing and restricting the flexible provisions of the present tariff act. The Republican Party, in supporting the flexible provisions of the tariff act, insisted on public hearings by the Tariff Commission and a study by experts of the Tariff Commission before such findings could be transmitted to the President for action. The President could not act until after such findings had been made by the Tariff Commission and referred to him.

The Congress in intrusting to the Tariff Commission the responsibility for making an honest investigation of the reasonableness of tariff rates had confidence in the honesty of purpose, the integrity and courage of those comprising the Commission. Had the Senate not had this confidence it would not have confirmed the men.

Personally, I still believe Senators were justified in their confidence. However, the recent utterances of the Chairman of the Commission warrant, I believe, either the Finance Committee or the Senate itself making it possible for the other members of the Tariff Commission to admit or deny the accuracy of the statements uttered by the Chairman of the Tariff Commission.

I have the honor to know at least one of the members of the Tariff Commission, the Honorable John Lee Coulter. He lived in West Virginia for a few years. We revered and esteemed him and admired his ability and his service. He served as dean of the department of agriculture of the great State university of our State. He could have become president of the university, but, because of other responsibilities which he was desirous of assuming, and, because of his ambition to travel in Europe and Asia, he declined the opportunity to become president of the State university. He has served as president of another outstanding educational institution of the country. No one can convince me that a man of that type, a man of his education and learning, would lend himself to anything that might be deemed a violation of the confidence evidenced by the Senate of the United States in confirming his nomination. I can make the same statement from the indirect knowledge I possess of him, with reference to one of the other gentlemen who has been suggested, Mr. Thomas Walker Page.

Either the Tariff Commission should continue as an honest, fearless, and independent body or it should be abolished forthwith. I do not believe that the President of the United States, either the present incumbent or the one who passed into history on March 4, 1933, would want to interfere with the duties of a Tariff Commission such as the Congress set up in the legislation of 1930. Having served as chief executive of one of the States of the Union, having the responsibility of the Governor's office and the responsibility of appointing commissions to fix rates for public-service corporations, it never occurred to me to discuss with such men their responsibility for fixing rates. To have done so would have been to ask them to violate their oath of office.

Under the proposed reciprocal tariff legislation there are to be no public hearings, no findings of fact by any governmental agency, and this commercial policy committee, or such other agency as may be designated to take its place, will make treaties as they alone see fit to make.

From time to time administration spokesmen and the college professors who are promoting the possible enactment of this legislation have spoken of inefficient industries, uneconomical industries, and have indicated in their speeches that in the agreements to be made with foreign nations only the inefficient American producer will be eliminated. They seek to find a market in foreign nations for our surplus farm products through the elimination, by way of increased imports, of what they term "our inefficient industries."

The newspapers of Monday, April 30, make reference to the supposed conversion of former Secretary of State Stimson to the policy of free trade and reciprocal trade treaties. This was to be expected. I could have told anyone in advance of the statement made by Mr. Stimson that he was not only a free-trader but that he was also an internationalist. It was known that he seldom, if ever, gave his wholehearted support to protective tariff rates while he was Secretary of State. Certainly he opposed the excise tax which protected the American coal miner, and the excise tax

which protected the American oil producer; and I know from information I possess that he objected to that kind of protection.

To some this announcement of Mr. Stimson may be news; but I wish to call the attention of those who are conversant with what was happening as long ago as 1928 to a statement made by the Honorable Matthew Woll, vice president of the American Federation of Labor, one of America's greatest men, in my judgment, whose principles, as he presents them frequently in the public forum, are sound American doctrine and safe to follow for the reason that he always has uppermost in mind the welfare of the rank and file of the citizenship. Mr. Woll, in a radio address, only last week, opposed the granting of authorization to the President to enter into reciprocal trade treaties with foreign nations without ratification by the Senate. He said, in part:

> These are precisely the same arguments as have been used for years by all those who see the solution of our economic problem, not in the increase of American mass purchasing power, but in plunging into the mad and illusory race for foreign markets. In this connection the language of Secretary Wallace and Secretary Hull does not differ a hair's-breadth from that of former President Hoover. It will be recalled that at his Newark labor speech in the campaign of 1928 Mr. Hoover offered increased exports as the solution of the unemployment problem, and that 4 years later Mr. Roosevelt responded to this speech, ridiculing Mr. Hoover's belief in markets which did not exist. Yet here are Secretary Wallace and Secretary Hull reasserting and championing the Hoover doctrine.

No doubt they are echoing the convictions or the reformation of the present Chief Executive.

It seems to me that the prestige sought by the advocates of this grant of power to the President through the proposed conversion of Mr. Stimson should have but little weight with the Senate of the United States.

What are the industries proposed to be made the subject of these reciprocal agreements?

So far we have learned that sugar, wool, lace, chemicals, fine textiles, and pottery are on the list of industries marked for slaughter.

In my section alone the pottery and china industry employs in normal times 17,000 skilled workers. Is it possible that the greatest china and pottery industry in America is to be eliminated? It will be if Mr. Wallace's principles are applied, in case the Senate of the United States passes this reciprocal tariff treaty bill.

Mordecai Ezekiel, economic adviser to the Secretary of Agriculture, in an article published in Today of April 21, 1934, openly admits that with authorization granted to the President to enter into reciprocal trade treaties with foreign nations it may be necessary for seven or eight millions of industrial workers to find employment in other industries.

Mr. President, take a man 45 or 50 years of age who has been connected from the beginning of his working life up to his present age with the pottery industry, the steel industry, or employed elsewhere in the mechanical world: How in justice and equity and under the responsibilities he has assumed to his family can he be reeducated and retrained so that he will become an efficient workman in some new industry about which he knows nothing?

Will such conditions help to restore domestic recovery? The answer is obvious.

Mr. President, I understand that the Secretary of Agriculture appeared before the Senate Finance Committee and contended that any American industry which required protection in the form of a tariff rate of 100 percent or more was inefficient or could easily be eliminated without great harm to our country.

For the information of the Senate, I have hastily compiled a list of some of the foreign products which the Tariff Commission indicates in its report to the Senate, in response to Senate Resolution 325, paid a customs duty in 1931 or 1932 in excess of 90 percent.

I feel confident that Members of the Senate who seemingly have overlooked the fact that we still have a representative form of government will be interested in looking over the list to which I refer, and which I ask to have printed as a part of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered. The list is as follows:

Foreign products which paid a duty in 1931 or 1932 in excess of 90 percent

Product	Percentage	Percentage that these imports are of domestic production
Ethyl alcohol	114.3	Less than 1 percent.
Barium chloride	130	Do.
Caffeine	209.2	Do.
Flavoring extracts	126.7	Less than 5 percent.
Magnesium chloride	95.7	Less than 17 percent.
Linseed oil	97.7	Less than 1 percent.
Toilet waters	118.4	Do.
Cosmetics and toilet preparations	99.6	Do.
Phosphorus oxchloride	93.8	Less than 10 percent.
Varnishes	90	Less than 5 percent.
Sodium nitrite	118.6	Less than 1 percent.
Tungsten	142	Less than 3 percent.
Shoe-machine needles	100	Less than 1 percent.
Pocket cutlery	100.9	Less than 2 percent.
Scissors and shears	131.3	Less than 4 percent.
Pliers and pruners	110.4	Less than 5 percent.
Pistol and revolvers and parts	98.9	Less than 1 percent.
Clock and clock movements	107	Do.
Clock-work mechanism	98.3	Less than 2 percent.
Gold leaf	92.4	Less than 5 percent.
Spring clothespins	138.1	Less than 1 percent.
Lamb	117	Do.
Mutton and goat meat	102.5	Do.
Oleomargarine and butter substitutes	91.4	Do.
Frozen eggs	119.6	Do.
Whole eggs	106.8	Do.
Egg albumen	96.5	Do.
Egg yolks	119.6	Do.
Cleaned rice	102.5	Do.
Wheat	83.9	Do.
Maraschino cherries	113.4	Do.
Lemons	92.2	Do.
Almonds	89	Do.
Peanuts:		
Not shelled	194.2	Do.
Shelled	246.9	Do.
Soybeans	103	Do.
Alfalfa seeds	94.2	Do.
Red-clover seed	107.3	Do.
Dried beans	107.8	Do.
Onions	146.9	Less than 2 percent.
Potatoes	95.3	Less than 1 percent.
Cabbage	191.2	Do.
Celery	138.4	Do.
Cucumbers	113.8	Do.
Squash	108.5	Do.
Hops	176.1	Less than 4 percent.
Cotton rags	108.3	Less than 1 percent.
Jute yarns	144.4	Do.
Woven woolen fabrics	92.8	Less than 5 percent.
Woven felts	99.9	Do.
Woolen blankets	90	Less than 1 percent.
Wool felt hats	92.6	Do.
Rayon pile fabrics	111.3	Do.
Manufactures of rayon	91.2	Do.
Straw hats	90.1	Less than 2 percent.
Pearl-shell buttons	136.3	Less than 1 percent.
Matches	100	Do.
Match splints	300	Do.
Machine-made lace	90	Do.
Woven braids	90	Do.
Embroidered silk-knit goods	90	Less than 5 percent.
Embroidered wool-knit outerwear	90	Less than 1 percent.
Phonograph needles	133.2	Do.
Fountain pens	90.1	Do.
Cigar and cigarette holders	117.1	Do.
Chemical mixtures and salts	109.4	Do.
Barium carbonate, precipitated	161.4	Less than 25 percent.
Casein mixtures	140.7	
Potato starch	147.6	
Whiting	170.5	
Epsom salts	127.6	Less than 15 percent.
Oxalic acid	118	Do.
Soybean oil	126	Less than 1 percent.
Citric acid	115.8	Do.
Theobromine	110.2	Do.
Pumice stone	234.2	Do.
Floorspar	118.6	Do.
Caustic calcined magnesite	113	Do.
Decorated chinaware	93.4	Less than 22 percent; based on volume.
Plain chinaware	110.1	22 percent; based on volume.
Razors and parts	233.3	Less than 35 percent.
Iron and steel scrap with dutiable alloy	219	Less than 1 percent.
Base-metal watchcases	105	Do.
Clock parts, assembled	108.2	Do.
Watch parts, assembled	162.9	Do.
Lead content of lead pig	167.6	Do.
Cigar-wrapper tobacco	184.2	Less than 30 percent.
Scrap tobacco from Cuba	122.6	Less than 10 percent.
Cigarettes	120.8	Less than 0.1 of 1 percent.
Lupulin	378.9	Less than 1 percent.
Avacados	322	Do.
Split peas	136.2	Do.
Lima beans	106.4	Do.
Dried beans	107.8	Do.
Tomatoes	120.8	Less than 10 percent.
Celery	138.4	Less than 1 percent.
Squash	135.6	Do.
Winter vetch seed	116	Less than 50 percent.
Pimentos	108.9	Less than 25 percent.
Shelled walnuts	90.9	Less than 50 percent.

Foreign products which paid a duty in 1931 or 1932 in excess of 90 percent—Continued

Product	Percentage	Percentage that these imports are of domestic production
Flaxseed	99.5	Less than 40 percent.
Top woolen waste	175.5	Less than 1 percent.
Wool felt hat bodies	116.5	Do.
Woven woolen fabric	113.3	Do.
Wool blankets	94.8	Do.
Woven belts, machine clothing	99.9	Do.
Wool noels	105.6	Do.
Rayon bedspreads	101	Do.
Rayon cards	118	Do.
Thermostatic bottles	223.4	Less than 5 percent.
Toothbrush handles	144.1	

Mr. HATFIELD. Mr. President, it may be of interest to Senators who have given serious consideration to evading the responsibilities undertaken by them when they took the oath of office as Members of this body to glance over a list of articles or commodities which we have every reason to believe, should the President be authorized to enter into and conclude reciprocal trade treaties with foreign nations, will be eliminated from America.

These products, in the production of which many workers are employed, and which play a more or less prominent part in the make-up of our country, have been found by the United States Tariff Commission, in response to Senate Resolution 325, to be articles or commodities on which duties are levied, and which are more or less noncompetitive.

I ask that this list of articles and commodities be printed as part of my remarks, together with another list dealing with similar products.

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

The lists referred to are as follows:

ARTICLES AND COMMODITIES IMPORTED FROM FOREIGN COUNTRIES WHICH THE TARIFF COMMISSION REPORTS ARE NONCOMPETITIVE, OR IN WHICH FOREIGN NATIONS POSSESS ADVANTAGES

Carbon dioxide; lactic acid; ichthyol; ammonium perchlorate; argols, tartars, and wine lees; intermediates; dyes, stains, and colors; medicinals; photographic chemicals; flavors and perfume materials; cobalt oxide; casein compounds, galalith, etc.; digitalis; cutch extract, mangrove extract; agar-agar; menthol; seal oil; olive oil, edible; sunflower-seed oil, alizarin assistant, Turkey-red oil, sulphonated oil soaps; essential and distilled oils; perfume material; perfumery, including cologne; toilet waters; cosmetics and toilet preparations; floral or flower waters; high-grade artists' colors; mineral-earth pigments; acetylene black; ochers; siennas; umbers; potassium chlorate; potassium perchlorate; potassium ferricyanide; potassium bicarbonate; potassium ferrocyanide; potassium nitrate, or saltpeter, refined; soap, castile; strontium nitrate; titanium potassium oxalate; venice turpentine; bath brick; pumice stone; talc, steatite, or soapstone and French chalk; china and porcelain table and kitchen articles.

PARTIAL LIST OF COMMODITIES PROTECTED BY PAPER TARIFFS, AND ACCORDING TO THE FORMULA SET FORTH FOR THE ADMINISTRATION BY SECRETARY OF AGRICULTURE WALLACE, UPON WHICH TARIFF RATES SHOULD BE REDUCED OR ELIMINATED

Boric acid; acetone and ethyl methylketone; wood alcohol, hydrogen dioxide; aluminous cake; blackings, stains, and polishes; calcium carbide; chalk, cubes, blocks; dyes, stains, colors; collodion; pyroxylin; vegetable drugs; extracts for dyeing, coloring, etc.; formalin; printing inks; ink and ink powders; lime, citrate of; cottonseed oil; soybean oil; peppermint oil; toilet waters containing alcohol; cosmetics and toilet preparations; lampblack; white lead; toilet soap, perfumed; refined borax; sodium carbonate, sodium phosphate; sodium silicate; cornstarch; dextrine, n.s.p.f.; tin compounds; spirits of turpentine; rosin, raw; wood-tar oil; petroleum, crude; lubricating oils; kerosene oil; bricks; illuminating glass articles; plate glass; spectacles and eye glasses; monumental sandstone, etc., rough; roofing slate; iron and steel scrap; wrought iron; steel ingots; steel or iron plates; alloy steel bars; sheets of iron or steel; galvanized sheets, tin plates; iron and steel wire rods; covered wire and cable; copper wire, n.s.p.f.; brass wire; bronze and other wire; wire fencing; woven-wire cloth; antifriction bearings; cast-iron pipe; iron and steel tubes; transmission chains; iron and steel chains; cut nails, spikes; wire nails, spikes; wood screws; printing plates; harness hardware; electrical machinery; metal-cutting tools; safety-razor handles; safety-razor blades; surgical instruments; scientific instruments; files, rasps, etc.; pistols and revolvers; clocks and clock movements; clockwork mechanism; motorcycles and parts, motor boats; printing presses; metal-working-machine tools; knitting machine; textile machinery; machines and parts; nickel silver; copper tubes; padlocks; new type; zinc metal; anthracite coal; coke; plywood; wood furniture; corn sirup; manufactures of tobacco; cigarettes; tallow; oleo oil; olea stearin; swine; pork, pickled, etc.; pork, flesh; meats, fresh, frozen, etc.; beef or veal, cured, etc.; milk, sweetened, evaporated; whole milk, dried; malted milk; butter, dead poultry; eggs in shell; honey; salmon, fresh; barley; lemons; grapefruit; prunes; peanuts, not shelled; peanuts, shelled; alfalfa seed; red clover seed; timothy seed, dried beans; canned peas; onions; fine papers; wrapping paper; blotting paper; playing cards; container board; asbestos manufactures; agate buttons; cartridges and shells; sole leather; goat and kid upper leather; incandescent mantles; candles, pencils, fountain pens; corn; oats; rice, cleaned; rye; wheat; oil cake; linseed oil cake; cottonseed oil cake; apples; edible berries; vinegar; grapes; canned asparagus; chocolate, sweetened; coco butter; cotton, from 1⅛ to 1⅜; cotton yarns; countable cotton cloth; coated cotton cloth; terry woven fabrics; cotton blankets; cotton sheets and pillow cases; botton belting; cotton hosiery; cotton knitwear; jute yarns; crin vegetal; jute woven fabrics; table damask, other than cotton; floor oilcloth; wool rags; Japan straw matting; cashmere, etc.; silk ribbons; silk hosiery; silk wearing apparel; rayon pile woven fabrics; rayon knit apparel.

Mr. HATFIELD. Mr. President, I regret exceedingly having been compelled to take so much of the time of the Senate in the concluding period of the session of Congress. I try to be a patriot. I try to be responsive to my country's call. I am here for service. Had I not thought, and were there not convictions in my heart and soul that the proposed legislation is incompatible with the best interests of the greatest number under the American flag, I should not have made these observations upon this occasion.

EXHIBIT 1

DEPARTMENT OF COMMERCE,
BUREAU OF FOREIGN AND DOMESTIC COMMERCE,
Washington.

(Special Circular No. 383—Chemical Division)

THE JAPANESE CHEMICAL INDUSTRY IN 1933

Assistant Trade Commissioner Donald W. Smith, Tokyo

The increased industrial activity, the export boom, and increased purchase of materials that could be utilized for military purposes made the year 1933 a prosperous one for the Japanese chemical industry. The increased output of rayon, paper, glassware, and iron and steel products stimulated the demand for industrial chemicals. The artificial fertilizer industry profited from the increased farm income during the first half of 1933 and the general advance in fertilizer prices. Dyestuffs manufacturers operated their plants at full capacity to meet the requirements of the cotton textile and rayon industries. The continuation of Japan's building boom and the construction activities of the Government aided paint manufacturers. A general improvement was noted in the prices of the leading crude drug exports, owing to the depreciation of the yen.

Japan's total foreign trade in chemicals was valued at 230,810,000 yen during 1933, an increase of 53,371,000 yen over the figure for 1932. Chemical imports increased by 18 percent in value while exports gained 66 percent.

The year was also one of great expansion for the Japanese chemical industry. Inspired by the desire for economic self-sufficiency in certain chemicals, new companies were organized to manufacture the items for which Japan has depended on foreign countries in the past, and the capacities of existing plants were extended to meet the increasing domestic requirements. There is apparently a strong desire to build up a chemical industry which will be independent of foreign nations in the event of a national emergency. The majority of the new chemical companies organized during the past year, however, were formed with a view to manufacturing items which can be made in Japan and for which there is a ready market. The Japanese chemical industry is well organized and is well equipped. As long as the domestic demand continues strong, Japanese chemical manufacturers will concentrate chiefly on meeting the requirements of their home market. Unfavorable conditions in Japan, affecting the domestic demand, however, would almost certainly result in a more determined effort on the part of Japanese chemical manufacturers to sell their products in world markets.

FOREIGN TRADE IN CHEMICALS, 1933

Considerable gains were noted in the value of both Japan's imports and exports of chemicals during 1933, the former indicating that the country is still far from being self-sufficient in certain items. Imports amounted to 155,298,000 yen compared with 131,881,000 yen during 1932. Exports increased to 75,520,000 yen from 45,566,000 yen. The increased imports were due chiefly to the improvement in the demand for fertilizers and fertilizer materials, and to the heavy demand for the crude chemicals required by the domestic industrial chemical industry.

The details of the value of Japan's foreign trade in chemicals follow:

Imports and exports of chemicals and allied products by groups

Group	Imports		Exports	
	1932	1933	1932	1933
	Yen	Yen	Yen	Yen
Industrial chemical and allied products	46,370,000	50,715,000	18,488,000	33,440,000
Dyes, paints, and similar products	16,636,000	16,542,000	4,766,000	9,439,000
Fertilizers	61,993,000	81,875,000	3,250,000	7,474,000
Toilet preparations, drugs, medicines	6,882,000	6,166,000	2,082,000	3,748,000
Crude drugs, insecticides, and agar-agar			16,980,000	21,419,000
Total	131,881,000	155,298,000	45,566,000	75,520,000

INVESTMENT IN THE CHEMICAL INDUSTRY

At the end of 1932 the total capital investment in chemical and allied industries in Japan was 1,012,497 yen, or 7.2 percent of the total investment in all industrial corporations employing over five workmen. This figure, however, includes the capital invested in companies making rayon, oils and fats, rubber goods, paper, and celluloid products which are not covered in this report. The capital investment of the companies making the items covered in this report, including industrial chemicals, dyestuffs, medical chemicals and medicines, paints and pigments, soaps and toilet preparations, matches, artificial fertilizers, and other chemicals, amounted to 510,839,040 yen, divided as follows:

Capital investment in Japanese chemical industry as of December 1932 [1]

Class of chemicals	Number of companies	Paid-up capital
		Yen
Industrial chemicals	201	71,107,066
Artificial fertilizers	173	230,072,789
Medicinal chemicals and prepared medicines	473	91,111,625
Dyestuffs	16	9,055,000
Paints and pigments	158	22,794,550
Soap and toilet preparations	212	31,553,600
Matches	33	6,235,600
Other chemicals	185	48,908,810
Total	1,451	510,839,040

[1] From Department of Commerce and Industry's Annual Report on Corporations

More new capital was invested in the chemical industry during 1933 than in any other industry, according to the published figures of the Bank of Japan. Thirty-three new companies with an aggregate capital of 102,920,000 yen were organized during the year, and eight companies increased their capital by 66,950,000 yen, making a total of 169,870,000 yen in new capital invested in the industry during the year compared with the total of 368,119,000 yen new capital invested in all industries during 1933. The figures given above, however, include the capital investment of newly formed rayon companies, and probably not more than one third of the total amount of new capital invested during 1933 was for the purpose of organizing companies to manufacture the chemical products covered in this report.

INDUSTRIAL CHEMICALS

Japanese production of industrial chemicals was stimulated during 1933 by the activity in the rayon, paper, glass, fertilizer, and other industries. The output of rayon, foreign-style paper, plate glass, and chemical fertilizers reached new high-record levels during the year, thereby creating an unprecedented demand for such items as caustic soda, sulphuric acid, nitric acid, and soda ash. The military replenishment program also brought about a heavy demand for explosives and materials for the production of explosives.

In 1931, the latest year for which details are available, the value of the industrial chemical output in Japan amounted to 113,547,701 yen. Owing to the increased output during the last 2 years and the advance in quotations on industrial chemicals, it is estimated that the value of the production of this class of chemicals in Japan during 1933 was at least 200,000,000 yen, and probably very much higher.

The only industrial chemical items for which official 1933 production figures are available are caustic soda, bleaching powder, soda ash, and sulphur.

Japanese production of certain industrial chemicals

[Metric tons]

Item	1931	1932	1933
Caustic soda	44,782	71,326	106,641
Bleaching powder	[1] 36,578	[1] 42,684	[1] 58,827
Soda ash	93,243	129,798	[2] 180,676
Sulphur	55,235	77,085	104,055

[1] Represents production of members of Bleaching Powder Manufacturers' Association only. Total Japanese output is about double the amount shown in the above table.

[2] Figures shown are for 11 months only, January to November.

SULPHURIC ACID

Sulphuric-acid production was stimulated during 1933 by the increased output of superphosphates, sulphate of ammonia, iron and steel products, and explosives. The annual production capacity of sulphuric-acid plants at the beginning of 1933 was 2,513,000 metric tons at 50° B. This was increased during the year to approximately 2,600,000 metric tons at 50° B. Production during 1933 was estimated by a leading producer at 1,980,000 metric tons, or 76 percent of capacity, while during 1932 it was 1,656,000 metric tons, or 65 percent of capacity, according to a Japanese chemical journal. Of the 1933 output, 640,000 metric tons were used in the manufacture of superphosphates, 840,000 tons for ammonium sulphate, and 500,000 tons in other industries.

The Japanese supply of sulphuric acid of 50° B. is produced by 35 companies in 54 plants, the equipment including 115 lead chambers and 37 towers. Fuming sulphuric acid is made in 7 plants, including 3 Army arsenals, the annual capacity being estimated at 31,500 metric tons (as of 25 percent SO_3). The country has an adequate supply of raw materials for this important item in domestic pyrites.

CAUSTIC SODA

The activity in Japan's textile, paper, and soap industries, and the remarkable expansion of the rayon industry have greatly increased the demand for caustic soda during the past 2 years. Japanese consumption of caustic soda in 1933 was estimated at approximately 100,000 metric tons, of which about 40,000 tons was consumed in the manufacture of rayon. The production capacity is about 160,000 metric tons, and actual production during 1933 was approximately 107,000 tons. The Caustic Soda Manufacturers' Association allowed its members to produce at only 55 percent of capacity during 1933. The most important Japanese manufacturer, Nihon Soda Industry Co., is not a member of the association, and it produced at almost full capacity, or about 65,000 metric tons.

There was an increasing tendency during 1933 for Japanese soda-ash manufacturers to convert soda ash into caustic soda. Several of the larger companies have announced their intention of increasing their output of caustic during 1934 by this method, in anticipation of the further expansion of the rayon industry. Although Japan is practically self-sufficient in the matter of caustic soda, it is still necessary to import some crude caustic soda for domestic manufacturers, but the increased amount of caustic soda produced from soda ash has reduced the imports of crude caustic soda from 41,612 metric tons in 1931 to only 12,527 tons in 1933.

SODA ASH

The domestic production of soda ash in 1933 showed an increase of over 100 percent over the 1931 output, owing to the increased manufacture of caustic soda from this product and the heavy demand from the Japanese glass industry.

Production of 200,000 metric tons of soda ash during 1933 represented the capacity output of the industry, but increases in the production capacity of existing companies are being planned for 1934. The import of 46,461 metric tons of soda ash and natural soda in 1933 was probably chiefly natural soda.

The domesic soda-ash industry has been aided to a considerable extent by the Japanese Government through the granting of subsidies to manufacturers. The 1932 and 1933 budgets of the Department of Commerce and Industry contained the sums of 470,410 yen and 50,129 yen, respectively, for the encouragement of the soda-ash industry in Japan.

SODIUM CHLORIDE (SALT)

The consumption of industrial salt in Japan in 1933 was over 800,000 metric tons, or almost double that for the previous year, owing to the increased production of alkalies. Although the country has become practically self-sufficient in alkali, the domestic industry is entirely dependent on foreign countries for its supply of industrial salt. During 1933 imports of salt amounted to 887,237 metric tons, of which 140,000 tons came from Kwantung Leased Territory, 120,000 tons from China, 35,000 tons from Manchuria, and the rest from African countries. The dependence of Japan's chemical industry on foreign countries for a supply of salt has caused some concern to the Government, and efforts are being made to interest Japanese industrialists in exploiting the salt fields in Manchuria. It appears probable that a special company will be organized to exploit the Manchurian salt deposits and that the capital will be furnished by Japanese chemical concerns.

SULPHUR

The output of 104,055 metric tons of sulphur in Japan in 1933 was the highest output recorded since the World War records of 1916 and 1917. Compared with the previous year, the 1933 output shows a gain of 26,970 metric tons, or 35 percent. The heavy output during the past year was stimulated by home and export demands. Exports of sulphur, which amounted to only 14,188 metric tons in 1931, increased to 26,000 tons in 1932 and to 32,127 tons during 1933. Details of the destination of Japan's exports of sulphur during 1933 are not yet available, but in the previous year most of the sulphur exported from Japan was shipped to Australia and New Zealand.

Pyrites statistics are not available.

METHANOL

The increasing demand for methanol for the production of formaldehyde and for use as solvents in the paint and dyestuffs

industries led to the development of a synthetic methanol industry during 1933. The sharp rise in imports of methanol, from 2,200 tons in 1931 to over 4,000 tons during 1932 and 1933, attracted the interest of Japanese industrialists, and three companies were formed during the year to supply the country's needs of this item by synthetic methods. Two companies with a combined annual output of 3,000 metric tons were in operation at the end of the year, and a third company, with an annual production capacity of 1,500 metric tons will be in operation before the summer of 1934.

CALCIUM CARBIDE

Production of calcium carbide during 1933 as reported by the Carbide Sales Association amounted to 227,000 metric tons, while the demand during the year reached 228,944 tons. The calcium carbide output during 1933 showed only a slight increase over the 1932 production but compared with the 1931 production, a gain of 33 percent was registered. Details of the consumption of calcium carbide in Japan during 1933, as reported by the Carbide Sales Association, follow:

CONSUMPTION OF CALCIUM CARBIDE IN JAPAN, 1933

	Metric tons	
Consumed by manufacturers		154,970
(a) For production of cyanamide	79,970	
(b) For production of sulphate of ammonia by cyanamide process	75,000	
Sold in market		65,048
Exported		8,926
Total consumption, 1933		228,944

Since the formation of the Carbide Sales Association in June 1931 the market has been more effectively controlled and prices have advanced.

OTHER INDUSTRIAL CHEMICALS

The value of production of compressed gases, including oxygen, hydrogen, ammonia gas, carbon dioxide, and chlorine during 1931 was 32,749,339 yen, or 29 percent of the total value of all industrial chemical items. It is probable that during 1933 the value of the production of compressed gases rose to 50,000,000 yen.

Nitric acid and acetic acid are also important items produced by Japan's chemical industry, the country being on an export basis. The consumption of glycerin has risen sharply during the past few years, and the domestic production stimulated, the 1933 output being estimated at approximately 7,000 metric tons.

IMPORTS

Imports of industrial chemicals into Japan during 1933 were valued at 50,714,484 yen, compared with 46,369,675 yen during 1932.

The following table shows the details of imports of industrial chemicals into Japan by volume and value during 1932 and 1933:

Japanese imports of industrial chemicals

Item	1932		1933	
	Metric tons	Yen	Metric tons	Yen
Ammonium chloride	1,808	269,694	1,377	276,078
Boric acid	996	311,536	197	94,923
Borate of soda	8,896	1,020,476	8,015	1,064,115
Casein	2,563	701,812	3,576	1,567,042
Calcium acetate	11	164,102	9	161,389
Carbolic acid	104	82,706	218	244,539
Caustic soda, crude	28,185	3,865,364	12,477	1,994,008
Coal-tar distillates	2,939	783,991	6,817	2,644,613
Chemical products derived from coal-tar distillates		3,848,074		4,621,679
Cyanides of soda and potash	454	316,312	357	287,633
Explosives:				
Dynamite	604	651,416	108	156,348
Other		4,057,446		3,216,674
Formalin	120	38,638	255	133,201
Glue	556	306,900	512	287,833
Glycerin	2,981	1,422,211	1,126	639,072
Gum arabic	729	272,046	816	432,158
Gums (other)	2,318	789,642	2,446	1,008,668
Methanol	4,149	2,244,042	4,228	2,617,805
Naphthalene	3,068	346,709	3,572	625,971
Potassium bichromate	105	53,346	159	96,110
Reducing agents	282	148,440	304	208,407
Rosin	20,957	2,291,673	22,093	2,993,619
Shellac	1,550	1,107,335	1,897	1,664,668
Soda ash and natural soda	46,433	2,519,722	46,447	3,269,748
Sodium bichromate	162	55,115	140	66,113
Other chemicals		18,701,927		20,342,070
Total		46,369,675		50,714,484

EXPORTS

Heavy gains were registered during 1933 in the exports of acetic acid, calcium carbide, chlorate of potash, explosives, matches, sulphur, and sulphide of soda, while the volume of arsenious acid, iodide of potash, and iodine exported was considerably below the 1932 figures.

The volume and value of the exports of industrial chemicals from Japan during 1932 and 1933 follow:

Japanese exports of industrial chemicals

Item	1932		1933	
	Metric tons	Yen	Metric tons	Yen
Acetic acid	146	66,332	807	425,614
Arsenious acid	2,224	359,830	1,332	268,302
Bleaching powder	2,833	261,136	3,391	486,730
Calcium carbide	6,475	549,617	8,925	946,539
Chlorate of potash	278	123,292	453	209,240
Explosives	100	113,159	372	1,088,844
Glue	1,003	509,351	947	500,361
Iodide of potash	61	843,999	48	678,610
Iodine	42	603,676	28	442,144
Matches	2,762	938,434	9,706	3,248,599
Nitric acid	2,103	413,866	2,644	530,575
Sulphur	25,997	1,435,489	32,114	2,430,842
Sulphuric acid	4,031	337,284	4,720	419,341
Sulphide of soda	4,980	461,073	6,278	593,109
Other industrial chemicals		7,300,029		14,581,115
Total	53,060	14,816,933	71,765	27,359,316

FERTILIZERS

There was a definite improvement in the Japanese fertilizer trade during 1933. Although agricultural conditions were most unfavorable at the close of the year, owing to declining silk prices and an overproduction of the country's most important crop—rice—high prices were obtained for the spring and summer cocoon crops, and farm income—at least during the first half of the year—was estimated at approximately 12 percent higher than during the same period of the previous year. The favorable factors affecting the demand for fertilizers during the first half of the year were reflected by increased domestic production of the leading artificial fertilizers and a general advance in fertilizer prices. The outlook for the coming year is not promising, as the present level of farm prices is so low that fertilizer purchases must, of necessity, be reduced to a minimum. The high productive capacity of the arable land in Japan has been made possible only by the intensive application of fertilizers, however, and there is a definite limit to which farmers may reduce their purchases of fertilizers.

PRODUCTION

The average annual value of fertilizer production in Japan proper during the 5-year period—1928–32—was 169,927,472 yen. The 1932 output was valued at 157,989,246 yen, and the estimated value of the 1933 production in Japan proper was probably in the neighborhood of 200,000,000 yen. The production of mineral fertilizers, including sulphate of ammonia, cyanamide, and superphosphates, during 1932 was valued at 81,798,323 yen. The following table, compiled from the Statistical Abstract of the Ministry of Agriculture and Forestry, 1931–32, shows the value of fertilizer production by classes during 1931 and 1932:

Fertilizer production, Japan proper, 1931–32

Class of fertilizer	1931	1932
	Yen	*Yen*
Animal	13,092,247	19,678,439
Vegetable	24,083,335	25,805,816
Mineral	61,557,154	81,798,323
Mixed	25,910,288	30,658,833
Miscellaneous	83,651	47,835
Total	124,726,675	157,989,246

The output of superphosphates during 1933 amounted to 1,127,977 metric tons, compared with 1,037,730 tons during 1932, while sulphate of ammonia production increased to 713,746 tons from 684,887 tons.

PRICES

Quotations of the leading fertilizers were higher during 1933 than during the previous year. Domestic sulphate of ammonia in sacks averaged 94.13 yen per metric ton during 1933, compared with 72.80 yen in 1932. Imported sulphate of ammonia, in bulk, advanced from 71.45 yen during 1932 to 93.12 yen in 1933. The increase in sulphate of ammonia prices was largely due to the effective price control by the Sulphate of Ammonia Distribution Guild. Cyanamide quotations advanced from 0.134 yen per unit of 1 percent to 0.150 yen. Bean-cake prices also showed a slight gain, the average quotation during 1933 being 3.52 yen per 100 kin (1 kin equals 1.32 pounds), compared with 3.37 yen per 100 kin during 1932. During the latter part of 1933 quotations on Chilean nitrates were below sulphate of ammonia quotations. Only one other important fertilizer showed a decline in price during 1933, namely, superphosphate. Prices which had averaged 1.10 yen per sack of 7½ kwan (19.5 percent) during 1932, averaged only 1.03 yen per sack during 1933.

IMPORTS

The total imports of fertilizers and fertilizer materials into Japan during 1933 amounted to 1,615,354 metric tons valued at 81,875,482 yen, compared with 1,527,781 tons valued at 61,993,416 yen in 1932.

Japanese imports of fertilizers and fertilizer materials

Item	1932		1933	
	Quantity	Value	Quantity	Value
	Metric tons	*Yen*	*Metric tons*	*Yen*
Nitrate of soda, crude	23,766	2,049,282	34,915	3,858,059
Chloride of potash, crude	14,186	1,825,349	33,724	5,009,091
Sulphate of potash, crude	18,705	2,110,939	23,389	3,986,646
Sulphate of ammonia, crude	118,782	7,035,354	108,492	9,420,832
Phosphate rock	559,642	11,097,459	703,967	15,374,392
Bone dust	32,075	3,165,420	24,136	1,764,896
Bean cake	629,658	28,470,869	539,802	33,635,289
Rapeseed residue	69,713	3,855,416	44,192	2,590,912
Cottonseed residue	21,727	1,329,461	65,815	3,829,692
Other oil residue	22,384	943,577	19,457	1,124,650
Fish-guano	1,995	163,525	2,030	162,007
Other fertilizers	15,148	946,765	15,435	1,119,016
Total	1,527,781	61,993,416	1,615,354	81,875,482

Details concerning the countries of origin of Japan's fertilizer imports during 1933 are not yet available, but during the first half of the year the following fertilizers were imported from the United States:

Japanese imports of fertilizers from the United States, January–June 1933

Item	Quantity	Value
	Metric tons	*Yen*
Nitrate of soda, crude	9,139	983,019
Chloride of potash, crude	8,862	1,582,536
Phosphate rock	73,751	1,424,545
Animal bone	194	62,388
Other	8	50
Total	91,954	4,052,538

EXPORTS

Japanese exports of fertilizers almost doubled in quantity and more than doubled in value during 1933 compared with the previous year. Total exports during 1933 amounted to 31,234 metric tons of artificial fertilizers and 52,634 tons of other fertilizers, compared with 25,300 tons of artificial fertilizers and 18.659 tons of other fertilizers during 1932.

Details showing the countries to which this fertilizer was shipped are not yet available. It is believed, however, that most of the artificial fertilizer exported during 1933 was sulphate of ammonia and that the majority was shipped to the United States.

DYESTUFFS

Since the World War Japanese dyestuffs manufacturers have been encouraged and aided by the Government in building up an industry which would make the country independent of foreign nations in the matter of dyestuffs. The Government aid to the domestic industry has been in three forms: Protective tariff, a commercial treaty with Germany, and subsidies to the leading manufacturers. In 1933 the leading manufacturers claimed that they were able to produce all of the 283 colors included in the Government program of self-sufficiency in dyestuffs.

The protective tariffs need no explanation, except that further increases would no doubt be made if necessary to give additional protection to the domestic industry. The commercial treaty made with Germany in 1928 covering dyestuffs provides that certain dyes and intermediates may be imported only with the consent of the Japanese Government. The subsidies to manufacturers have been in the nature of direct cash grants from funds appropriated for the Department of Commerce and Industry. During the past 5 years the total subsidies have amounted to approximately 5,000,000 yen, the 1933–34 budget providing for subsidies amounting to 1,101,291 yen. The largest subsidies during recent years have been granted to the manufacturers of artificial indigo, 1,571,811 yen having been appropriated during the fiscal years 1932–33 and 1933–34 for this item. It is reported that no further subsidies will be granted to dyestuffs manufacturers.

The increasing importance of the woolen-goods industry in Japan is receiving the serious attention of the leading dyestuffs manufacturers, and they have announced that during 1934 they will concentrate on the production of dyes for this industry.

PRODUCTION

It is conservatively estimated that the production of synthetic dyestuffs in Japan during 1933 increased by approximately 40 percent in volume over the output during 1932. The increased production of cotton textiles and rayon during 1933 probably increased the demand for dyestuffs by at least one third. On the basis of the visible supply and demand for dyestuffs during the years 1931 and 1932, it is estimated that the production of dyestuffs in Japan during 1933 amounted to 19,800,000 kilos and that the consumption was approximately 14,700,000 kilos. Imports of synthetic dyestuffs fell from 1,975,870 kilos during 1932 to 972,150 kilos during 1933, while exports increased from 4,521,231 to 6,083,849 kilos. The following table shows the visible supply and demand for dyestuffs in Japan during 1931 and 1932 and the estimated supply and demand during 1933:

Japanese supply of synthetic dyestuffs

[Kilos]

	1931	1932	1933
Imports	1,997,802	1,975,870	972,150
Production	9,659,380	13,849,000	19,804,000
Total supply	11,657,182	15,824,870	20,776,150
Exports	2,011,752	4,521,231	6,083,000
Total available for consumption	9,645,430	11,303,641	14,693,150

As sulphur dyes have accounted for approximately 80 percent of the total output of all synthetic dyes made in Japan during the past few years, and the exports of sulphur dyes for about 90 percent of the total exports of all dyes, it is believed that a better idea of the supply and demand for synthetic dyestuffs in Japan during the past 3 years may be obtained from the following table, which does not include sulphur colors:

Japanese supply of synthetic dyestuffs, exclusive of sulphur dyes

[Kilos]

	1931	1932	1933
Imports	1,900,000	1,888,648	902,622
Production	1,552,485	4,651,870	7,690,288
Total supply	3,452,485	6,440,518	8,592,910
Exports	[1] 201,175	[1] 452,123	[1] 608,384
Total available for consumption	3,251,310	5,988,395	7,984,526

[1] Estimated.

It will be noted from the above table that during 1933 there was an estimated increase in production of synthetic dyestuffs, excluding sulphur dyes, of approximately 65 percent, which more or less agrees with the estimates of 1933 production made by the leading manufacturers.

The only official figures available on dyestuffs production during 1933 are on aniline and indigo. According to the monthly production report of the Department of Commerce and Industry, the output of aniline for the first 11 months of 1933 amounted to 2,713,173 kilos, valued at 2,780,064 yen, compared with 2,184,457 kilos, valued at 1,572,609 yen, during the same period of 1932. Indigo output during the first half of 1933 amounted to 247,098 kilos, valued at 1,045,225 yen, while that for the entire year 1932 totaled 164,643 kilos, valued at 630,331 yen. The domestic production of indigo during 1933 almost entirely displaced foreign imports of this item, the imports during the year amounting to less than 10,000 kilos.

IMPORTS

The decline in the volume of imports of synthetic dyestuffs during 1933 from that in the previous year indicates the progress made by Japanese dyestuffs manufacturers over the past 2 years. Domestic producers have, however, been aided by the depreciation of the yen, which has made the price of foreign dyestuffs prohibitive since the embargo on the export of gold in December 1931. A rise in the value of the yen would almost certainly mean an increase in imports of certain dyestuffs, despite the development of the domestic industry, as it is believed that there are many dyes required by Japanese textile and rayon manufacturers which can be produced more economically abroad than in Japan.

There were no changes in the relative positions of the three leading suppliers of dyestuffs to Japan during 1933, the order in relative importance being Germany, Switzerland, and the United States. The value of imports of synthetic dyes from Germany, however, increased from 52 percent of the total during 1932 to 62 percent of the total during 1933, the Swiss share dropped from 22 percent of the total to 15 percent, and that of the United States dropped from 13 percent to 11 percent.

The details of imports of synthetic dyestuffs, by kinds, into Japan during 1932 and 1933 follow:

Japanese imports of synthetic dyestuffs

Kind	1932		1933	
	Quantity	Value	Quantity	Value
	Kilos	*Yen*	*Kilos*	*Yen*
Acid colors	321,474	1,587,716	177,013	1,366,047
Basic colors	166,477	1,425,462	111,175	1,284,751
Direct cotton colors	385,725	1,802,914	284,049	1,990,758
Indigo, artificial	584,282	1,425,434	9,711	33,908
Mordant and acid-mordant colors	284,555	1,311,010	222,463	1,363,845
Sulphide colors	87,222	336,110	70,131	433,198
Vat colors	113,786	1,017,100	72,770	1,431,506
Other colors	32,346	160,692	24,177	156,205
Total	1,775,867	9,066,438	971,489	8,060,218

EXPORTS

Exports of coal-tar dyes during 1933 amounted to 6,116,249 kilos, valued at 2,895,974 yen, compared with 4,521,231 kilos valued at 1,522,648 yen in 1932.

PAINTS, PIGMENTS, COATINGS, AND FILLING MATTER

The Japanese paint industry has prospered during the past 2 years owing to the construction activity in Japan proper and to the growing demand in other Asiatic countries for Japanese paints. The following estimates of the annual output of paints and pigments in Japan were taken from the Japanese newspapers, the Osaka Mainichi and Tokyo Nichi Nichi.

JAPANESE PAINT AND PIGMENT PRODUCTION

	Kilos
Paints:	
Enamels	6,000,000
Other paints	20,000,000
Varnishes	10,000,000
Pigments:	
Zinc oxide	13,000,000
Red lead	7,000,000
Lithopone	2,000,000
Barytes	2,000,000

According to one of the leading manufacturers of paint in Tokio, the 1933 output of ships-bottom paint was approximately 2,000,000 kilos and the output of white lead about 1,500,000 kilos.

IMPORTS

Japan is almost entirely independent of other countries in the matter of paints, imports being limited to small quantities of anticorrosive paints from England. Imports of carbon black, however, are important, increasing from 2,437,280 kilos in 1932 to 3,766,260 kilos in 1933. These figures do not include imports from Taiwan which have recently become important, the exports from that country to Japan during the first 11 months of 1933 amounting to 1,200,658 kilos, according to a recent report from American Consul John B. Ketchem.

The total imports of paints, pigments, coatings, and filling matters into Japan during 1932 and 1933 follow:

Japanese imports of paints, pigments, coatings, and filling matters

Item	1932		1933	
	Quantity	Value	Quantity	Value
	Kilos	Yen	Kilos	Yen
Carbon black	2,437,080	1,001,645	3,776,260	1,431,506
Lacquer	1,256,940	2,043,913	1,463,400	2,695,877
Paints:				
Ships-bottom	94,752	87,736	86,757	153,133
Other		132,938		129,395
Other dyes and pigments		3,025,490		3,170,622
Other coating and filling matters		680,767		531,134

EXPORTS

The following table shows the total exports of paints, pigments, coatings, and filling matters from Japan during 1932 and 1933:

Japanese exports of paints, pigments, coatings, and filling matters

Item	1932		1933	
	Quantity	Value	Quantity	Value
	Kilos	Yen	Kilos	Yen
Metal powders	56,889	68,630	92,070	117,485
Paints	1,985,391	750,192	3,967,991	1,829,919
Red lead	2,462,237	552,289	1,732,381	433,698

TOILET PREPARATIONS, DRUGS, SOAPS, AND PATENT MEDICINES—IMPORTS

Japan's imports of toilet preparations, drugs, soaps, and patent medicines consist chiefly of botanicals which are not obtainable in this country and certain medicines and toilet preparations for the consumption of the foreign population and wealthier Japanese.

Japanese imports of toilet preparations, drugs, soaps, and medicines

Item	1932		1933	
	Quantity	Value	Quantity	Value
	Kilos	Yen	Kilos	Yen
Acetyle-salicylic acid	121,160	499,340	39,991	186,593
Alcoholic medicinal preparations	[1] 48,126	311,501	[1] 27,086	290,649
Antipyrine	47,005	389,066	18,000	282,926
Aromatic chemicals	14,658	97,827	5,680	73,070
Chinchona bark	212,184	277,029	211,723	320,547
Licorice	1,774,980	506,995	2,039,160	671,740
Milk sugar	331,077	207,283	255,690	198,792
Quinine	10,334	343,599	11,127	582,641
Perfumed waters	24,666	248,399	18,167	340,409
Pyramidon	57,915	758,893	18,400	520,667
Salicylic acid	85,452	123,675	107,685	181,022
Tooth powders and prepared perfumeries		379,708		318,825
Other compounds of drugs and medicines		2,946,005		2,397,049

[1] Liters.

EXPORTS

Japanese exports of toilet preparations and medicines increased sharply during 1933 as compared with the previous year. Although exporters were aided to a considerable extent by the depreciation of the yen during the past year, it is believed that the volume of trade secured in dentifrices and toilet preparations during 1933 is only a beginning, and that exports of these items will become greater as Japanese merchants learn the requirements of the Asiatic markets. The exports of medicines are believed to be chiefly Japanese remedies for Japanese subjects residing abroad. The following table shows the details of exports of toilet preparations, prepared perfumeries, soaps, and patent medicines during 1932 and 1933. The exports of crude drugs will be covered in a separate section.

Japanese exports of toilet preparations and prepared patent medicines

Item	1932		1933	
	Quantity	Value	Quantity	Value
		Yen		Yen
Prepared medicines		746,355		1,272,998
Perfumed water and hair oil, dozen	121,287	249,419	269,853	480,329
Prepared perfumeries:				
Tooth powders and pastes, kilos	210,097	300,375	405,440	502,511
Toilet preparations, do	134,788	198,274	405,201	561,310
Other, do	284,733	325,282	423,343	411,979
Toilet cream, do	188,372	262,318	447,284	516,046

CRUDE DRUGS, INSECTICIDES, AND AGAR-AGAR

EXPORTS

The value of Japan's exports of crude drugs, including camphor and menthol, insecticides, including pyrethrum flowers and agar-agar, increased in value from 16,979,919 yen during 1932 to 21,419,416 yen in 1933. Increases were noted in the volume of exports of camphor and menthol, owing partly to heavier shipments of these items to the United States. The United States, Japan's best customer for pyrethrum flowers, purchased about 18 percent less in volume during 1933 than during the previous year, but the average value rose from 83.50 yen per 100 kilos to 124.80 yen per 100 kilos. Shipments to the United States of Japanese agar-agar during 1933 increased almost 40 percent in volume over the previous year.

Japan's exports of the leading crude drugs, insecticides, and agar-agar during 1932 and 1933 follow:

Japanese exports of crude drugs, insecticides, and agar-agar

Item	1932		1933	
	Quantity	Value	Quantity	Value
	Kilos	Yen	Kilos	Yen
Agar-agar	1,282,440	3,165,540	1,311,780	3,198,956
Camphor	1,409,520	3,541,042	1,656,240	4,445,108
Camphor oil	1,124,640	618,631	821,940	484,893
Ginseng	8,906	36,034	18,760	80,347
Insect powder	545,880	520,288	548,880	761,496
Joss stock for insectifuge	741,993	562,377	776,163	656,883
Menthol crystal	257,043	3,689,621	318,500	5,283,983
Menthol cane		94,088		157,811
Pyrethrum flowers	5,680,680	4,752,298	5,088,480	6,349,939

WAGE CONDITIONS IN THE DISTRICT OF COLUMBIA

Mr. ROBINSON of Indiana. Mr. President, I desire to invite the attention of the Senate to some developments in connection with the labor situation here in Washington, particularly in connection with the Federal building program.

Some of the charges which are being made would indicate that the situation here is appalling. There ought, of course, to be the fullest investigation. I understand that a resolution is pending in the House of Representatives—I do not know that it has been adopted yet—looking toward such an examination and investigation of the facts. If the House does not go through with the investigation, the Senate should take it up.

Last Friday there appeared in the Washington Herald an article with the headline, "$500,000 Wage Racket in U.S. Work Charged."

Then there is this very startling opening paragraph:

Employment of labor on some of the $100,000,000 Federal building projects in the District of Columbia is in the hands of racketeers.

More than $500,000 already has been illegally diverted from wages and pockets by crooked contractors.

If $500,000 has been diverted from wages, that means it is being taken from American laboring men and women and

their children; and how such a condition as that could be permitted to go on in the Capital City of the Nation is beyond understanding.

Some of these charges would seem to be almost incredible, and yet they have been given the widest currency. Therefore, I repeat that, of course, they should be thoroughly investigated.

I continue reading:

Hundreds of employees have been forced to accept ownership stock in lieu of wages.

Dummy corporations have been chartered in the form of subcontractors who force workmen to accept smaller pay, thus illegally increasing the profits of the original contractor.

Workmen who threatened to expose these practices by contractors have been told they would be fired and blacklisted by other contractors unless they continued to work for wages offered them.

All artifices of clever legal minds have been used to divert public funds from the purses of the poor laborer for which the building program was originally devised by Congress.

I have been informed—I do not know whether it is entirely true or not—that where wages of $11 a day were paid to some of those engaged in the building trades, they were forced to give back as much as $8 of the $11 to the contractors, leaving the worker himself with only $3 of the original $11; and yet these contractors are bold enough to carry on nefarious schemes of this kind right in the shadow of the White House and of the dome of the Nation's Capitol.

Mr. BORAH. Mr. President——

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

Mr. ROBINSON of Indiana. I do.

Mr. BORAH. How was that information secured?

Mr. ROBINSON of Indiana. The information I have given, excepting the last item, is taken literally from this publication in the Washington Herald of last Friday.

Mr. BORAH. I was wondering how the Herald got the information. It seems to me if they have the information, if it is in somebody's possession, it ought to be acted upon.

Mr. ROBINSON of Indiana. I am not sure how the Herald obtained the information.

Mr. BORAH. In other words if they know that these statements are facts, they must know who the guilty parties are, and who the parties to the transaction are, and it would be easy to proceed against them. The Herald, I apprehend, would be glad to give the facts to the Government.

Mr. ROBINSON of Indiana. Even so, Mr. President, the Senator will admit that everybody's business is nobody's business. Somebody ought to investigate it and go into it, and then see that indictments are drawn against those who are discovered to be culpable.

Mr. LONG. Mr. President——

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

Mr. ROBINSON of Indiana. I yield.

Mr. LONG. I will state that the senior Senator from New York [Mr. COPELAND], who has been very active in ferreting out this malpractice, introduced a bill, which came before the Committee on the Judiciary, which I think was reported unanimously, looking to action so that there might be something done in an effective way to prohibit that practice. I am not familiar with whether or not it is against the law now, but the Senator from New York introduced a bill to break up the practice. It seemed that he had heard of the practice in advance of the publicity given to it, and had taken the precaution of introducing a bill to try to break it up.

Mr. ROBINSON of Indiana. In connection with the observation of the Senator from Idaho, I may say that it makes no difference where the Washington Herald gets the information, the fact is that the information now has come to us as they have given it to us. It is not enough for the Senate of the United States to state that there is nothing we can do as long as the information may be in the files of a newspaper. It is now up to the Senate, it seems to me, and to the people's representatives, to investigate these charges, to see whether or not there is any truth in them. That is the point I make.

Mr. BORAH. It may be true that there should be an investigation, but I was wondering why, if the facts are already available, why the authorities have not acted.

Mr. ROBINSON of Indiana. Mr. President, that is precisely the reason why I am bringing this matter now to the attention of the Senate, hoping that some action will be forced through additional publicity.

Mr. ROBINSON of Arkansas. Mr. President, as stated by the Senator from Louisiana, the committee of which the Senator from New York [Mr. COPELAND] is chairman made an investigation of this subject, and found that in many localities the practice was being pursued of paying laborers liberal compensation, and then taking back a part of the compensation. Thereupon, the committee reported a bill, which passed the Senate unanimously, but, on account of some complaint which was filed, and the fear that it might have a broader effect than was intended, a motion was made by the Senator from Indiana, I think, to recall the bill from the House of Representatives. At my suggestion no action was taken on the motion to recall the bill from the House, and it was stated that conferences were being held with a view to working out some amendment. It is for that reason that express legislation penalizing such conduct has not already become law.

Unquestionably the practice is to be condemned not only as immoral, but as one of the very worst forms of racketeering. The point I am making is that there does not appear to be any necessity for further investigation. What is needed is legislation strengthening the arm of the Federal authorities so that this form of racketeering may be promptly and effectively punished.

Mr. ROBINSON of Indiana. Mr. President, if the Senator is referring to the two bills which, at the request of American labor, I moved to have reconsidered, I doubt whether they would go to this question at all. I do not think they have any reference to any such thing as that to which I am calling the attention of the Senate. If these charges be true, there is plenty of law on the statute books to reach the culprits without any additional legislation. I certainly hope that American workers cannot be forced to yield up their wages at the most flagrant demand of these racketeering contractors. Are we to understand that they have no remedy, unless the Senate and the House should sometime in the future enact a law giving them a remedy? I think the remedy is on the books now.

Mr. LONG. Mr. President, I do not understand that there is any question, from what we have heard from the committee investigating the subject, and others investigating it, that the charges are fairly well substantiated. As I understand it, there was a clause in the contracts that the contractors were to pay the wage earners $11 a day. That was the basis upon which they secured their contracts. I understand that they went to the extent of reducing the wages down to around $8 a day, sometimes by compelling refunds. The Senator from New York, as I understand it—and he had a rather full committee meeting—introduced a bill, which was reported by the committee, and I had understood it passed the Senate.

Mr. ROBINSON of Indiana. Right along that line, permit me to read a very plain statement made by the press.

Since 1928, $2,000,000 belonging to the workers has been taken from their pay envelops and put in the purses of the contractors, many of them outsiders, in this city alone, it is believed. No estimate has been made as to how much this will amount to all over the country.

Although administration officials have shown indifference to the pleas of labor to put an end to what is described as the largest job racket in the history of the country, the United States Treasury has already forced half a dozen local contractors to disgorge $15,000 and give it back to the rightful owners—the workmen.

That statement is made plainly.

Mr. BORAH. Mr. President, in asking my questions, I am not asking them in criticism of anybody, but it is within the power of the Government which has permitted these contracts to be executed upon a certain basis, upon the payment of a certain amount, when it ascertains that that is not

being done, to call the contractors in, give them a hearing and, if the contracts are being violated, the Government has a perfect right to terminate the contracts.

Mr. ROBINSON of Indiana. Precisely, and that is why I am trying to emphasize on the floor of the Senate the conditions which seem to exist.

I do not care to go into the matter any further, except that I think this article ought to go into the RECORD, and I ask especially that the Senator from New York [Mr. COPELAND], whom I know has been investigating matters of this kind, take note of the article. I shall personally bring it to his attention.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER (Mr. REYNOLDS in the chair). Does the Senator from Indiana yield to the Senator from Arkansas?

Mr. ROBINSON of Indiana. I yield.

Mr. ROBINSON of Arkansas. I have no hesitancy in saying that anyone, whether he be an official or merely a private citizen, who gives support to any such practice as that brought to the attention of the Senate by the Senator from Indiana, is deserving of condemnation, and of punishment, insofar as the law authorizes it.

Mr. ROBINSON of Indiana. Mr. President, I ask unanimous consent to have the article printed in the RECORD.

The PRESIDING OFFICER. Is there objection?

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

[From the Washington Herald]

FIVE HUNDRED THOUSAND DOLLAR WAGE RACKET IN UNITED STATES WORK CHARGED—MCFADDEN DEMANDS INQUIRY INTO ALLEGED GRAFT OF CONTRACTORS ON BUILDINGS HERE

Employment of labor on some of the $100,000,000 Federal building projects in the District of Columbia is in the hands of racketeers.

More than $500,000 already has been illegally diverted from wages and pocketed by crooked contractors.

These and other charges, some of them so sensational as to be unbelievable, are behind the resolution offered on the floor of the House late yesterday afternoon by Representative MCFADDEN (R.), of Pennsylvania.

DUMMY CORPORATIONS

MCFADDEN demands an immediate investigation of the activities of all contractors engaged in Federal construction work in the District of Columbia.

Based on material furnished by the Washington Herald and revealed for the first time by the Herald today, MCFADDEN says he is ready to prove scores of violations of the Bacon-Davis Act and asks the appointment of a committee of five for an immediate investigation.

Among the other charges which will be made are:

Hundreds of employees have been forced to accept ownership stock in lieu of wages.

Dummy corporations have been chartered in the form of subcontractors who force workmen to accept smaller pay, thus illegally increasing the profits of the original contractor.

WORKMEN THREATENED

Workmen who threatened to expose these practices by contractors have been told they would be fired and blacklisted by other contractors unless they continued to work for wages offered them.

All artifices of clever legal minds have been used to divert public funds from the purses of the poor laborer for which the building program was originally devised by Congress.

Since 1928, $2,000,000 belonging to the workers has been taken from their pay envelops and put in the purses of the contractors, many of them outsiders, in this city alone, it is believed. No estimate has been made as to how much this will amount to all over the country.

SOME PLUNDER RETURNED

Although administration officials have shown indifference to the pleas of labor to put an end to what is described as the largest job racket in the history of the country, the United States Treasury has already forced half a dozen local contractors to disgorge $15,000 and give it back to the rightful owners—the workmen.

Secret hearings have been held at star chamber proceedings to "protect" the contractors, although a number of the offenders have been put out of business. The Herald will disclose the proceedings of these hearings exclusively, in future articles.

Three portfolios of sensational evidence, in the form of photostats of canceled checks and affidavits were shown to Representative MCFADDEN by Albert Caya, business agent of the Carpenters' District Council, and J. B. Lagasa, both acting for 3,000 joiners and carpenters in this area.

OVER LONG PERIOD

MCFADDEN was shocked when confronted with the weight of evidence gathered by Caya and Lagasa for the past 2 years that, after introducing his resolution on the floor of the House, he declared:

"I have offered this resolution for an immediate investigation into the conduct of Federal building projects in the District because of information of apparently unquestionable veracity which has been conveyed to me.

"Evidence is available that wage rates prevailing in Washington have been ignored in violation of the law; that wages due have not been paid, and that workers who have asked for their money have been threatened with discharge.

"The requested investigation is not in any way partisan. I am informed these practices began in the last administration. The Herald has evidence to show that diversion of funds from workers' pay envelopes, occurred in both past and present administrations. A situation so deplorable should be dealt with without any thought of politics."

M'FADDEN'S REQUEST

The McFadden resolution, which was offered to the Committee on Rules and ordered to be printed, reads as follows:

"*Resolved*, That the Speaker is authorized and directed to appoint a select committee to be composed of 5 members of the House, 1 of whom he shall designate as chairman. The committee is authorized and directed to investigate the activities of general contractors engaged in Federal construction work in the District of Columbia, particularly with reference to the withholding of the pay, or any portion of the pay due workmen employed by them on such work in violation of Public Act No. 798, approved March 3, 1931 (46 Stat. 1494), known as the "Bacon-Davis Act." The committee shall, as soon as practicable, but not later than the termination of the present Congress, report to the House the results of its investigation, together with such recommendations for legislation, as it deems advisable.

"SEC. 2. For the purposes of this resolution the committee is authorized to sit and act during the present Congress at such times and places in the District of Columbia, or elsewhere, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearings, to require the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths and affirmations, to take such testimony, to have such printing and binding done and to make such expenditures as it deems necessary."

WAGE PROTECTION LAW

The Bacon-Davis Act, passed under the Hoover administration, provided that in the case of every contract for a public-works project of more than $5,000 the prevailing rate of wages in the vicinity of the construction must be paid.

In a subsequent Executive order President Hoover laid down the following stipulation:

"It is expressly understood and agreed that the aforesaid wages shall be paid unconditionally in full not less often than once a week and in lawful money of the United States, to the full amount accrued to each individual at time of payment and without subsequent deduction or rebate on any account."

HUNGRY MEN VICTIMS

MCFADDEN stated that he will demand that immediate action be taken by the House to carry the investigation to the limit and to put a stop to racketeering on Federal projects. He added:

"Various questionable devices have been used to avoid payment of wages due. That these devices were unfair is evidenced by the fact that when complaint has been made by organized labor officials, employing contractors have been forced to make full restoration.

"Such practices defeat the aims under which funds for these projects were appropriated by Congress and allotted by the Executive. Graft which extorts toll from hungry men and their families is an exposition of greed and depravity which cannot be tolerated."

Mr. ROBINSON of Arkansas subsequently said: Mr. President, some moments ago the Senator from Indiana [Mr. ROBINSON], who is not now in the Chamber, made a brief statement and had printed in the RECORD an article published in the Washington Herald relating to racketeering in the matter of employment on public building contracts in the city of Washington. During the course of the colloquy which occurred at that time I took occasion to condemn the practice to which the Senator from Indiana referred, and stated that a bill on the subject, reported by the senior Senator from New York [Mr. COPELAND] from the special committee of which he is chairman, after having passed the Senate, was recalled or that a motion to reconsider the vote by which the bill was passed was entered by the Senator from Indiana. I have since investigated the RECORD and find that the latter statement was incorrect.

The bill applicable to the subject matter to which the Senator from Indiana referred is the bill (S. 3041) to effectuate the purpose of certain statutes concerning rates of pay for labor by making it unlawful to prevent anyone from receiving the compensation contracted for thereunder, and for other purposes. That bill passed the Senate on April

26 and is now awaiting consideration in the House of Representatives. The bill is aimed directly at such nefarious practices as were referred to by the Senator from Indiana in his statement. I ask that a copy of the bill introduced by the Senator from New York [Mr. COPELAND], to which I have just referred, may be printed as a part of my remarks.

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

Be it enacted, etc., That whoever shall induce any person employed in the construction, prosecution, or completion of any public building, public work, or building or work financed in whole or in part by loans or grants from the United States, or in the repair thereof to give up any part of the compensation to which he is entitled under his contract of employment, by force intimidation, threat of procuring dismissal from such employment, or by any other manner whatsoever, shall be fined not more than $5,000, or imprisoned not more than 5 years, or both.

SEC. 2. To aid in the enforcement of the above section, the Secretary of the Treasury and the Secretary of the Interior jointly shall make reasonable regulations for contractors or subcontractors on any such building or work, including a provision that each contractor and subcontractor shall furnish weekly a sworn affidavit with respect to the wages paid each employee during the preceding week.

Mr. COPELAND. Mr. President, I should like to say a word about this matter if I may.

I have observed the articles in the various publications in Washington about the so-called "kick-back." It will be recalled that the other day when the bill was before the Senate I explained that our committee had held hearings. We had, as a matter of fact, extensive hearings on this very subject. It is one of the vilest practices of which I ever heard. I suppose every one is to blame for it, because the laborers themselves in their anxiety to get jobs—and we cannot blame them for that in these days—have indicated a willingness to make a rebate. The story was told our committee that they would actually bid against each other for the jobs by putting matches in their hatbands. Two matches in a hatband meant that particular man was willing to turn back $2 a day, three matches meant $3 a day, and even $4 a day. I am frank to say that I am satisfied that a tremendous scandal may be uncovered regarding this particular practice.

Mr. ROBINSON of Arkansas. Mr. President——

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

Mr. COPELAND. Certainly.

Mr. ROBINSON of Arkansas. During the course of the colloquy to which I referred a moment ago while I had the floor, it did not appear whether there are existing Federal statutes under which prosecutions may be instituted against contractors indulging in the very objectionable practice referred to.

Mr. COPELAND. It was the opinion of our committee, after receiving testimony from competent persons, that there are not at the present time statutes which will reach this particular evil. The bill which the Senator just placed in the RECORD provides that the Secretary of the Treasury and the Secretary of the Interior, who have charge of public works, shall jointly make regulations requiring contractors and subcontractors to furnish every week a sworn affidavit as to the amount of money actually paid, not alone in toto, but to each individual employee, so that there shall be some way of reaching the subcontractor or contractor or other person who is taking money from the pockets of the laborers. To my mind, the bill which has just been referred to is a very important bill. It will do much good, we hope, in correcting this vile evil.

The other day when I was speaking, I read a letter from Mr. William Green, president of the American Federation of Labor. He called attention to the condition and endorsed the bill. He said it was a corrective measure which should be put into effect, and I hope it will soon receive favorable attention at the other end of the Capitol and become a law.

Mr. ROBINSON of Arkansas. Mr. President, in order that the RECORD may be complete, in my remarks in the colloquy with the Senator from Indiana reference was made to two bills which had passed the Senate, and respecting which the Senator from Indiana had made motions for reconsideration. The two bills referred to were Senate bill 2248, to protect trade and commerce against interference by violence, threats, coercion, or intimidation; and Senate bill 2249, applying the powers of the Federal Government, under the commerce clause of the Constitution, to extortion by means of telephone, telegraph, radio, oral message, or otherwise. The Senator from Indiana did not move to recall or to reconsider Senate bill 3041, which is the measure applicable to racketeering in employment, and which, as I have already stated, passed this body on the 26th of April.

ABOLISHMENT OF OFFICE OF ALIEN PROPERTY CUSTODIAN

The PRESIDING OFFICER (Mr. REYNOLDS in the chair) laid before the Senate a message from the President of the United States, which was read, and, with the accompanying paper, ordered to lie on the table, as follows:

To the Congress:

Pursuant to the provisions of section 16 of the act of March 3, 1933 (ch. 212, 47 Stat. 1517), as amended by title III of the act of March 20, 1933 (ch. 3, 48 Stat. 16), I am transmitting herewith an Executive order providing for the abolishment of the office of the Alien Property Custodian and the transfer of its functions to the Department of Justice.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 1, 1934.*

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes; that the House receded from its disagreement to the amendment of the Senate numbered 1 to the said bill, and concurred therein, with an amendment, in which it requested the concurrence of the Senate, and that the House insisted upon its disagreement to the amendment of the Senate numbered 13 to the bill.

REPLENISHMENT OF CONTINGENT FUND OF THE SENATE

Mr. BYRNES. Mr. President, I ask unanimous consent for the immediate consideration of the concurrent resolution which I send to the desk.

The PRESIDING OFFICER. The concurrent resolution will be read.

The legislative clerk read the concurrent resolution (S.Con. Res. No. 14), as follows:

Whereas H.R. 8617, the Legislative Branch Appropriation Act, 1935, passed by the House on March 22, 1934, contains a provision on page 9, beginning in line 12 and extending down to and including a part of line 17, as follows:

"For expenses of inquiries and investigations ordered by the Senate, including compensation to stenographers of committees, at such rate as may be fixed by the Committee to Audit and Control the Contingent Expenses of the Senate, but not exceeding 25 cents per hundred words, $144,455"; and

Whereas the Senate adopted an amendment (no. 21) to the foregoing provision, as follows: On page 9, line 17, strike out "$144,455" and insert "$268,955, of which $150,000 shall be for the fiscal year 1934"; and

Whereas the conferees, in their report on the said bill, which was adopted by both Houses, recommended that the House recede from its disagreement to the said amendment and agree to the same, said amendment therefore not being subject to further amendment; and

Whereas the joint resolution (H.J.Res. 332) to provide appropriations to meet urgent needs in certain public services, and for other purposes, passed by the House on April 26, 1934, was amended by the Senate by inserting on page 1, after line 6, certain language, of which the following is a part:

"SENATE

"For expenses of inquiries and investigations ordered by the Senate, including compensation to stenographers of committees, at such rate as may be fixed by the Committee to Audit and Control the Contingent Expenses of the Senate, but not exceeding 25 cents per hundred words, fiscal year 1934, $150,000"; and

Whereas the foregoing amendment is a duplication of the appropriation of $150,000 for the fiscal year 1934, as contained in the Legislative Branch Appropriation Act, 1935: Therefore be it

Resolved by the Senate (the House of Representatives concurring), That in the event the Senate amendment to the foregoing joint resolution (H.J.Res. 332) is agreed to by the House of Repre-

sentatives and the existing differences of the two Houses on certain amendments of the Senate to the bill H.R. 8617, the Legislative Branch Appropriation Bill, 1935, are adjusted, the Clerk of the House of Representatives be, and he is hereby authorized and directed, in the enrollment of the said bill H.R. 8617, to insert, in lieu of the language contained in said Senate amendment no. 21, the following: "$118,955."

The PRESIDING OFFICER. Is there objection to the present consideration of the concurrent resolution?

Mr. McNARY. Mr. President, will not the Senator from South Carolina accompany the resolution with a short explanation of the reasons for it and what it purports to do?

Mr. BYRNES. I shall be glad to do so.

The legislative bill authorized an appropriation for the contingent fund of the Senate not only for the fiscal year 1935 but an amount for the fiscal year 1934, with which to pay a number of employees who have been engaged in connection with the so-called "stock-exchange investigation", the air-mail investigation, and some other investigations ordered by the Senate.

A partial report on the legislative appropriation bill was agreed upon by the conferees. That partial report included the amount necessary to replenish the contingent fund. The legislative appropriation bill, however, remains in dispute between the two Houses. Within the last few days a joint resolution has come to the Senate from the House of Representatives carrying an appropriation for the contingent fund of the House. Because there is no money in the contingent fund of the Senate, and certain employees are now embarrassed as a result of that deficiency, the Senate Appropriations Committee suggested an amendment to that joint resolution, which amendment was adopted by the Senate providing an appropriation for the contingent fund of the Senate for the remainder of the present fiscal year. Therefore, the necessary amount is provided not only in the joint resolution but also in the partial conference report on the legislative appropriation bill. This concurrent resolution is designed to correct that situation and to authorize the engrossing clerk of the House, in case the joint resolution shall be finally passed, to eliminate from the partial report on the legislative bill the amount which was heretofore agreed upon by the conferees on the part of the two Houses.

Mr. McNARY. Mr. President, the difficulty I experience is that a few days ago, at the instance of the able Senator from Tennessee [Mr. McKELLAR], the contingent fund was replenished by means of an appropriate joint resolution. What relation has the concurrent resolution now offered to the joint resolution which the Senator from Tennessee had passed on Friday last?

Mr. BYRNES. That joint resolution makes necessary the concurrent resolution now before the Senate, for the reason that the appropriation which was made possible by the amendment of the Senator from Tennessee was added to the joint resolution which originated in the House and provided only an appropriation for the contingent fund of the House. If the joint resolution shall be passed, as it will be within the next few days, then there will remain in the partial conference report on the legislative appropriation bill an amount for the same purpose. The conferees on the part of the House desire the concurrent resolution in order to straighten out that situation and make sure that there will not be a duplication of the appropriation.

Mr. McNARY. Very well. I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the concurrent resolution.

The concurrent resolution was agreed to.

ORDER OF BUSINESS

Mr. ROBINSON of Arkansas. Mr. President, the senior Senator from Nevada [Mr. PITTMAN] has given notice from time to time of his desire to have the Senate proceed to the consideration of certain treaties on the Executive Calendar. In order that opportunity may be afforded, I shall move that the Senate proceed to the consideration of executive business.

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

Mr. ROBINSON of Arkansas. I yield.

Mr. McNARY. I am quite in accord with the request of the Senator from Arkansas. However, I should like to have an understanding at this point, in view of the absence of the Senator from Delaware [Mr. HASTINGS], that the unfinished business be not proceeded with until tomorrow.

Mr. ROBINSON of Arkansas. Very well. In all probability the consideration of the treaties will require the remainder of the afternoon, and I think it would be impracticable to proceed today with the bill which is the unfinished business.

Mr. McNARY. That is satisfactory.

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.

EXECUTIVE MESSAGE REFERRED

The PRESIDING OFFICER (Mr. REYNOLDS in the chair) laid before the Senate a message from the President of the United States submitting sundry nominations in the Marine Corps which were referred to the Committee on Naval Affairs.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. BLACK, from the Committee on the Judiciary, reported favorably the nomination of Guy C. Reeve, of Florida, to be United States marshal, southern district of Florida, to succeed Charles N. Hildreth, Jr., resigned.

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

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

THOMAS D. SAMFORD

Mr. BLACK. From the Committee on the Judiciary, I report back favorably the nomination of Thomas D. Samford, of Alabama, to be United States attorney for the middle district of Alabama; and, because of the peculiar circumstances, I ask for the immediate consideration of the nomination. It will lead to no debate. The district attorney died last week. The grand jury was in session at the time of his death. There is a vacancy in the office; and for that reason I desire to ask immediate consideration of this nomination, which has been unanimously reported by the committee.

The PRESIDING OFFICER. The nomination will be read.

The legislative clerk read the nomination of Thomas D. Samford, of Alabama, to be United States attorney, middle district of Alabama, to succeed Arthur B. Chilton, deceased.

The PRESIDING OFFICER. Is there objection to the present consideration of the nomination? Without objection, the nomination is confirmed.

Mr. BLACK. I ask that the President be notified.

The PRESIDING OFFICER. Without objection, the President will be notified.

If there are no further reports of committees, the calendar is in order.

INTERNATIONAL INSTITUTE OF AGRICULTURE AT ROME

The Senate as in Committee of the Whole, proceeded to consider Executive C, Seventy-third Congress, second session, a protocol, signed at Rome on April 21, 1926, and effective on January 1, 1927, substituting new paragraphs for paragraphs 3 and 4 of article 10 of the convention of June 7, 1905, creating the International Institute of Agriculture at Rome, which was read the second time, as follows:

PROTOCOL RELATIVE TO THE INTERNATIONAL CONVENTION OF SEPTEMBER–JUNE 1905

The undersigned, duly authorized by their respective Governments, have agreed as follows:

Paragraphs 3 and 4 of article 10 of the International Convention of June 7, 1905, for the creation of the International Agricultural Institute, shall be replaced by the following text:

"The amount of the contribution shall be fixed each year as follows: The number of the units of subscription is multiplied by the number of countries in each group. The total thus calculated gives the number of units by which the total expenditure authorized by the General Assembly shall be divided, reckoned in the currency of Italy, where the Institute has its headquarters, and after deducting the receipts other than the contributions of the States. The quotient gives the amount of the unit of subscription.

"In no case shall the contribution corresponding to each unit of subscription exceed the sum of 4,000 gold francs as a maximum.

"Contributions paid after the close of the financial year shall be deducted from the expenditure of the following year."

The present Protocol shall take effect on January 1, 1927.

ROME, *April 21, 1926.*

Germany:
[L.S.] C. VON NEURATH

Argentina:
[L.S.] CARLOS BREBBIA

Austria:
[L.S.] LOTHAIRE (Subject to ratification)

Belgium:
[L.S.] OSCAR BOLLE

Belgian Congo:
[L.S.] P. DEVUYST

Brazil:
[L.S.] OSCAR DE TEFFÉ

Bulgaria:
[L.S.] G. RADEFF

Chile:
[L.S.] E. VILLEGAS

Denmark:
[L.S.] HARALD ROGER SCAVONIUS

Egypt:
[L.S.] M. EL GAZAERLY

Ecuador:
[L.S.] LUIS ANTONIO PANAHERRERA

Spain:
[L.S.] E. C. CONTE DE LA VINAZA

Esthonia:
[L.S.] A. JURGENSON

Finland:
[L.S.] ROLF THESLEFF

France:
[L.S.] RENÉ BESNARD
[L.S.] A. MESSÉ

French West Africa:
[L.S.] RENÉ BESNARD
[L.S.] LOUIS DOP

Algeria:
[L.S.] RENÉ BESNARD
[L.S.] LOUIS DOP

Indo-China:
[L.S.] RENÉ BESNARD
[L.S.] LOUIS DOP

Madagascar:
[L.S.] RENÉ BESNARD
[L.S.] LOUIS DOP

Morocco (French portion):
[L.S.] RENÉ BESNARD
[L.S.] LOUIS DOP

Tunis Regency:
[L.S.] RENÉ BESNARD
[L.S.] LOUIS DOP

Great Britain and Northern Ireland:
[L.S.] RONALD GRAHAM

Australia:
[L.S.] RONALD GRAHAM

Canada:
[L.S.] RONALD GRAHAM

British-Indian Empire:
[L.S.] RONALD GRAHAM

Subject to the reservation indicated below:

Irish Free State:
[L.S.] RONALD GRAHAM

New Zealand:
[L.S.] RONALD GRAHAM

Union of South Africa:
[L.S.] I. S. SMIT

Greece:
[L.S.] N. MAVROUDIS

Hungary:
[L.S.] MARFFY MAUTUANO

Italy:
[L.S.] BENITO MUSSOLINI

Erytrea:
[L.S.] BENITO MUSSOLINI

Cirenaica:
[L.S.] BENITO MUSSOLINI

Italian Somaliland:
[L.S.] BENITO MUSSOLINI

Tripolitania:
[L.S.] BENITO MUSSOLINI

Japan:
[L.S.] M. MATSUDA

Latvia:
[L.S.] P. LEYA

Lithuania:
[L.S.] VOLDEMARIS CARNCKIS

Luxembourg:
[L.S.] P. DE VUYEST

Mexico:
[L.S.] MAMEL Y. DE NIGRI

Norway:
[L.S.] OVE C. L. VANGENSTEN

Netherlands:
[L.S.] A. VAN DER GOES

Dutch East Indies:
[L.S.] A. VAN DER GOES

Peru:
[L.S.] C. CISNEROS Y. RAVGADA

Persia:
[L.S.] F. PAKREVAN

Poland:
[L.S.] S. PRZEZDZIECKI

Portugal:
[L.S.] HENRIQUE FRINDADE COELHO

Rumania: With the specification that Rumania adheres to the Contribution of States in the second category.
[L.S.] N. M. VLADESCO

Sweden:
[L.S.] BILDO

Switzerland:
[L.S.] WAGNERE

Czechoslovakia:
[L.S.] MILOS CERMAK

I hereby declare that my signature is given for India on the understanding that Gouvernment of India accept the new method of fixing the contribution of the State acceding to the International Institute of Agriculture at Rome and agree to the amendments to paragraphs 3 and 4 of article 10 of the Convention of June 7th, 1905, subject to the reservation that if in any year their liability as a member of Group II under the new system exceeds eleven thousand rupees per annum in terms of Indian currency, they reserve to themselves the liberty of withdrawing to a lower group.

RONALD GRAHAM.

Mr. PITTMAN. Mr. President, in proceeding with the consideration of this protocol, in the first place, I wish to have the message from the President and the letter of the Secretary of State read from the desk.

The PRESIDING OFFICER. Without objection, the clerk will read.

The Chief Clerk read as follows:

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to adherence thereto by the Government of the United States, I transmit herewith a protocol, signed at

Rome on April 21, 1926, and effective on January 1, 1927, substituting new paragraphs for paragraphs 3 and 4 of article 10 of the convention of June 7, 1905, creating the International Institute of Agriculture at Rome. I agree with the view of the Secretary of State, expressed in the accompanying report, that this Government should pay its full pro rata share of the expenses of the Institute and I trust that the Senate will view the matter in the same light and will authorize me to state the adherence of this Government to the protocol.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *February 19, 1934.*

The PRESIDENT:

On April 21, 1926, there was signed for governments members of the International Institute of Agriculture at Rome, a protocol substituting new paragraphs for paragraphs 3 and 4 of article 10 of the convention of June 7, 1905, by which the Institute was created. Although this Government was a party to the convention of 1905 and had actively supported the Institute from the time of its foundation, and although no objection was perceived to the provisions of the protocol, it was not signed on behalf of this Government. In 1926 difficulties had arisen between this Government and the Institute which eventually led to the withdrawal of the American member of the Permanent Committee and to a cessation of active American participation in the work of the Institute. During the period of nonparticipation, this Government refused to pay its contribution in accordance with the terms of the protocol, but continued to make the annual payment of 120,000 French francs in accordance with the obligations assumed under the convention.

The difficulties between this Government and the Institute were eventually removed by negotiation. During the present fiscal year the United States has made a contribution of 192,000 gold francs in accordance with the provisions of the protocol, and on August 14, 1933, we resumed our full collaboration with the Institute by the appointment of an American member of the Permanent Committee. It would, therefore, appear to be wise and equitable that the obligations of the Government of the United States toward the support of the Institute should henceforth be fixed and paid on the same basis as are those of the other member governments.

To this end the undersigned, the Secretary of State, has the honor to lay the protocol before the President, and to recommend that, if his judgment approve thereof, it be transmitted to the Senate with a request that the Senate give its advice and consent to adherence thereto by the United States.

This recommendation is concurred in by the Secretary of Agriculture, who has stated to me in writing that it would be desirable to follow this procedure.

Respectfully submitted.

CORDELL HULL.

DEPARTMENT OF STATE,
Washington, February 16, 1934.

Mr. PITTMAN. Mr. President, the Institute of Agriculture at Rome was established many years ago. It was really originated by a citizen of California, who took great interest in the development of agriculture. As is stated in the letter, there was some dispute over our contributions to the Institute. The real dispute arose over the difference in the exchange rate of the dollar and the Italian lira. The exchange was first placed on the basis of the franc; and then, as all the expenses were incurred in Italy, there was a difference in the exchange rate between the lira and the franc. It amounted practically to only a few dollars. As we have now paid up in accordance with all the rules applying to the other governments, and the protocol has been reported unanimously by the committee, I do not think any further explanation is needed; and I ask for a vote.

Mr. FLETCHER. Mr. President, I remember the time the Institute was established. I remember especially the activities of Mr. David Lubin in connection with it. I understood that at that time the King of Italy had, at his own expense, constructed a magnificent building in Rome, called the "Temple of Agriculture", for the holding of the sessions of this International Institute. Is that building still maintained?

Mr. PITTMAN. It is still maintained. It houses the Institute. We dropped out of the Institute for a year on account of the difference between the exchange rates, but we are now back in it, and the Senate is asked to ratify the protocol providing the method of paying our contribution.

Mr. FLETCHER. I think the Institute a very excellent institution, and I shall be very glad to vote for the ratification of the treaty.

The PRESIDING OFFICER. If there be no amendment, the protocol will be reported to the Senate.

The protocol was reported to the Senate without amendment.

The PRESIDING OFFICER. The resolution of ratification will be read.

The legislative clerk read as follows:

Resolved (two thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of Executive C, Seventy-third Congress, second session, a protocol, signed at Rome on April 21, 1926, and effective on January 1, 1927, substituting new paragraphs for paragraphs 3 and 4 of article 10 of the convention of June 7, 1905, creating the International Institute of Agriculture at Rome.

The PRESIDING OFFICER. The question is on agreeing to the resolution of ratification. [Putting the question.] Two thirds of the Senators present concurring therein, the resolution is agreed to, and the protocol is ratified.

INTERNATIONAL TELECOMMUNICATION AND RADIO REGULATIONS

The Senate, as in Committee of the Whole, proceeded to consider 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, which was read the second time, as follows:

[Translation]

INTERNATIONAL TELECOMMUNICATION CONVENTION

An international telecommunication convention concluded among the governments of the countries listed hereinafter:

Union of South Africa; Germany; Republic of Argentina; Commonwealth of Australia; Austria; Belgium; Bolivia; Brazil; Canada; Chile; China; Vatican City State; Republic of Colombia; French Colonies, protectorates and territories under French mandate; Portuguese Colonies; Swiss Confederation; Belgian Congo; Costa Rica; Cuba; Curacao and Surinam; Cirenaica; Denmark; Free City of Danzig; Dominican Republic; Egypt; Republic of El Salvador; Ecuador; Eritrea; Spain; United States of America; Empire of Ethiopia; Finland; France; United Kingdom of Great Britain and Northern Ireland; Greece; Guatemala; Republic of Honduras; Hungary; Italian Islands of the Aegean Sea; British India; Dutch East Indies; Irish Free State; Iceland; Italy; Japan, Chosen, Taiwan, Karafuto, Kwantung Leased Territory and the South Sea Islands under Japanese mandate; Latvia; Liberia; Lithuania; Luxemburg; Morocco; Mexico; Nicaragua; Norway; New Zealand; Republic of Panama; Netherlands; Peru; Persia; Poland; Portugal; Rumania; Italian Somaliland; Sweden; Syria and Lebanon; Czechoslovakia; Tripolitania; Tunisia; Turkey; Union of Soviet Socialist Republics; Uruguay; Venezuela; Yugoslavia.

The undersigned, plenipotentiaries of the governments listed above, having met in conference at Madrid, have, in common agreement and subject to ratification, concluded the following Convention:

CHAPTER I

ORGANIZATION AND FUNCTIONING OF THE UNION

ARTICLE 1

Constitution of the Union

§ 1. The countries, parties to the present Convention, form the International Telecommunication Union which

shall replace the Telegraph Union and which shall be governed by the following provisions.

§ 2. The terms used in this Convention are defined in the annex to the present document.

ARTICLE 2

Regulations

§ 1. The provisions of the present Convention shall be completed by the following Regulations:

the Telegraph Regulations,
the Telephone Regulations,
the Radio Regulations (General Regulations and Additional Regulations),

which shall bind only the contracting governments which have undertaken to apply them, and solely as regards governments which have taken the same obligation.

§ 2. Only the signatories to the Convention or the adherents to this document shall be permitted to sign the Regulations or to adhere thereto. The signing of at least one of the sets of Regulations shall be obligatory upon the signatories of the Convention. Similarly, adherence to at least one of the sets of Regulations shall be obligatory upon the adherents to the Convention. However, the Additional Radio Regulations may not be the subject of signature or adherence except when the General Radio Regulations have been signed or adhered to.

§ 3. The provisions of the present Convention shall bind the contracting governments only with respect to the services governed by the Regulations to which these governments are parties.

ARTICLE 3

Adherence of Governments to the Convention

§ 1. The government of a country, in the name of which the present Convention has not been signed, may adhere to it at any time. Such adherence must cover at least one of the sets of annexed Regulations, subject to the application of § 2 of article 2 above.

§ 2. The act of adherence of a government shall be deposited in the archives of the government which received the conference of plenipotentiaries that has drawn up the present Convention. The government with which the act of adherence has been deposited shall communicate it to all the other contracting governments through diplomatic channels.

§ 3. Adherence shall carry with it as a matter of right, all the obligations and all the advantages stipulated by the present Convention; it shall, in addition, entail the obligations and advantages stipulated by the particular Regulations which the adhering governments undertake to apply.

ARTICLE 4

Adherence of Governments to the Regulations

The government of a country signatory or adherent to the present Convention may at any time adhere to one or more of the sets of Regulations which it has not undertaken to observe, taking into account the provisions of article 2, § 2. Such adherence shall be notified to the Bureau of the Union which shall inform the other governments concerned thereof.

ARTICLE 5

Adherence to the Convention and to the Regulations by Colonies, Protectorates, Overseas Territories, or Territories under Sovereignty, Authority, or Mandate of the Contracting Governments

§ 1. Any contracting government may, at the time of its signature, its ratification, its adherence, or later, declare that its acceptance of the present Convention is valid for the whole or a group or a single one of its colonies, protectorates, overseas territories, or territories under sovereignty, authority, or mandate.

§ 2. The whole or a group or a single one of these colonies, protectorates, overseas territories, or territories under sovereignty, authority, or mandate may, respectively, at any time, be the subject of a separate adherence.

§ 3. The present Convention shall not apply to colonies, protectorates, overseas territories, or territories under sovereignty, authority, or mandate of a contracting government, unless statement to this effect is made by virtue of § 1 of the present article, or a separate adherence is made by virtue of § 2 above.

§ 4. The declarations of adherence, made by virtue of § 1 and § 2 of this article, shall be communicated through diplomatic channels to the government of the country on the territory of which was held the conference of plenipotentiaries, at which the present Convention was drawn up, and a copy thereof shall be transmitted by this government to each of the other contracting governments.

§ 5. The provisions of §§ 1 and 3 of this article shall also apply either to the acceptance of one or more of the sets of Regulations, or to the adherence to one or more of the sets of Regulations, within the terms of the provisions contained in article 2, § 2. Such acceptance or adherence shall be notified in conformity with the provisions of article 4.

§ 6. The provisions of the preceding paragraphs shall not apply to the colonies, protectorates, overseas territories, or territories under sovereignty, authority, or mandate which appear in the preamble of the present Convention.

ARTICLE 6

Ratification of the Convention

§ 1. The present Convention must be ratified by the signatory governments and the ratifications thereof must be deposited, as soon as possible, through diplomatic channels, in the archives of the government of the country which received the conference of plenipotentiaries that has drawn up the present Convention; this same government shall, through diplomatic channels, notify the other signatory and adhering governments of the ratifications, as soon as they are received.

§ 2. In case one or more of the signatory governments would not ratify the Convention, the latter shall none the less be valid for the governments which shall have ratified it.

ARTICLE 7

Approval of the Regulations

§ 1. The governments must, as soon as possible, submit their decision concerning the approval of the Regulations drawn up by the Conference. This approval shall be reported to the Bureau of the Union which shall inform the members of the Union accordingly.

§ 2. In case one or several of the governments concerned would not report such an approval, the new regulatory provisions shall none the less be valid for the governments which shall have approved them.

ARTICLE 8

Abrogation of Conventions and of Regulations Prior to the Present Convention

The present Convention and the Regulations annexed thereto shall abrogate and replace, in the relations between the contracting governments, the International Telegraph Conventions of Paris (1865), Vienna (1868), Rome (1872), and St. Petersburg (1875), and the Regulations annexed thereto, as well as the International Radiotelegraph Conventions of Berlin (1906), London (1912), and Washington (1927), and the Regulations annexed thereto.

ARTICLE 9

Execution of the Convention and of the Regulations

§ 1. The contracting governments undertake to apply the provisions of the present Convention and of the Regulations accepted by them, in all the offices and in all the telecommunication stations established or operated by them, and which are open to the international service of public correspondence, to the broadcasting service, or to the special services governed by the Regulations.

§ 2. Moreover, they agree to take the steps necessary to enforce the provisions of the present Convention and of the Regulations which they accept, upon the private operating agencies recognized by them and upon the other operating agencies duly authorized to establish and operate telecommunications of the international service whether or not open to public correspondence.

ARTICLE 10

Denunciation of the Convention by the Governments

§ 1. Each contracting government shall have the right to denounce the present Convention by a notification, addressed, through diplomatic channels, to the government of the country in which was held the conference of plenipotentiaries that has drawn up the present Convention, and

announced by these governments to all the other contracting governments, likewise through diplomatic channels.

§ 2. This denunciation shall take effect at the expiration of the period of 1 year, beginning with the day on which the notification was received by the government of the country in which the last conference of plenipotentiaries was held. This effect shall apply only to the author of the denunciation; the Convention shall remain in force for the other contracting governments.

ARTICLE 11

Denunciation of the Regulations by the Governments

§ 1. Each government shall have the right to terminate the obligation which it has undertaken to apply one of the sets of Regulations, by notifying its decision to the Bureau of the Union which shall inform thereof the other governments concerned. Such notification shall take effect at the expiration of the period of one year, beginning with the day on which it was received by the Bureau of the Union. This effect shall apply only to the author of the denunciation; the Regulations in question shall remain in force for the other governments.

§ 2. The provision of § 1 above shall not annul the obligation for the contracting governments to enforce at least one of the sets of Regulations, covered by article 2 of this Convention, taking into account the reservation contained in § 2 of the said article.

ARTICLE 12

Denunciation of the Convention and of the Regulations by Colonies, Protectorates, Overseas Territories, or Territories under Sovereignty, Authority, or Mandate of the Contracting Governments

§ 1. The application of the present Convention to a territory, by virtue of the provisions of § 1 or § 2 of article 5, may terminate at any time.

§ 2. The declarations of denunciation provided for in § 1 above shall be notified and announced according to the conditions stated in § 1 of article 10; they shall take effect according to the provisions of § 2 of the latter article.

§ 3. The application of one or more of the sets of Regulations to a territory, by virtue of the provisions of § 5 of article 5, may terminate at any time.

§ 4. The declarations of denunciation provided for in § 3 above shall be notified and announced in accordance with the provisions of § 1 of article 11 and shall take effect under the conditions set forth in the said paragraph.

ARTICLE 13

Special Arrangements

The contracting governments reserve the right, for themselves, for the private operating agencies recognized by them, and for other operating agencies duly authorized to that effect, to conclude special arrangements on service matters which do not concern the governments in general. However, such arrangements must remain within the terms of the Convention and of the Regulations annexed thereto, as regards interference which their application might be likely to cause with the services of other countries.

ARTICLE 14

Relations with Noncontracting Governments

§ 1. Each of the contracting governments reserves the right, for itself and for the private operating agencies which it recognizes, to determine the conditions under which it will admit telecommunications exchanged with a country which has not adhered to the present Convention or to the Regulations which contain the provisions relative to the telecommunications involved.

§ 2. If a telecommunication originating in a nonadhering country is accepted by an adhering country, it must be transmitted and, so far as it uses the channels of a country adhering to the Convention and to the respective Regulations, the mandatory provisions of the Convention and of the Regulations in question, as well as the normal rates, shall be applicable to it.

ARTICLE 15

Arbitration

§ 1. In case of disagreement between two or more contracting governments concerning the execution of either the present Convention or the Regulations contemplated in article 2, the dispute, if it is not settled through diplomatic channels, shall be submitted to arbitration at the request of any one of the governments in disagreement.

§ 2. Unless the parties in disagreement agree to adopt a procedure already established by treaties concluded between them for the settlement of international disputes, or the procedure provided for in § 7 of this article, arbitrators shall be appointed in the following manner:

§ 3. (1) The parties shall decide, after mutual agreement, whether the arbitration is to be intrusted to individuals or to governments or administrations; failing an agreement on this matter, governments shall be resorted to.

(2) In case the arbitration is to be intrusted to individuals, the arbitrators must not be of the same nationality as any one of the parties concerned in the dispute.

(3) In case the arbitration is to be intrusted to governments or administrations, the latter must be chosen from among the parties adhering to the agreement, the application of which caused the dispute.

§ 4. The party appealing to arbitration shall be considered as the plaintiff. This party shall designate an arbitrator and notify the opposing party thereof. The defendant must then appoint a second arbitrator, within 2 months after the receipt of plaintiff's notification.

§ 5. If more than two parties are involved, each group of plaintiffs or of defendants shall appoint an arbitrator, observing the same procedure as in § 4.

§ 6. The two arbitrators thus appointed shall agree in designating an umpire who, if the arbitrators are individuals and not governments or administrations, must not be of the same nationality as either of them or either of the parties involved. Failing an agreement of the arbitrators as to the choice of the umpire, each arbitrator shall propose an umpire in no way concerned in the dispute. Lots shall then be drawn between the umpires proposed. The drawing of lots shall be done by the Bureau of the Union.

§ 7. Finally, the parties in dispute shall have the right to have their disagreement settled by a single arbitrator. In this case, either they shall agree on the choice of the arbitrator, or the latter shall be designated in conformity with the method indicated in § 6.

§ 8. The arbitrators shall be free to decide on the procedure to be followed.

§ 9. Each party shall bear the expense it shall have incurred in the investigation of the dispute. The cost of the arbitration shall be apportioned equally among the parties involved.

ARTICLE 16

International Consulting Committees

§ 1. Consulting committees may be formed for the purpose of studying questions relating to the telecommunication services.

§ 2. The number, composition, duties, and functioning of these committees are defined in the Regulations annexed to the present Convention.

ARTICLE 17

Bureau of the Union

§ 1. A central office, called the Bureau of the International Telecommunication Union, shall function under the conditions stated hereinafter:

§ 2. (1) In addition to the work and operations provided for by the various other articles of the Convention and of the Regulations, the Bureau of the Union shall be charged with:

(a) work preparatory to and following conferences, in which it shall be represented in an advisory capacity;

(b) providing, in cooperation with the organizing administration involved, the secretariat of conferences of the Union, as well as, when so requested or when so provided for by the Regulations annexed to the present Convention, the secretariat of meetings of committees appointed by the Union or placed under the auspices of the latter;

(c) issuing such publications as will be found generally useful between two conferences.

(2) On the basis of the documents put at its disposal and of the information which it may gather, it shall publish periodically a journal of information and documentation concerning telecommunications.

(3) It must also, at all times, hold itself at the disposal of the contracting governments to furnish them with such opinions and information as they may need on questions concerning international telecommunications, and which it is in a better position to have or to obtain than these governments.

(4) It shall prepare an annual report on its activities, which shall be communicated to all members of the Union. The operating account shall be submitted, for examination and approval, to the plenipotentiary or administrative conferences provided for in article 18 of the present Convention.

§ 3. (1) The general expenses of the Bureau of the Union must not exceed, per year, the amounts specified in the Regulations annexed to the present Convention. These general expenses shall not include:

(a) the expenses pertaining to the work of plenipotentiary or administrative conferences,

(b) the expenses pertaining to the work of duly created committees.

(2) The expenses pertaining to the plenipotentiary and administrative conferences shall be borne by all the governments participating therein, in proportion to the contribution which they pay for the operation of the Bureau of the Union, in accordance with the provisions of the following subparagraph (3).

The expenses pertaining to the meetings of the committees regularly created shall be borne in accordance with the provisions of the Regulations annexed to the present Convention.

(3) The receipts and expenses of the Bureau of the Union must be carried in two separate accounts, one for the telegraph and telephone services, the other for the radio service. The expenses pertaining to each of these two divisions shall be borne by the governments adhering to the corresponding Regulations. For the apportioning of these expenses, the adhering governments shall be divided into six classes, each contributing at the rate of a certain number of units, namely:

1st class: 25 units
2d class: 20 units
3d class: 15 units
4th class: 10 units
5th class: 5 units
6th class: 3 units

(4) Each government shall inform the Bureau of the Union, directly or through its administration, of the class in which its country is to be placed. This classification shall be communicated to the members of the Union.

(5) The amounts advanced by the government supervising the Bureau of the Union must be refunded by the debtor governments with the briefest possible delay, and, at the latest, at the end of the fourth month following the month during which the account was rendered. After this period, the amounts due shall bear interest, accruing to the creditor government, at the rate of six percent (6%) per annum, counting from the date of expiration of the above-mentioned period.

§ 4. The Bureau of the Union shall be placed under the high supervision of the Government of the Swiss Confederation which shall regulate its organization, supervise its finances, make the necessary advances, and audit the annual accounts.

CHAPTER II

CONFERENCES

ARTICLE 18

Conferences of Plenipotentiaries and Administrative Conferences

§ 1. The provisions of the present Convention shall be subject to revision by conferences of plenipotentiaries of the contracting governments.

§ 2. Revision of the Convention shall be undertaken when it has been so decided by a preceding conference of plenipotentiaries, or when at least twenty contracting governments have so stated their desire to the government of the country in which the Bureau of the Union is located.

§ 3. The provisions of the Regulations annexed to this Convention shall be subject to revision by administrative conferences of delegates from the contracting governments which have approved the Regulations to be revised, each conference itself determining the place and time for the following meeting.

§ 4. Each administrative conference may permit the participation, in an advisory capacity, of private operating agencies recognized by the respective contracting governments.

ARTICLE 19

Change of Date of a Conference

§ 1. The time set for the meeting of a conference of plenipotentiaries or of an administrative conference may be advanced or postponed if request to this effect is made by at least ten of the contracting governments to the government of the country in which the Bureau of the Union is located, and if such proposal is agreed to by the majority of the contracting governments which shall have forwarded their opinion within the time indicated.

§ 2. The conference shall then be held in the country originally designated, if the government of that country consents. Otherwise, the contracting governments shall be consulted through the government of the country in which the Bureau of the Union is located.

ARTICLE 20

Internal Regulations of the Conferences

§ 1. Before any other deliberation, each conference shall establish Internal Regulations containing the rules according to which the debates and the work shall be organized and conducted.

§ 2. For this purpose, the conference shall take as a basis the Internal Regulations of the preceding conference, which it may modify if deemed advisable.

ARTICLE 21

Language

§1. The language used in drafting the acts of the conferences and for all the documents of the Union, shall be French.

§2. (1) In the discussions of conferences, the French and English languages shall be permitted.

(2) Speeches made in French shall immediately be translated into English, and vice versa, by official interpreters of the Bureau of the Union.

(3) Other languages may also be used in the discussions of the conferences, on condition that the delegates using them provide for the translation of their own speeches into French or into English.

(4) Likewise these delegates may, if they so desire, have speeches in French or in English translated into their own language.

CHAPTER III

GENERAL PROVISIONS

ARTICLE 22

Telecommunication as a Public Service

The contracting governments recognize the right of the public to correspond by means of the international service of public correspondence. The service, the charges, the guarantees shall be the same for all senders, without any priority or preference whatsoever not provided for by the Convention or the Regulations annexed thereto.

ARTICLE 23

Responsibility

The contracting governments declare that they accept no responsibility in regard to the users of the international telecommunication service.

ARTICLE 24

Secrecy of Telecommunications

§ 1. The contracting governments agree to take all the measures possible, compatible with the system of telecommunications used, with a view to insuring the secrecy of international correspondence.

§ 2. However, they reserve the right to communicate international correspondence to the proper authorities, in order to insure either the application of their internal legislation, or the execution of international conventions, to which the governments concerned are parties.

ARTICLE 25

Constitution, Operation, and Protection of the Telecommunication Installations and Channels

§ 1. The contracting governments, in agreement with the other contracting governments concerned, shall establish, under the best technical conditions, the channels and installations necessary to carry on the rapid and uninterrupted exchange of telecommunications in the international service.

§ 2. So far as possible, these channels and installations must be operated by the best methods and procedures which the practice of the service shall have made known; they must be maintained constantly in operating condition and kept abreast of scientific and technical progress.

§ 3. The contracting governments shall insure the protection of these channels and installations within the limits of their respective action.

§ 4. Unless other conditions are laid down by special arrangements, each contracting government shall, at its own expense, establish and maintain the sections of international conductors included within the limits of the territory of its country.

§ 5. In the countries where certain telecommunication services are operated by private operating agencies recognized by the governments, the above-mentioned obligations shall be undertaken by the private operating agencies.

ARTICLE 26

Stoppage of Telecommunications

§ 1. The contracting governments reserve the right to stop the transmission of any private telegram or radiotelegram which might appear dangerous to the safety of the state or contrary to the laws of the country, to public order, or to decency, provided that they immediately notify the office of origin of the stoppage of the said communication or of any part thereof, except when it might appear dangerous to the safety of the state to issue such notice.

§ 2. The contracting governments likewise reserve the right to interrupt any private telephone communication which might appear dangerous to the safety of the state or contrary to the laws of the country, to public order, or to decency.

ARTICLE 27

Suspension of Service

Each contracting government reserves the right to suspend the service of international telecommunication for an indefinite time if it deems necessary, either generally or only as regards certain connections and/or certain classes of communications, provided that it immediately so advise each of the other contracting governments, through the intermediary of the Bureau of the Union.

ARTICLE 28

Investigation of Violations

The contracting governments undertake to inform each other concerning violations of the provisions of the present Convention and of the Regulations which they accept, in order to facilitate the action to be taken.

ARTICLE 29

Charges and Franking Privileges

The provisions relating to the charges for telecommunications and the various cases in which the latter enjoy franking privileges are laid down in the Regulations annexed to the present Convention.

ARTICLE 30

Priority of Transmission for Government telegrams and radiotelegrams

In transmission, government telegrams and radiotelegrams shall enjoy priority over other telegrams and radiotelegrams, except in the case when the sender expressly waives such right of priority.

ARTICLE 31

Secret Language

§ 1. Government telegrams and radiotelegrams as well as service telegrams and radiotelegrams, in all relations, may be written in secret language.

§ 2. Private telegrams and radiotelegrams may be sent in secret language between all the countries, except those which previously, through the intermediary of the Bureau of the Union, have announced that they do not permit such language for these categories of messages.

§ 3. Contracting governments which do not permit private telegrams and radiotelegrams in secret language from or to their own territory must permit them to pass in transit, except in the case of suspension of service provided for in article 27.

ARTICLE 32

Monetary Unit

The monetary unit used in the composition of international telecommunication rates and in setting up the international accounts shall be the gold franc of 100 centimes, weighing 10/31 of a gram, and of a fineness of 0.900.

ARTICLE 33

Rendering of Accounts

The contracting governments must account to one another for the charges collected by their respective services.

CHAPTER IV

SPECIAL PROVISIONS FOR RADIO

ARTICLE 34

Intercommunication

§ 1. Stations carrying on radio communications in the mobile service shall be bound, within the scope of their normal operation, to exchange radio communications with one another irrespective of the radio system they have adopted.

§ 2. In order not to hinder scientific progress, however, the provisions of the preceding paragraph shall not prevent the use of a radio system incapable of communicating with other systems provided that this inability is due to the specific nature of the system and that it is not the result of devices adopted solely for the purpose of preventing intercommunication.

ARTICLE 35

Interference

§ 1. All stations, regardless of their purpose, must, so far as possible, be established and operated in such a manner as not to interfere with the radio services or communications of either the other contracting governments, or the private operating agencies recognized by these contracting governments and of other duly authorized operating agencies which carry on radio-communication service.

§ 2. Each contracting government which does not operate the radio facilities itself undertakes to require the private operating agencies recognized by it and the other operating agencies duly authorized for this purpose, to observe the provisions of § 1 above.

ARTICLE 36

Distress Calls and Messages

Stations participating in the mobile service shall be obliged to accept, with absolute priority, distress calls and messages regardless of their origin, to reply in the same manner to such messages, and immediately to take such action in regard thereto as they may require.

ARTICLE 37

False or Deceptive Distress Signals—Irregular Use of Call Signals

The contracting governments agree to take the steps required to prevent the transmission or the putting into circulation of false or deceptive distress signals or distress calls, and the use, by a station, of call signals which have not been regularly assigned to it.

ARTICLE 38

Limited Service

Notwithstanding the provisions of § 1 of article 34, a station may be assigned to a limited international telecommunication service, determined by the purpose of such telecommunication or by other circumstances independent of the system.

ARTICLE 39

Installations of National Defense Services

§ 1. The contracting governments retain their full freedom in regard to radio installations not covered by article 9 and, particularly, the military stations of land, maritime, or air forces.

§ 2. (1) However, these installations and stations must, so far as possible, comply with the regulatory provisions concerning aid to be rendered in case of distress and measures to be taken to avoid interference. They must also, to the extent possible, comply with the regulatory provisions concerning the types of waves and the frequencies to be used, according to the nature of the service performed by the said services.

(2) Moreover, when these installations and stations exchange public correspondence or engage in the special services governed by the Regulations annexed to the present Convention, they must, in general, comply with the regulatory provisions for the conduct of such services.

CHAPTER V

FINAL PROVISIONS

ARTICLE 40

Effective Date of the Convention

The present Convention shall become effective on the first day of January, nineteen hundred and thirty-four.

In witness whereof the respective plenipotentiaries have signed the Convention in a single copy which shall remain deposited in the archives of the Government of Spain and one copy of which shall be forwarded to each government.

Done at Madrid, December 9, 1932.

Signed by the duly accredited representatives of the following countries:

South Africa; Germany; Argentina; Commonwealth of Australia; Austria; Belgium; Bolivia; Brazil; Canada; Chile; China; Vatican City State; Republic of Colombia; French Colonies, protectorates, and territories under French mandate; Portuguese Colonies; Swiss Confederation; Belgian Congo; Costa Rica; Cuba; Curaçao and Surinam; Cirenaica; Denmark; Free City of Danzig; Dominican Republic; Egypt; Republic of El Salvador; Ecuador; Eritrea; Spain; United States of America; Empire of Ethiopia; Finland; France; United Kingdom of Great Britain and Northern Ireland; Greece; Guatemala; Republic of Honduras; Hungary; Italian Islands of the Aegean Sea; British India; Dutch East Indies; Irish Free State; Iceland; Italy; Japan; Chosen, Taiwan, Karafuto, Kwantung Leased Territory and the South Sea Islands under Japanese mandate; Latvia; Liberia; Lithuania; Luxemburg; Morocco; Mexico; Nicaragua; Norway; New Zealand; Republic of Panama; Netherlands; Peru; Persia; Poland; Portugal; Rumania; Italian Somaliland; Sweden; Syria and Lebanon; Czechoslovakia; Tripolitania; Tunisia; Turkey; Union of Soviet Socialist Republics; Uruguay; Venezuela; Yugoslavia.

ANNEX

(See article 1, § 2)

DEFINITION OF TERMS USED IN THE INTERNATIONAL TELECOMMUNICATION CONVENTION

Telecommunication: Any telegraph or telephone communication of signs, signals, writings, images, and sounds of any nature, by wire, radio, or other systems or processes of electric or visual (semaphore) signaling.

Radio communication: Any telecommunication by means of Hertzian waves.

Radiotelegram: Telegram originating in or intended for a mobile station, transmitted on all or part of its route over the radio-communication channels of the mobile service.

Government telegrams and radiotelegrams: Those emanating from:

(a) the head of a government;

(b) a minister, member of a government;

(c) the head of a colony, protectorate, overseas territory, or territory under sovereignty, authority, or mandate of the contracting governments;

(d) commanders in chief of land, naval, or air military forces;

(e) diplomatic or consular officers of the contracting governments;

(f) the secretary general of the League of Nations,

as well as the replies to such messages.

Service telegrams and radiotelegrams: Those emanating from the telecommunication administrations of the contracting governments, or from any private operating agency recognized by one of these governments, and which refer to international telecommunications, or to matters of public interest determined by agreement among the said administrations.

Private telegrams and radiotelegrams: Those other than a service or government telegram and radiotelegram.

Public correspondence: Any telecommunication which the offices and stations, by reason of their being at the disposal of the public, must accept for transmission.

Private operating agency: Any individual, company, or corporation, other than a governmental institution or agency, which is recognized by the government concerned and operates telecommunication installation for the purpose of exchanging public correspondence.

Administration: A government administration.

Public service: A service for the use of the public in general.

International service: A telecommunication service between offices or stations subject to different countries, or between stations of the mobile service except when the latter are of the same nationality and are within the limits of the country to which they belong. An internal or national telecommunication service which is likely to cause interference with other services beyond the limits of the country in which it operates, shall be considered as an international service from the standpoint of interference.

Limited service: A service which can be used only by specified persons or for special purposes.

Mobile service: A radio-communication service carried on between mobile and land stations and by mobile stations communicating among themselves, special services being excluded.

[Translation]

GENERAL RADIO REGULATIONS, ANNEXED TO THE INTERNATIONAL TELECOMMUNICATION CONVENTION

ARTICLE 1

Definitions

[1] The following definitions shall supplement those contained in the Convention:

[2] Fixed station: A station not capable of being moved, and communicating by radio with one or more stations established in the same manner.

[3] Land station: A station not capable of being moved, carrying on a mobile service.

[4] Coast station: A land station carrying on a service with ship stations. This may be a fixed station assigned also to communication with ship stations; in this case, it shall be considered as a coast station only for the duration of its service with ship stations.

[5] Aeronautical station: A land station carrying on a service with aircraft stations. This may be a fixed station assigned also to communication with aircraft stations; in this case, it shall be considered as an aeronautical station only for the duration of its service with aircraft stations.

[6] Mobile station: A station capable of being moved and which ordinarily does move.

[7] On-board station: A station on board either a ship which is not permanently moored, or an aircraft.

[8] Ship station: A station on board a ship which is not permanently moored.

[9] Aircraft station: A station on board any aerial vehicle.

[10] Radiobeacon station: A special station the emissions of which are intended to enable an on-board station to determine its bearing or a direction with reference to the radiobeacon station, and in some cases also the distance which separates it from the latter.

[11] Radio direction-finding station: A station equipped with special apparatus for determining the direction of the emissions of other stations.
[12] Telephone broadcasting station: A station carrying on a telephone broadcasting service.
[13] Visual broadcasting station: A station carrying on a visual broadcasting service.
[14] Amateur station: A station used by an amateur, that is, by a duly authorized person interested in radio technique solely with a personal aim and without pecuniary interest.
[15] Private experimental station: A private station intended for experiments looking to the development of radio technique or science.
[15a] Private radio station: A private station, not open to public correspondence, which is authorized solely to exchange with other private radio stations communications concerning the private business of the license holder or holders.
[16] Frequency assigned to a station: The frequency assigned to a station is the frequency occupying the center of the frequency band in which the station is authorized to work. In general, this frequency is that of the carrier wave.
[17] Frequency band of an emission: The frequency band of an emission is the frequency band actually occupied by this emission for the type of transmission and for the signaling speed used.
[18] Frequency tolerance: The frequency tolerance is the maximum permissible separation between the frequency assigned to a station and the actual frequency of emission.
[19] Power of a radio transmitter: The power of a radio transmitter shall be the power supplied to the antenna.
[20] In the case of a modulated wave transmitter, the power in the antenna shall be represented by two numbers, one indicating the value of the carrier-wave power supplied to the antenna and the other indicating the actual maximum rate of modulation used.
[21] Telegraphy: Telecommunication by any system of telegraph signaling. The word "telegram" also covers "radiotelegram", except when the text expressly precludes such a meaning.
[22] Telephony: Telecommunication by any system of telephone signaling.
[23] General network of telecommunication channels: The whole of the existing telecommunication channels open to public service, with the exception of the radio channels of the mobile service.
[24] Aeronautical service: A radio service carried on between aircraft stations and land stations and by aircraft stations communicating among themselves. This term shall also apply to fixed and special radio services intended to insure the safety of aerial navigation.
[25] Fixed service: A service carrying on radio communication of any kind between fixed points, with the exception of the broadcasting services and special services.
[26] Special service: A telecommunication service carried on especially for the needs of a specific service of general interest and not open to public correspondence, such as: a service of radiobeacons, radio direction finding, time signals, regular meteorological bulletins, notices to navigators, press messages addressed to all, medical notices (medical consultation by radio), standard frequencies, emissions for scientific purposes, etc.
[27] Telephone broadcasting service: A service carrying on the broadcasting of radiotelephone emissions primarily intended to be received by the general public.
[28] Visual broadcasting service: A service carrying on the broadcasting of visual images, either fixed or moving, primarily intended to be received by the general public.

ARTICLE 2

Secrecy of Radio Communications

[29] The administrations agree to take the necessary measures to prohibit and prevent:
[30] (a) the unauthorized interception of radio communications not intended for the general use of the public;
[31] (b) the divulging of the contents or of the mere existence, the publication or use, without authorization, of radio communications which may have been intercepted intentionally or otherwise.

ARTICLE 3

License

[32] § 1. (1) No transmitting station may be established or operated by any person or by any enterprise whatever without a special license issued by the government of the country to which the station in question is subject.
[33] (2) Mobile stations having their port of registry in a colony, a territory under sovereignty or mandate, an overseas territory, or a protectorate, may be considered as being subject to the authority of this colony, these territories, or this protectorate, so far as concerns the granting of licenses.
[34] § 2. The holder of a license shall be bound to preserve the secrecy of telecommunications, as provided for in article 24 of the Convention. In addition, the license must state that it is prohibited to receive radio correspondence other than that which the station is authorized to receive, and that, in case such correspondence is received involuntarily, it must neither be reproduced nor communicated to third persons, nor used for any purpose whatever, and that the very existence thereof must not be revealed.
[35] § 3. In order to facilitate the verification of licenses issued to mobile stations, it is recommended that there be added, when necessary, to the text drafted in the national language, a translation of this text into a language in general use in international relations.
[36] § 4. The government issuing the license to a mobile station shall mention therein the category to which this station belongs from the standpoint of international public correspondence.

ARTICLE 4

Choice of Apparatus

[37] § 1. The choice of radio apparatus and devices to be used in a station shall be unrestricted, provided that the waves emitted satisfy the provisions of the present Regulations.
[38] § 2. However, within limits compatible with economic requirements, the choice of transmitting, receiving, and measuring apparatus must be guided by the most recent technical progress as shown, notably, in the Opinions of the C.C.I.R.

ARTICLE 5

Classification of Emissions

[39] § 1. Emissions shall be divided into two classes:

A. Continuous waves,
B. Damped waves,

defined as follows:
[40] Class A: Waves the successive oscillations of which are identical under fixed conditions.
[41] Class B: Waves composed of successive series of oscillations the amplitude of which, after attaining a maximum, decreases gradually.
[42] § 2. The following types of waves are derived from Class A waves:
[43] Type A1: Continuous waves the amplitude or frequency of which varies under the effect of telegraph keying.
[44] Type A2: Continuous waves the amplitude or frequency of which varies according to a periodic audiofrequency law, combined with telegraph keying.
[45] Type A3: Continuous waves the amplitude or frequency of which varies according to a complex and variable audiofrequency law. An example of this type is radiotelephony.
[46] Type A4: Continuous waves the amplitude or frequency of which varies according to any law of frequencies greater than audible frequencies. An example of this type is television.
[47] § 3. The foregoing classification into waves of types A1, A2, A3, and A4 shall not prevent the use, under conditions fixed by the administrations concerned, of waves modulated or keyed by methods not included in the definitions of types A1, A2, A3, and A4.

[48] § 4. These definitions shall not relate to systems of transmitting apparatus.

[49] § 5. Waves shall be indicated first by their frequency in kilocycles per second (kc). Following this indication there shall be indicated, in parentheses, the approximate length in meters. In the present Regulations, the approximate value of the wave length in meters is the quotient of the number 300,000 divided by the frequency expressed in kilocycles per second.

ARTICLE 6

Quality of Emissions

[50] § 1. The waves emitted by a station must be kept on the authorized frequency as exactly as the state of the art permits, and their radiation must be as free as practically possible from all emissions not essential to the type of communication carried on.

[51] § 2. (1) The administrations shall, for the various cases of operation, determine the characteristics relative to the quality of the emissions, notably the accuracy and stability of frequency of the emitted wave, the level of harmonics, the width of the total frequency band occupied, etc., so that they will be in accord with technical progress.

[52] (2) The administrations agree to consider the tables (appendix 1: Table of Frequency Tolerances and of Instabilities; appendix 2: Table of Frequency Band Widths Occupied by the Emissions) as a guide indicating for the various cases, the limits to be observed to the extent possible.

[53] (3) Concerning the widths of frequency bands occupied by emissions, in practice the following conditions must be taken into account:

1. Width of the band as shown in appendix 2.
2. Variation of the frequency of the carrier wave.
3. Other technical conditions, such as the technical possibilities with regard to the form of filter circuit characteristics, both for transmitters and for receivers.

[54] § 3. (1) The administrations shall frequently check the waves emitted by the stations under their jurisdiction to determine whether or not they comply with the provisions of the present Regulations.

[55] (2) Effort shall be made to obtain international cooperation in this matter.

[56] § 4. In order to reduce interference in the frequency bands above 6,000 kc (wavelengths below 50 m), the use of directive antenna systems is recommended when such use is compatible with the nature of the service.

ARTICLE 7

Allocation and Use of Frequencies (Wavelengths) and of Types of Emission

[57] § 1. Subject to the provisions of subparagraph (5) of § 5 below, the administrations of the contracting countries may assign any frequency and any type of wave to any radio station under their jurisdiction on the sole condition that no interference with any service of another country will result therefrom.

[58] § 2. The administrations, however, agree to assign to stations which by their very nature are capable of causing serious international interference, frequencies and types of waves in conformity with the rules for allocation and use of waves, as set forth below.

[59] § 3. The administrations also agree to assign frequencies to these stations, according to the kind of service they perform, in conformity with the table of allocation of frequencies (see table below).

[60] § 4. In the case where bands of frequencies are assigned to a specific service, the stations of that service must use frequencies sufficiently separated from the limits of these bands so as not to produce harmful interference with the operation of stations belonging to services to which the frequency bands immediately adjoining have been assigned.

[61] § 5. (1) The frequencies assigned by administrations to all fixed, land, and broadcasting stations, as well as the upper limit of power contemplated, must be notified to the Bureau of the Union with a view to their publication, when the stations in question carry on a regular service and are capable of causing international interference. Frequencies on which a coast station receives in carrying on a particular service with ship stations using stabilized transmitters must also be notified to the Bureau of the Union with a view to their publication. Frequencies must be selected in such a way as to avoid, so far as possible, interfering with international services belonging to the contracting countries and operated by existing stations, of which the frequencies have already been notified to the Bureau of the Union. The aforesaid notification must be made in accordance with the provisions of article 15, § 1 (b) and appendix 6 before the frequency is put into service and sufficiently in advance thereof to allow administrations to take any action which they may deem necessary to insure the efficient operation of their services.

[62] (2) (a) However, when the frequency which an administration intends to assign to a station is outside the bands authorized by the present Regulations for the service involved, this administration shall, in a special report, make the notification mentioned in the preceding subparagraph at least 6 months before this frequency is put into service, and in urgent cases, at least 3 months before that date.

[63] (b) The notification procedure laid down above shall also be observed when an administration intends to increase or to authorize the increase of the power or a change in the conditions of radiation of a station already operating outside the authorized bands, even if the frequency used is to remain the same.

[64] (c) With regard to stations which, when the present Regulations go into force, are already operating outside the bands authorized therein, the frequency and the power used shall be notified immediately to the Bureau of the Union, with a view to their publication, if such a notification has not been made previously.

[65] (3) (a) The administrations concerned shall conclude agreements, when needed, for determining the waves to be assigned to the stations in question, as well as for laying down the conditions of use of the waves thus assigned.

[66] (b) The administrations of any region may, in accordance with article 13 of the Convention, conclude regional arrangements regarding the allocation either of frequency bands to the services of the participating countries, or of frequencies to stations of these countries, and concerning the conditions for the use of the waves so assigned. The provisions of § 1 and those of § 5 (1) and (2) shall also apply to any arrangement of this nature.

[67] (4) The administrations concerned shall conclude the necessary agreements to avoid interference and, when needed, shall, for this purpose, in conformity with the procedure which will be agreed among them in bilateral or regional agreements, call upon organs of expert investigation or of expert investigation and concilation. If no agreement can be reached with regard to avoiding interference, the provisions of article 15 of the Convention can be applied.

[68] (5) (a) With regard to European broadcasting and subject to any right to which the extra-European administrations might be entitled by virtue of the present Regulations, the detailed provisions below, which can be abrogated or changed by agreement among the European administrations and which in no way change the provisions of subparagraph (2) above, shall be brought to bear in applying the principle laid down in § 1.

[69] (b) Failing a preliminary agreement between the administrations of the European contracting countries, the right contemplated in § 1 cannot, within the limits of the European region, be used for the purpose of carrying on a broadcasting service outside the bands authorized by the present Regulations on frequencies below 1,500 kc (wavelengths above 200 m).

[70] (c) An administration wishing to establish such a service or to obtain a change in the conditions laid down by a previous agreement with regard to such a service (frequency, power, geographic position, etc.) shall submit the request to the European administrations through the Bureau of the Union. Any administration which does not answer within 6 weeks after the receipt of the said communication shall be considered as having given its assent.

[71] (d) It is fully understood that such a preliminary agreement shall also be necessary whenever, in a European broadcasting station, operating outside the authorized frequency bands, a change is made in the characteristics previously reported to the Bureau of the Union, and when such change is capable of affecting the condition of international interference.

[72] § 6. (1) In principle, the power of broadcasting stations must not exceed the value necessary to insure economically an effective high-quality national service within the limits of the country considered.

[73] (2) In principle, the location of powerful broadcasting stations, and especially of those which operate near the limits of the frequency bands reserved to broadcasting, must be chosen in such a way as to avoid, so far as possible, interference caused to the broadcasting services of other countries or to other services operating on neighboring frequencies.

[74] § 7. The following table shows the allocation of frequencies (approximate wavelengths) to the various services.

Allocation of frequency bands between 10 and 60,000 kc (30,000 and 5 m)

Frequencies kc	Wave lengths m	SERVICES		
		General allocation	Regional agreements	
			European region*	Other regions
10–100	30,000–3,000	Fixed.		
100–110	3,000–2,727	(a) Fixed. (b) Mobile.		
110–125	2,727–2,400	Mobile.		
125–150 (1)	2,400–2,000	Maritime mobile (open to public correspondence exclusively).		
150–160	2,000–1,875	Mobile.		
160–285 (4)	1,875–1,053	----------	160–240 (1,875–1,250) Broadcasting [2]. 240–255 (1,250–1,176). (a) Services not open to public correspondence. (b) Broadcasting [2] [3] 255–265 (1,176–1,132). (a) Aeronautical. (b) Broadcasting [2] [3] 265–285 (1,132–1,053). Aeronautical.	160–194 (1,875–1,546). (a) Fixed. (b) Mobile. 194–285 (1,546–1,053). (a) Aeronautical. (b) Fixed; not open to public correspondence. (c) Mobile, except commercial ship stations.
285–290 (5)	1,053–1,034	----------	Aeronautical	Radiobeacon.
290–315 (3)	1,034–952	Radiobeacon.	Maritime radiobeacon.	
315–320 (3)	952–938	----------	Maritime radiobeacon.	Aeronautical.
320–325	938–923	----------	Aeronautical	(a) Aeronautical. (b) Mobile; not open to public correspondence.
325–345 (6)	923–870	Aeronautical.		
345–365	870–822	----------	Aeronautical	(a) Aeronautical (b) Mobile; not open to public correspondence.
365–385	822–779	(a) Radio direction finding. (b) Mobile, providing it does not interfere with radio direction finding. Coast stations using B waves excluded.		
385–400	779–750	----------	Services not open to public correspondence.	Mobile.
400–460	750–652	Mobile.		
460–485	652–619	Mobile A1 and A2 only.		
485–515 (7)	619–583	Mobile (distress, calling, etc.).		

[See footnotes at end of next column]

Allocation of frequency bands between 10 and 60,000 kc (30,000 and 5 m)—Continued

Frequencies kc	Wave lengths m	SERVICES		
		General allocation	Regional agreements	
			European region*	Other regions
515–550 (8)	583–545	Services not open to public correspondence, A1 and A2 only.		
550–1,500 (9)	545–200	(a) Broadcasting. (b) Wave of 1,364 kc. (220 m) A1, A2, and B for mobile services exclusively [10].		
1,500–1,715 (11) (14)	200–174.9	----------	1,500–1,530 (200–196.1). (a) Fixed. (b) Mobile, A1 and A2 only. 1,530–1,630 (196.1–184). Mobile A1, A2, A3. [12]	(a) Fixed. (b) Mobile.
1,500–1,715	200–174.9	----------	1,630–1,670 (184–179.6) Maritime mobile calling wave (A3 only). [13] 1,670–1,715 (179.6–174.9). Maritime mobile (A3 only).	
1,715–2,000	174.9–150	----------	1,715–1,925 (174.9–155.8). (a) Amateur. (b) Fixed. (c) Mobile. 1,925–2,000 (155.8–150). (a) Amateur. (b) Maritime mobile (A3 only)	(a) Amateur. (b) Fixed. (c) Mobile

[75] * *Definition of the European region:* The European region is limited on the north and west by the natural boundaries of Europe, on the east by the meridian 40° East of Greenwich and on the south by the parallel 30° North, so as to include the western part of the U.S.S.R. and the territories bordering on the Mediterranean, except the parts of Arabia and Hejaz which are included in this sector.

[76] [1] The wave of 143 kc (2,100 m) is the calling-wave of mobile stations using continuous long waves.

[77] [2] The European administrations shall arrange among themselves for placing in the band 240 to 265 kc (1,250 to 1,132 m) broadcasting stations which, by reason of their geographical position, will not interfere with services not open to public correspondence or with aeronautical services. Furthermore, these services shall be organized in such a way as not to interfere with the reception of the broadcasting stations thus chosen, within the limits of the national territories of these stations.

[78] [3] Services open to public correspondence shall not be admitted in the bands allocated to broadcasting, between 160 and 265 kc (1,875 and 1,132 m), even under the terms of article 7, § 1.

[79] [4] The frequency band 160 to 265 kc (1,875 to 1,132 m) shall also be assigned to Australia and New Zealand for broadcasting, as a regional allocation. The administrations of these two countries agree to place stations transmitting in this band in such a way as to avoid interfering with other services in other regions.

[80] [5] A band 30 kc wide, included within the limits of 285 to 320 kc (1,053 to 938 m) shall be allocated in each region to radiobeacon services. In the European region, this band shall be reserved solely for maritime radiobeacons.

[81] [6] The wave of 333 kc (900 m) is an international calling wave for the aeronautical services.

[82] [7] The wave of 500 kc (600 m) is the international calling and distress wave. The use of this wave is defined in articles 19, 22, and 30.

[83] [8] The European administrations shall arrange among themselves to place in the band 540 to 550 kc (556 to 545 m) broadcasting stations which, by reason of their geographical position, will interfere neither with mobile services in the band 485 to 515 kc (619 to 583 m), nor with services not open to public correspondence in the band 515 to 550 kc (583 to 545 m).

[84] Furthermore, services not open to public correspondence shall organize in such a way as not to interfere with the reception of broadcasting stations thus chosen within the limits of the national territories of these stations.

[85] [9] Mobile services may use the band 550 to 1,300 kc (545 to 230.8 m) on condition that they do not interfere with the services of a country which uses this same band exclusively for broadcasting.

[86] [10] On the frequency of 1,364 kc (220 m), type B waves shall be forbidden between 18:00 and 23:00 o'clock, local time, in all the regions where their use might interfere with broadcasting. However, in the region of North America, type A1 waves only shall be authorized during these hours.

[87] [11] The frequency 1,650 kc (182 m) is a calling wave for the mobile radiotelephone service with low-power ship stations. This calling wave shall not be obligatory, and the date on which it shall become obligatory for each country shall be determined by internal regulation.

[88] [12] In principle, this frequency band shall be reserved for telephone service with low-power ship stations. The countries of Europe whose ships do not use this type of communication shall avoid, so far as possible, the use of telegraphy in this band in regions near those where this telephone service is carried on.

[89] [14] Within Europe, the frequency bands 1,530 to 1,630 kc and 1,670 to 1,715 kc (196.1 to 184 m and 179.6 to 174.9 m) may be used by short-distance fixed services, provided they do not interfere with mobile services.

[90] [13] No traffic may be carried on in the band 1,630 to 1,670 kc (184 to 179.6 m).

[91] Calling on the wave of 1,650 kc (182 m) shall not be obligatory; each country shall determine, by internal regulation, when it shall become effective.

[92] NOTE.—A European conference, which is to take place before the going into effect of the present Regulations, may, as an exception, decide on annexing to its protocol some of the derogations which it may decide to make *in the regional bands* and which it may deem necessary to show therein. Such derogations will be in addition to those which are already provided for in the above table.

Allocation of frequency bands between 10 and 60,000 kc (30,000 and 5 m)—Continued

Frequencies kc	Wave lengths m	SERVICES General allocation
2,000-3,500	150-85.71	(a) Fixed. (b) Mobile.
3,500-4,000	85.71-75	(a) Amateur. (b) Fixed. (c) Mobile.
4,000-5,500	75-54.55	(a) Fixed. (b) Mobile.
5,500-5,700	54.55-52.63	Mobile.
5,700-6,000	52.63-50	Fixed.
6,000-6,150	50-48.78	Broadcasting.
6,150-6,675	48-78-44.94	Mobile.
6,675-7,000	44.94-42.86	Fixed.
7,000-7,300	42.86-41.10	Amateur.
7,300-8,200	41.10-36.59	Fixed.
8,200-8,550	36.59-35.09	Mobile.
8,550-8,900	35.09-33.71	(a) Fixed. (b) Mobile.
8,900-9,500	33.71-31.58	Fixed.
9,500-9,600	31.58-31.25	Broadcasting.
9,600-11,000	31.25-27.27	Fixed.
11,000-11,400	27.27-26.32	Mobile.
11,400-11,700	26.32-25.64	Fixed.
11,700-11,900	25.64-25.21	Broadcasting.
11,900-12,300	25.21-24.39	Fixed.
12,300-12,825	24.39-23.39	Mobile.
12,825-13,350	23.39-22.47	(a) Fixed. (b) Mobile.
13,350-14,000	22.47-21.43	Fixed.
14,000-14,400	21.43-20.83	Amateur.
14,400-15,100	20.83-19.87	Fixed.
15,100-15,350	19.87-19.54	Broadcasting.
15,350-16,400	19.54-18.29	Fixed.
16,400-17,100	18.29-17.54	Mobile.
17,100-17,750	17.54-16.90	(a) Fixed. (b) Mobile.
17,750-17,800	16.90-16.85	Broadcasting.
17,800-21,450	16.85-13.99	Fixed.
21,450-21,550	13.99-13.92	Broadcasting.
21,550-22,300	13.92-13.45	Mobile.
22,300-24,600	13.45-12.20	(a) Fixed. (b) Mobile.
24,600-25,600	12.20-11.72	Mobile.
25,600-26,600	11.72-11.28	Broadcasting.
26,600-28,000	11.28-10.71	Fixed.
28,000-30,000	10.71-10.00	(a) Amateur. (b) Experimental.
30,000-56,000	10.00-5.357	Not reserved.
56,000-60,000	5.357-5	(a) Amateur. (b) Experimental.

[93] § 8. (1) The use of type-B waves shall be forbidden on all frequencies, except the following:

375 kc (800 m)
410 kc (730 m)
425 kc (705 m)
454 kc (660 m)
500 kc (600 m)
1,364 kc (220 m)[1]

[1] See footnote (10) to the allocation table.

[94] (2) No new installation of transmitters of type-B waves may be made on ships or aircraft, except when these transmitters, working at full power, use less than 300 watts measured at the input of the audiofrequency supply transformer.

[95] (3) The use of type-B waves on all frequencies shall be forbidden, beginning January 1, 1940, except for transmitters meeting the power requirements stated in subparagraph (2) above.

[96] (4) No new installation of type-B-wave transmitters may be made in a land or fixed station. The waves of this type shall be forbidden in all land stations beginning January 1, 1935.

[97] (5) The administrations shall endeavor to abandon type-B waves, other than the 500-kc (600-m) wave, as soon as possible.

[98] § 9. The use of type-A1 waves only shall be authorized between 100 and 160 kc (3,000 and 1,875 m); the only exception to this rule shall be for type-A2 waves which may be used in the band 100 to 125 kc (3,000 to 2,400 m) for time signals exclusively.

[99] § 10. In the band 460 to 550 kc (652 to 545 m) no type of emission capable of rendering inoperative the distress, alarm, safety, or urgent signals sent on 500 kc (600 m) shall be authorized.

[100] § 11. (1) In the band 325 to 345 kc (923 to 870 m), no type of emission capable of rendering inoperative distress, safety, or urgent signals shall be authorized.

[101] (2) This rule shall not apply to regions in which special agreements provide otherwise.

[102] § 12. (1) In principle, any station carrying on a service between fixed points on a wave with a frequency below 110 kc (wavelengths above 2,727 m) must use only one frequency, chosen from the bands allocated to the said service (§ 7 above), for each of its transmitters capable of simultaneous operation.

[103] (2) A station shall not be permitted to use a frequency other than that allocated as stated above, for a service between fixed points.

[104] § 13. In principle, the stations shall use the same frequencies and the same types of emission for the transmission of messages by the unilateral method as for their normal service. Regional arrangements may, however, be made for the purpose of exempting the stations concerned from complying with this rule.

[105] § 14. A fixed station may, as secondary service, on its normal working frequency, make transmissions intended for mobile stations on the following conditions:

[106] (a) that the administrations concerned deem it necessary to use this exceptional working method;

[107] (b) that no increase in interference results therefrom.

[108] § 15. In order to facilitate the exchange of synoptic meteorological messages in the European regions, the frequencies of 41.6 kc and 89.5 kc (7,210 m and 3,352 m) shall be allocated to this service.

[109] § 16. To facilitate rapid transmission and distribution of information of value in the detection of crime and pursuit of criminals, a frequency between 37.5 and 100 kc (between 8,000 and 3,000 m) shall be reserved for this purpose by regional arrangements.

[110] § 17. Each administration may allocate to amateur stations frequency bands in accordance with the allocation table (§ 7 above).

[111] § 18. In order to decrease interference in the frequency bands above 4,000 kc (wavelengths below 75 m), used by the mobile service, and particularly in order to avoid interfering with the long-distance telephone communications of this service, the administrations agree to adopt the following rules, wherever possible, taking into account current engineering development:

[112] (1) (a) In the frequency bands above 5,500 kc (wavelengths below 54.55 m) allocated exclusively to the mobile service, the frequencies (wavelengths) which must be used by ship stations carrying on commercial service shall be on the low-frequency (longwave) side of the band, and

especially in the limits of the harmonic bands enumerated below:

5,500 to 5,550 kc (54.55 to 54.05 m)
6,170 to 6,250 kc (48.62 to 48.00 m)
8,230 to 8,330 kc (36.45 to 36.01 m)
11,000 to 11,100 kc (27.27 to 27.03 m)
12,340 to 12,500 kc (24.31 to 24.00 m)
16,460 to 16,660 kc (18.23 to 18.01 m)
22,000 to 22,200 kc (13.64 to 13.51 m)

[113] NOTE.—The frequency bands 4,115 to 4,165 kc (72.90 to 72.03 m) may also be used by the stations mentioned above [see also (2) (c) below].

[114] (b) However, any commercial ship station the emissions of which comply with the frequency tolerances required of land stations under § 2 (2) of article 6, may transmit on the same freqency as the coast station with which it communicates.

[115] (c) When a communication for which no special arrangement has been made must be established between a ship station, on one hand, and another ship station or a coast station, on the other hand, the mobile station shall use one of the following frequencies situated approximately in the middle of the bands:

4,140 kc (72.46 m)
5,520 kc (54.35 m)
6,210 kc (48.31 m)
8,280 kc (36.23 m)
11,040 kc (27.17 m)
12,420 kc (24.15 m)
16,560 kc (18.12 m)
22,080 kc (13.59 m)

[116] NOTE.—The administrations agree, in reporting the frequency of a coast station, to indicate on which one of the waves specified in subparagraph (1) (c) listening will be carried on.

[117] (2) (a) Ship stations carrying on commercial service shall use the shared bands above 4,000 kc (wavelengths below 75 m) only when their emissions comply with the frequency tolerances specified for land stations in § 2 (2) of article 6. In this case, the frequencies used must be chosen on the higher-frequency (shorter-wave) side of the shared band and, more especially, in the limits of the harmonic bands enumerated below:

4,400 to 4,450 kc (68.18 to 67.42 m)
8,800 to 8,900 kc (34.09 to 33.71 m)
13,200 to 13,350 kc (22.73 to 22.47 m)
17,600 to 17,750 kc (17.05 to 16.90m)
22,900 to 23,000 kc (13.10 to 13.04 m)

[118] (b) Frequencies chosen in the portion of the band reserved to mobile services from 6,600 to 6,675 kc (45.45 to 44.94 m), in harmonic relation with the preceding bands, may also be used.

[119] (c) The provisions of subparagraph (2) (a) shall not apply to the portion of the shared band between 4,115 and 4,165 kc (72.90 and 72.03 m) which may be used by any ship station carrying on a commercial service.

[120] (3) In selecting frequencies for new fixed and coast stations, the administrations shall avoid using the frequencies in the bands specified in subparagraphs (1) (*a*), (2) (*a*), (2) (*b*), and (2) (*c*).

[121] § 19. (1) It is recognized that the frequencies between 6,000 and 30,000 kc (50 and 10 m) are very efficient for long-distance communications.

[122] (2) The administrations shall make the greatest possible effort to reserve the frequencies of this band for this purpose, except when their use for short- or medium-distance communication is not likely to interfere with long-distance communications.

[123] § 20. In Europe, Africa, and Asia, low-power directional radiobeacons the range of which does not exceed about 50 km may use any frequency in the band 1,500 to 3,500 kc (200 to 85.71 m) except the guard band of 1,630 to 1,670 kc (184 to 180 m) subject to agreements with the countries whose services are likely to be interfered with.

ARTICLE 8

Amateur Stations and Private Experimental Stations

[124] § 1. The exchange of communications between amateur stations and between private experimental stations of different countries shall be forbidden if the administration of one of the interested countries has given notice of its opposition to this exchange.

[125] § 2. (1) When this exchange is permitted, the communications must be carried on in plain language and be limited to messages relating to experiments and to remarks of a private nature for which, by reason of their lack of importance, the use of the telegraph service could not enter into consideration. It shall be strictly forbidden for owners of amateur stations to transmit international communications emanating from third persons.

[126] (2) The foregoing provisions may be modified by special arrangements between the interested countries.

[127] § 3. In amateur stations or in private experimental stations, authorized to conduct transmissions, any person operating the apparatus on his own account or for third persons must have proved that he is able to transmit texts in Morse code signals and to read, by aural radiotelegraph reception, texts so transmitted. He can be replaced only by authorized persons possessing the same qualifications.

[128] § 4. Administrations shall take such measures as they judge necessary to verify, from a technical standpoint, the qualifications of any person operating the apparatus.

[129] § 5. (1) The maximum power which amateur stations and private experimental stations may use shall be fixed by the interested administrations, taking account of the technical qualifications of the operators and of the conditions under which the said stations must work.

[130] (2) All the general rules laid down in the Convention and in the present Regulations shall apply to amateur stations and to private experimental stations. In particular, the frequency of the wave emitted must be as constant and as free from harmonics as the state of the art permits.

[131] (3) In the course of their emissions, these stations must, at short intervals, transmit their call signals or, in the case of experimental stations not yet provided with call signals, their names.

ARTICLE 9

Conditions to be Observed by Mobile Stations

A. GENERAL

[132] § 1. (1) Mobile stations must be established in such a way as to conform, as regards frequencies and types of waves, to the general provisions forming the subject of article 7.

[133] (2) In addition, no new type-B-wave transmitter installation shall be made in mobile stations, except when these transmitters, working at full power, use less than 300 watts measured at the input of the audiofrequency supply transformer.

[134] (3) Finally, the use of type-B waves on all frequencies shall be forbidden, beginning with January 1, 1940, except for transmitters fulfilling the same conditions as above regarding power.

[135] § 2. The frequency of emission of mobile stations shall be verified as often as possible by the inspection service to which they are subject.

[136] § 3. Receiving apparatus must be such that the current which they induce into the antenna shall be as low as possible and shall not disturb neighboring stations.

[137] § 4. Transmitting and receiving sets of any mobile station must permit of making frequency changes as rapidly as possible. All installations must be such that, after the communication is established, the time necessary to change from transmission to reception and vice versa shall be as short as possible.

B. SHIP STATIONS

[138] § 5. (1) The transmitting apparatus used in ship stations working on type-A2 or -B waves in the authorized band between 365 and 515 kc (822 and 583 m) must be provided with devices making it possible conveniently and appreciably to reduce the power thereof.

[139] (2) This provision shall not apply to transmitters in which the power, as measured at full load, does not exceed 300 watts on the transmitting-tube plates (type-A2 emission) or at the input of the audiofrequency supply transformers (type-B emission).

[140] (3) All ship stations transmitting on frequencies in the band 100 to 160 kc (3,000 to 1,875 m) and on frequencies above 4,000 kc (wavelengths below 75 m) must be equipped with a wave meter having a precision at least equal to 5/1000, or with an equivalent device.

[141] § 6. Any station installed on board a ship, compulsorily provided with radio apparatus as a result of an international agreement, must be able to transmit and to receive on the wave of 500 kc (600 m), type-A2 or -B and, in addition, on at least one other type-A2 or -B wave, in the authorized band between 365 and 485 kc (822 and 619 m).

[142] § 7. (1) In addition to the waves mentioned above, ship stations equipped to transmit type-A1, -A2, or -A3 waves may use the waves authorized in article 7.

[143] (2) The use of type-B waves shall be prohibited on all frequencies, except the following ones:

375 kc (800 m)
410 kc (730 m)
425 kc (705 m)
454 kc (660 m)
500 kc (600 m)
1,364 kc (220 m)[1]

[144] § 8. All the ship station apparatus installed for the transmission of type-A1 waves in the authorized band between 100 and 160 kc (3,000 and 1,875 m) must permit of using at least two frequencies, selected in this band, in addition to the frequency of 143 kc (2,100 m).

[145] § 9. (1) All stations on board ships compulsorily provided with radiotelegraph apparatus must be capable of receiving the wave of 500 kc (600 m) and, in addition, all the waves necessary to the operation of the service which they carry on.

[146] (2) These stations must be capable of receiving types A1 and A2 waves on the same frequencies easily and efficiently.

C. AIRCRAFT STATIONS

[147] § 10. (1) (a) Any station installed on board an aircraft flying over a maritime route, and compulsorily provided with radio apparatus as the result of an international agreement, must be capable of transmitting and receiving on the wave of 500 kc (600 m), type A2 or B.

[148] (b) As regards the restriction in the use of type-B waves, see B, § 7 (2) above.

[149] (2) (a) Any aircraft station must be capable of transmitting and receiving the wave of 333 kc (900 m), type A2 or A3.

[150] (b) This rule shall not apply to aircraft stations flying over regions where local agreements providing otherwise are in force.

ARTICLE 10

Operators' Certificates

A. GENERAL PROVISIONS

[151] § 1. (1) The service of every mobile radiotelegraph or radiotelephone station must be performed by a radiotelegraph operator holding a certificate issued by the government to which the station is subject. However, in mobile stations equipped with a low-power radio installation [power of the carrier wave in the antenna not exceeding 100 watts, except in the case of regional agreements provided for in § 7 (4)], and when this installation is used for telephony only, the service may be carried on by an operator holding a radiotelephone operator's certificate.

[152] (2) In case of absolute unavailability of the operator in the course of a crossing, flight, or voyage, the master or the person responsible for the mobile station may authorize, but only temporarily, an operator holding a certificate issued by another contracting government to carry on the radio service. When it becomes necessary to employ, as temporary operator, a person not holding an adequate certificate, this service must be limited to emergencies. In any case, the operator or the above-mentioned person must be replaced as soon as possible by an operator holding the certificate prescribed in § 1 (1) above.

[153] § 2. Each administration shall take the necessary measure to place operators under the obligation of observing the secrecy of correspondence and to prevent, to the greatest possible extent, the fraudulent use of these certificates.

[154] § 3. (1) There shall be two classes of certificates and a special certificate for radiotelegraph operators and two certificates for radiotelephone operators (general and limited).

[155] (2) The qualifications to be required for obtaining these certificates are contained in the following paragraphs; they shall be the minimum requirements.

[156] (3) Each government shall be free to fix the number of examinations deemed necessary to obtain the said certificates.

[157] (4) The holder of a first-class radiotelegraph operator's certificate, as well as the holder of a second-class radiotelegraph operator's certificate provided with a general radiotelephone operator's certificate may perform radiotelephone service on any mobile station. In the latter case, both the second-class radiotelegraph and radiotelephone operator's certificates can be combined.

B. FIRST-CLASS RADIOTELEGRAPH OPERATOR'S CERTIFICATE

[158] § 4. The first-class certificate shall be issued to operators who have shown that they possess the professional and technical qualifications enumerated below:

[159] (a) Knowledge of the general principles of electricity and of the theory of radiotelegraphy and radiotelephony, as well as the knowledge of the adjustment and of the practical operation of the types of apparatus used in the mobile service.

[160] (b) The theoretical and practical knowledge of the operation of the accessory apparatus, such as motor-generator sets, storage batteries, etc., used in the operation and adjustment of the apparatus specified in subparagraph (a).

[161] (c) The practical knowledge necessary to make, with the means on board, the repairs of damage which may have occurred to the apparatus during a voyage.

[162] (d) Ability to transmit correctly and to receive correctly by ear code groups (mixtures of letters, figures, and punctuation marks) at a speed of 20 (twenty) groups per minute, and of text in plain language, at a speed of 25 (twenty-five) words per minute. Each code group must contain 5 characters, each figure or punctuation mark counting as 2 characters. The average word of the text in plain language should contain 5 characters.

[163] (e) Ability to perform correct telephone transmission and correct telephone reception.

[164] (f) Detailed knowledge of the Regulations applying to the exchange of radio communications, knowledge of documents relative to charges for radio communications, knowledge of the radiotelegraph part of the Convention for the Safety of Life at Sea, and, in the case of aerial navigation, knowledge of the special provisions regulating the radio service of aerial navigation. In that case, the certificate shall stipulate that the holder has successfully passed the examinations dealing with these provisions.

[165] (g) Knowledge of the general geography of the world, particularly the principal navigation lines (maritime or aerial, according to the class of certificate) and the most important telecommunication channels.

C. SECOND-CLASS RADIOTELEGRAPH OPERATOR'S CERTIFICATE

[166] § 5. The second-class certificate shall be issued to operators who have shown that they possess the professional and technical qualifications enumerated below:

[167] (a) Elementary theoretical and practical knowledge of electricity and radiotelegraphy, as well as knowledge of the adjustment and practical operation of the types of apparatus used in the radiotelegraph mobile service.

[1] See note (30) to the frequency allocation table.

[168] (b) Elementary theoretical and practical knowledge of the operation of accessory apparatus, such as motor-generator sets, storage batteries, etc., used in the operation and adjustment of the apparatus mentioned in (a).
[169] (c) Practical knowledge sufficient for making minor repairs in case of damage to the apparatus.
[170] (d) Ability to transmit correctly and to receive correctly by ear code groups (mixtures of letters, figures, and punctuation marks) at a speed of 16 (sixteen) groups per minute. Each code group must contain 5 characters, each figure or punctuation mark counting as 2 characters.
[171] (e) Knowledge of the Regulations applying to the exchange of radio communications, knowledge of documents relative to charges for radio communications, knowledge of the radiotelegraph part of the Convention for the Safety of Life at Sea, and, in the case of aerial navigation, knowledge of the special provisions regulating the radio service of aerial navigation. In that case the certificate shall stipulate that the holder has successfully passed the examinations dealing with these provisions.
[172] (f) Knowledge of the general geography of the world, particularly the principal lines of navigation (maritime or aerial, according to the class of certificate) and the most important telecommunication channels.

D. SPECIAL RADIOTELEGRAPH OPERATOR'S CERTIFICATE

[173] § 6. (1) (a) The radiotelegraph service of ships, aircraft, and of all other vehicles for which a radiotelegraph installation is not required by international agreements may be carried on by operators holding a special radiotelegraph operator's certificate. This certificate shall be issued to operators capable of performing radio communications at the sending and receiving speed required for obtaining a second-class radiotelegraph operator's certificate.
[174] (b) It shall devolve upon each interested government to determine the other requirements for obtaining this certificate.
[175] (2) As an exception, the Government of New Zealand shall be permitted provisionally to issue a special certificate, for the granting of which it shall fix the requirements, to operators of small ships of its nationality which do not sail far from the coast of that country and which engage in the international service of public correspondence and in the general work of mobile stations only to a limited extent.

E. RADIOTELEPHONE OPERATOR'S CERTIFICATES

[176] § 7. (1) The general radiotelephone operator's certificate shall be issued to operators who have shown that they possess the professional knowledge and ability described below [see also § 3(4)]:
[177] (a) Practical knowledge of radiotelephony, especially with a view to avoiding interference.
[178] (b) Knowledge of the adjustment and operation of radiotelephone apparatus.
[179] (c) Ability to transmit and receive correctly by telephone.
[180] (d) Knowledge of the Regulations applying to the exchange of radiotelephone communications and of that part of the Radio Regulations which relates to safety of human life.
[181] (2) For the radiotelephone stations in which the power of the carrier wave in the antenna does not exceed 50 watts, each government concerned shall be permitted to determine the conditions for obtaining its own radiotelephone operator's certificate (limited radiotelephone operator's certificate).
[182] (3) A radiotelephone operator's certificate must show whether it is a general or limited certificate.
[183] (4) In order to cover special needs, regional agreements may determine the conditions to be fulfilled in order to obtain a radiotelephone operator's certificate, intended for use in radiotelephone stations fulfilling certain technical conditions and certain operating conditions. These conditions and agreements shall be stated in the papers issued to these operators. Such agreements shall be accepted provided the international services be not interfered with.
[184] (5) Radiotelephone operator's certificates already delivered to operators and complying with the conditions laid down in the General Regulations of Washington (1927) shall remain in force and be considered as general radiotelephone operator's certificates.

F. PROFESSIONAL GRADES

[185] § 8. (1) Before becoming chief operator in a station on board a ship of the first category (art. 23, § 3) a first-class operator must have had at least 1 year's experience as operator on board a ship or in a coast station.
[186] (2) In order to become chief operator in a station on board a ship of the second category (art. 23, § 3), a first-class operator must have had at least 6 months' experience as operator on board a ship or in a coast station.
[187] (3) (a) Operators holding a second-class certificate shall be authorized to embark as chief operators on ships of which the station belongs to the third category (art. 23 § 3).
[188] (b) After having shown 6 months' service on board a ship, they may embark as chief operators on ships of which the station belongs to the second category.
[189] (4) The government issuing a certificate can authorize an operator to perform service on board an aircraft only after this operator has fulfilled other conditions (for example: accomplished a certain number of flying hours in the aerial mobile service, etc.)

ARTICLE 11

Authority of the Master

[190] § 1. The radio service of a mobile station shall be placed under the supreme authority of the master or the person responsible for the ship, aircraft, or any other vehicle carrying the mobile station.
[191] § 2. The master or responsible person as well as any persons who may have knowledge of the text or simply the existence of radiotelegrams, or of any information acquired by means of the radio service, shall be bound by the obligation to observe and insure the secrecy of the correspondence.

ARTICLE 12

Inspection of Stations

[192] § 1. (1) The competent governments or administrations of countries where a mobile station calls, may demand the production of the license. The operator of the mobile station or the person responsible for the station must submit to this verification. The license must be kept in such a way that it may be furnished without delay. However, the production of the license may be replaced by a permanent posting in the station, of a copy of the license certified by the authority which has granted it.
[193] (2) When the license cannot be produced or when manifest irregularities are detected, the governments or administrations may proceed to the inspection of radio installations in order to be assured that they satisfy the requirements of the present Regulations.
[194] (3) Moreover, the inspectors shall have the right to demand the production of the operators' certificates although no proof of professional qualifications may be demanded.
[195] § 2. (1) When a government or an administration has found it necessary to resort to the measures provided for in § 1 above, or when it has not been possible to produce the operators' certificates, it shall be necessary immediately to inform thereof the government or the administration to which the mobile station in question is subject. In addition, the procedure specified in article 13 shall be followed should necessity arise.
[196] (2) The official of the government or of the administration which has inspected the station must, before leaving the latter, communicate his findings to the commander or to the responsible person (art. 11) or to their substitute.
[197] § 3. As regards the technical and operating conditions which mobile stations holding a license must satisfy in the international radio-communication service, the contracting governments shall bind themselves not to impose upon foreign stations which are temporarily located in their territorial waters, or which may stop temporarily in their territory, conditions more stringent than those which are provided for in the present Regulations. These provisions shall in no way affect the provisions which, coming within the scope of international agreements relative to maritime

or air navigation, are not determined in the present Regulations.

ARTICLE 13

Reporting of Violations

[198] § 1. Violations of the Convention or the Radio Regulations shall be reported by the stations detecting them to their administration by means of statements conforming to the model shown in appendix 3.

[199] § 2. In case of serious violations committed by a station, representations must be made to the administration of the country to which this station is subject.

[200] § 3. If an administration has knowledge of a violation of the Convention or of the Regulations, by a station which it has authorized, it shall ascertain the facts, determine the responsibility, and take the necessary action.

ARTICLE 14

Call Signals

[201] § 1. (1) All stations open to the international service of public correspondence, as well as private experimental stations, amateur stations, and private radio-communication stations, must have call signals from the international series assigned to each country in the following table. In this table, the first letter or the first two letters of the call signals show the nationality of the stations.

[202] (2) When a fixed station in the international service uses more than one frequency, each frequency shall be designated by a separate call signal used for that frequency only.

[203] *Table of allocation of call letters*

Country	Call signals
Chile	CAA-CEZ
Canada	CFA-CKZ
Cuba	CLA-CMZ
Morocco	CNA-CNZ
Cuba	COA-COZ
Bolivia	CPA-CPZ
Portuguese colonies	CQA-CRZ
Portugal	CSA-CUZ
Uruguay	CVA-CXZ
Canada	CYA-CZZ
Germany	D
Spain	EAA-EHZ
Irish Free State	EIA-EIZ
Republic of Liberia	ELA-ELZ
Persia	EPA-EQZ
Estonia	ESA-ESZ
Ethiopia	ETA-ETZ
Sarre Territory	EZA-EZZ
France and colonies and protectorates	F
Great Britain	G
Hungary	HAA-HAZ
Swiss Confederation	HBA-HBZ
Ecuador	HCA-HCZ
Republic of Haiti	HHA-HHZ
Dominican Republic	HIA-HIZ
Republic of Colombia	HJA-HKZ
Republic of Panama	HPA-HPZ
Republic of Honduras	HRA-HRZ
Siam	HSA-HSZ
Vatican City-State	HVA-HVZ
Hedjaz	HZA-HZZ
Italy and colonies	I
Japan	J
United States of America	K
Norway	LAA-LNZ
Republic of Argentina	LOA-LWZ
Luxembourg	LXZ-LXZ
Lithuania	LYA-LYZ
Bulgaria	LZA-LZZ
Great Britain	M
United States of America	N
Peru	OAA-OCZ
Austria	OEA-OEZ
Finland	OFA-OHZ
Czechoslovakia	OKA-OKZ
Belgium and colonies	ONA-OTZ
Denmark	OUA-OZZ
Netherlands	PAA-PIZ
Curacao	PJA-PJZ
Dutch East Indies	PKA-POZ
Brazil	PPA-PYZ
Surinam	PZA-PZZ
(Abbreviations)	Q
Union of Socialist Soviet Republics	R
Sweden	SAA-SMZ
Poland	SOA-SRZ
Egypt	STA-SUZ
Greece	SVA-SZZ
Turkey	TAA-TCZ
Iceland	TFA-TFZ
Guatemala	TGA-TGZ
Costa Rica	TIA-TIZ
France and colonies and protectorates	TKA-TZZ
Union of Socialist Soviet Republics	U
Canada	VAA-VGZ
Australian Commonwealth	VHA-VMZ
Newfoundland	VOA-VOZ
British colonies and protectorates	VPA-VSZ
British India	VTA-VWZ
Canada	VXA-VYZ
United States of America	W
Mexico	XAA-XFZ
China	XGA-XUZ
British India	XYA-XZZ
Afghanistan	YAA-YAZ
Dutch East Indies	YBA-YHZ
Iraq	YIA-YIZ
New Hebrides	YJA-YJZ
Latvia	YLA-YLZ
Free City of Danzig	YMA-YMZ
Nicaragua	YNA-YNZ
Rumania	YOA-YRZ
Republic of El Salvador	YSA-YSZ
Yugoslavia	YTA-YUZ
Venezuela	YVA-YWZ
Albania	ZAA-ZAZ
British colonies and protectorates	ZBA-ZJZ
New Zealand	ZKA-ZMZ
Paraguay	ZPA-ZPZ
Union of South Africa	ZSA-ZUZ

[204] § 2. Call signals shall consist of:

[205] (a) three letters, in the case of land stations;

[206] (b) three letters, or three letters followed by a single figure (other than 0 or 1), in the case of fixed stations;

[207] (c) four letters, in the case of ship stations;

[208] (d) five letters, in the case of aircraft stations;

[209] (e) five letters preceded and followed by the Morse code signal corresponding to "underlined" (. . — — . —), in the case of stations or aircraft carrying matter having to do with the functioning of the League of Nations;

[210] (f) four letters followed by a single figure (other than 0 or 1), in the case of other mobile stations;

[211] (g) one or two letters and a single figure (other than 0 or 1) followed by a group of not more than three letters, in the case of private experimental stations, amateur stations, and private radio-communication stations; however, the prohibition against the use of the figures 0 and 1 shall not apply to amateur stations.

[212] § 3. (1) In the aeronautical radio service, after communication has been established by means of the complete call signal [see § 2, (d) and (e)], the aircraft station may use an abbreviated call signal composed:

[213] (a) in radiotelegraphy, of the first and last letters of the complete 5-letter call signal;

[214] (b) in radiotelephony, of all or part of the name of the owner of the aircraft (company or individual) followed by the last two letters of the registration mark.

[215] (2) In the case of an aircraft performing a service which concerns the functioning of the League of Nations, the words "Société des Nations" shall replace the name of the owner of the aircraft.

[216] § 4. (1) The 26 letters of the alphabet, as well as the figures, in the cases provided for in § 2, may be used to form call signals; accented letters shall be excluded.

[217] (2) However, the following letter combinations may not be used for call signals:

[218] (a) combinations beginning with A or B, these two letters being reserved for the geographical part of the International Code of Signals;

[219] (b) combinations used in the International Code of Signals, second part;

[220] (c) combinations which might be confused with distress signals or with other signals of a similar character;

[221] (d) combinations reserved for the abbreviations to be used in the radio service.

[222] § 5. (1) Each country shall choose call signals for its stations from the international series which is allocated to it and shall notify the Bureau of the Union of the call signals which it has assigned to its stations.

[223] (2) The Bureau of the Union shall see that the same call signal is not allocated more than once and that those call signals which might be confused with distress signals, or with other signals of a similar character, are not allocated.

ARTICLE 15

Service Documents

[224] § 1. The Bureau of the Union shall prepare and publish the following service documents:

[225] (a) The nomenclatures of all the land, mobile, and fixed stations having a call signal from the international series, whether or not open to public correspondense; the nomenclatures of the stations operating special services, broadcasting, and radio communications between fixed points.

[226] (b) The frequency list. This list shall give all the frequencies assigned to stations intended to carry on a regular service and which are capable of causing international interference.

[227] (c) A nomenclature of the telegraph offices and land stations open to international service.

[228] (d) A chart of coast stations open to public correspondence.

[229] (e) A table and a chart to be annexed to the nomenclature of coast and ship stations indicating the zones and hours of service of ships of which the stations belong to the second category (see appendices 4 and 5).

[230] (f) An alphabetical list of the call signals of the stations mentioned under (a) and provided with a call signal of the international series. This list shall be arranged without considering nationality. It shall be preceded by the call-signal-allocation table appearing in article 14.

[231] (g) General radio statistics.

[232] § 2. (1) The nomenclatures of stations [§ 1 (a)] shall be published in separate volumes as follows:

I. Nomenclature of Coast and Ship Stations.
II. Nomenclature of Aeronautical and Aircraft Stations.
III. Nomenclature of Stations Operating Special Services.
IV. Nomenclature of Fixed Stations (Index to the List of Frequencies for Fixed Stations in Service).
V. Nomenclature of Broadcasting Stations.

[223] (2) In the nomenclatures I, II, and III, each class of stations shall occupy a special section.

[234] § 3. The form for the different nomenclatures and for the frequency list is given in appendix 6. Detailed information concerning the preparation of these documents shall be given in the prefaces, in the headings of columns, and in the notes of the said documents.

[235] § 4. Once a month, by means of forms similar to those given in appendix 6, the administrations shall notify the Bureau of the Union of the additions, changes, and deletions to be made in the above-mentioned documents.

[236] § 5. (1) The nomenclature of coast and ship stations as well as the nomenclature of aeronautical and aircraft stations shall be reedited every 6 months without supplements between the two reeditions. As regards the nomenclature of stations operating special services and the nomenclature of broadcasting stations, the Bureau of the Union shall decide upon the intervals at which they must be reedited.

[237] (2) A recapitulative supplement shall be published every 3 months for the nomenclature of stations operating special services, and every 6 months for the nomenclature of broadcasting stations.

[238] (3) The frequency list and the nomenclature of fixed stations constituting an index to the frequency list, for fixed stations in service, shall be reedited separately each year. They shall be kept up to date by means of monthly supplements also edited separately.

[239] § 6. (1) The names of coast and aeronautical stations shall be followed respectively by the words RADIO and AERADIO.

[240] (2) The names of radio direction finding and of radio-beacon stations shall be followed respectively by the words GONIO and PHARE.

[241] § 7. Appendix 7 contains the symbols used in the documents to indicate the nature and the scope of the service of stations.

[242] § 8. The service documents with which mobile stations must be provided are listed in appendix 8.

ARTICLE 16

General Radiotelegraph Procedure in the Mobile Service[1][2]

[243] § 1. (1) In the mobile service, the following detailed procedure shall be obligatory except in the case of distress call or traffic to which the provisions of article 22 shall apply.

[244] (2) For the exchange of radio communications, stations of the mobile service shall use the abbreviations given in appendix 9.

[245] § 2. (1) Before transmitting, any station must make sure that it will not produce harmful interference with the transmissions being made within its range; if such interference is likely, the station shall await the first stop in the transmission which it may disturb.

[246] (2) If however, even after taking these precautions, the emissions of this station should cause interference with a radio transmission already in progress, the following rules shall be applied:

[247] (a) In the communication zone of a land station open to the public correspondence service or of any aeronautical station, the station whose emission produces the interference must cease transmitting at the first request of the above-mentioned land or aeronautical station.

[248] (b) In the case where a radio transmission already in progress between two ships happens to be interfered with by an emission from another ship, the latter must cease transmitting at the first request of either of the other two.

[249] (c) The station requesting this cessation must indicate the approximate length of the wait imposed upon the station whose emission it is suspending.

[250] § 3. Radiotelegrams of all kinds transmitted by ship stations shall be numbered in daily series, assigning number 1 to the first radiotelegram transmitted each day to each land station separately.

[251] § 4. CALLING A STATION AND SIGNALS PREPARATORY TO TRAFFIC

[252] (1) *Method of calling*

The call shall consist of the following:
not more than three times the call signal of the station called;
the word DE;
not more than three times the call signal of the calling station.

[253] (2) *Wave to be used for the call and for preparatory signals*

To make the call as well as to transmit preparatory signals the calling station shall use the wave on which the station called is listening.

[254] (3) *Indication of the wave to be used for the traffic*

[255] The call, as indicated in subparagraph (1) above, must be followed by the regulatory abbreviation indicating the frequency and/or the type of wave which the calling station proposes to use to transmit its traffic.

[256] When, as an exception to this rule, the call is not followed by the indication of the wave to be used for the traffic:

[257] (a) if the calling station is a land station:

it shall mean that this station proposes to use its normal working-wave, as indicated in the nomenclature, for the traffic.

[258] (b) if the calling station is a mobile station:

it shall mean that the wave to be used for the traffic is to be chosen by the station called.

[259] (4) *Indication, when required, of the number of telegrams or of transmission by series*

[260] When the calling station has more than one telegram to transmit to the station called, the preceding preparatory signals shall be followed by the regulatory abbreviation and by the figure specifying the number of these telegrams.

[261] Furthermore, when the calling station wishes to transmit these telegrams in series, it shall so indicate by

[1] This procedure shall be applicable to short waves so far as possible.

[2] The provisions of §§ 2 and 8 shall be applicable to radiotelephone transmissions of the mobile service.

adding the regulatory abbreviation requesting the consent of the station called.

[262] § 5. REPLY TO CALLS AND SIGNALS PREPARATORY TO TRAFFIC

[263] (1) *Method of reply to calls*

The reply to calls shall consist of the following:

not more than three times the call signal of the calling station;

the word DE;

the call signal of the station called.

[264] (2) *Wave for reply*

[265] To transmit the reply to calls and to preparatory signals, the station called shall use the wave on which the calling station must listen.

[266] As an exception to this rule, when a mobile station calls a coast station on the wave 143 kc (2,100 m), the coast station shall transmit the reply to the calls on its normal working-wave of the bands between 100 and 160 kc (3,000 and 1,875 m), as indicated in the nomenclature.

[267] (3) *Understanding as to the wave to be used for the traffic*

[268] A. If the station called has an understanding with the calling station, it shall transmit:

(a) the reply to the call;

(b) the regulatory abbreviation indicating that from that time on it is listening on the frequency and/or the type of wave announced by the calling station;

(c) in some cases, the indications mentioned in subparagraph (4);

(d) the letter K, if the station called is ready to receive the traffic of the calling station;

(e) in certain cases, if it is useful, the regulatory abbreviation and the figure indicating the strength of the signals received. (See appendix 10.)

[269] B. If the station has no preliminary understanding, or if it must choose the wave to be used for the traffic, it shall transmit:

(a) the reply to the call;

(b) the regulatory abbreviation indicating the frequency and/or the type of wave requested; [2]

(c) in some cases, the indications mentioned in subparagraph (4).

[270] When an agreement is reached on the wave which the calling station must use for its traffic, the station called shall transmit the letter K after the indications contained in its reply.

[271] (4) *Reply to the request for transmission by series*

[272] The station called, replying to a calling station which has asked to transmit its telegrams in series [§ 4 (4)], shall indicate, by means of the regulatory abbreviation, whether it refuses or accepts and, in the latter case, if need be, shall specify the number of radiotelegrams which it is ready to receive in one series.

[273] (5) *Difficulties in reception*

[274] (a) If the station called is prevented from receiving, it shall reply to the call as indicated in subparagraph (3) above, but it shall replace the letter K by the signal . — . . . (wait), followed by a number indicating in minutes the probable duration of the wait. If this probable duration exceeds 10 minutes (5 minutes in the aeronautical mobile service), a reason must be given therefor.

[275] (b) When a station receives a call without being certain that this call is intended for it, it must not reply before the call has been repeated and understood. When, on the other hand, a station receives a call which is intended for it, but is doubtful about the call signal of the calling station, it must reply immediately, using the regulatory abbreviation instead of the call signal of the latter station.

[276] § 6. ROUTING OF TRAFFIC

[277] (1) *Traffic wave*

[278] (a) Each station of the mobile service shall transmit its traffic by using, in principle, one of its working-waves, as they are indicated in the nomenclature for the band in which the call was made.

[279] (b) Outside of its normal working-wave which is printed in boldface type in the nomenclature, each station may use additional waves of the same band, in accordance with the provisions of article 19 § 1 (10).

[280] (c) The use of calling waves for traffic shall be governed by article 19.

[281] (2) *Long radiotelegrams*

[282] (a) In principle, any radiotelegram containing more than 100 words shall be considered as forming a series or shall end a series in progress.

[283] (b) As a general rule, long radiotelegrams, both in plain language and in code or cipher language, shall be transmitted in sections, each section containing 50 words in case of plain language, and 20 words or groups in the case of code or cipher.

[284] (c) At the end of each section the signal . . — — . . (?) meaning "have you received the radiotelegram correctly up to this point?" shall be transmitted. If the section has been correctly received, the receiving station shall reply by the letter K and the transmission of the radiotelegram shall be continued.

[285] (3) *Suspension of traffic*

When a station of the mobile service transmits on a working wave of a land station and thus causes interference with the said land station, it must suspend its work at the request of the latter.

[286] §7. END OF TRAFFIC AND OF WORK

[287] (1) *Signal for the end of transmission*

[288] (a) The transmission of a radiotelegram shall be ended by the signal . — . — . (end of transmission), followed by the call signal of the transmitting station and the letter K.

[289] (b) In the case of transmission by series, the end of each radiotelegram shall be indicated by the signal . — . — . and the end of the series by the call signal of the transmitting station and the letter K.

[290] (2) *Acknowledgment of receipt*

[291] (a) The acknowledgment of receipt of a radiotelegram shall be given by transmitting the letter R, followed by the number of the radiotelegram; this acknowledgment of receipt shall be preceded by the following formula: call signal of the station which has transmitted, word DE, call signal of the station which has received.

[292] (b) The acknowledgment of receipt of a series of radiotelegrams shall be given by transmitting the letter R followed by the number of the last radiotelegram received. This acknowledgment of receipt shall be preceded by the above formula.

[293] (c) The acknowledgment of receipt shall be made by the receiving station on the same wave as for the reply to the call [see § 5 (2) above].

[294] (3) *End of work*

[295] (a) The end of work between two stations shall be indicated by each of them by means of the signal . . . — . — (end of work), followed by its own call signal.

[296] (b) For these signals the sending station shall continue to use the traffic wave and the receiving station the wave for the reply to the call.

[297] (c) The signal . . . — . — (end of work) shall also be used when the transmission of radiotelegrams of general information, meteorological information, and general safety warnings is ended and the transmission ends in the long-distance radio-communication service with deferred acknowledgment of receipt or without acknowledgement of receipt.

[298] § 8. DURATION OF WORK

[299] (1) (a) In no case, in the maritime mobile service, must the work on 500 kc (600 m) exceed 10 minutes.

[300] (b) In no case, in the aerial mobile service, must the work on 333 kc (900 m) exceed 5 minutes.

[301] (2) On frequencies other than those of 500 kc (600

[2] In the case where the choice of the wave to be used for the traffic falls to the station called, and if, in exceptional cases, the latter station does not give the corresponding indication, the traffic shall take place on the wave used for the call.

m) and 333 kc (900 m) the duration of the periods of work shall be determined;

[302] (a) between a land station and a mobile station, by the land station,

[303] (b) between mobile stations, by the receiving station.

[304] § 9. TESTS

When it is necessary to make test signals, either for the adjustment of a transmitter before transmitting the call, or for the adjustment of a receiver, these signals must not last more than 10 seconds, and they must be composed of a series of V's followed by the call signal of the station transmitting for the tests.

ARTICLE 17

General call "to all"

[305] § 1. Two types of call signals "to all" shall be recognized:

1. the CQ call followed by the letter K (see §§ 2 and 3);

2. the CQ call not followed by the letter K (see § 4).

[306] § 2. Stations desiring to enter into communication with stations of the mobile service, without however, knowing the names of the mobile stations within their range, can use the inquiry signal CQ, in place of the call signal of the station called, in the calling formula, this formula being followed by the letter K (general call to all mobile stations, with request for reply).

[307] § 3. In regions where traffic is heavy, the use of the CQ call followed by the letter K shall be forbidden, except in combination with urgent signals.

[308] § 4. The CQ call not followed by the letter K (general call to all stations without request for reply) shall be used before transmission of information of all kinds intended to be read or used by anyone who can receive it.

ARTICLE 18

Calling

[309] § 1. (1) As a general rule, it shall devolve upon the mobile station to establish communication with the land station. It may call the land station for this purpose only after having arrived within the range of the latter.

[310] (2) However, a land station having traffic for a mobile station which has not indicated its presence may call the latter if it has reason to assume that the said mobile station is within its range and is listening.

[311] § 2. (1) Furthermore, land stations may transmit their calls in the form of "lists of calls" consisting of the call signals of all mobile stations for which they have traffic on hand, at definite intervals, at least 2 hours apart, which have been established by agreements between the governments concerned. Land stations which transmit their calls on the wave of 500 kc (600 m) shall transmit them in the form of "lists of calls", in alphabetical order, to include only the call signals of mobile stations for which they have traffic on hand and which are within their range. To their own call signal they shall add the abbreviations to indicate the working-wave they wish to use in the transmission. Land stations which use continuous waves outside of the band of 365 to 515 kc (822 to 583 m) shall transmit the call signals in the order which is most convenient for them.

[312] (2) The time at which land stations transmit their lists of calls, as well as the frequencies and types of waves which they use for this purpose must be indicated in the nomenclature.

[313] (3) Mobile stations which, during this transmission, hear their call signal, must answer as soon as they can, following, so far as possible, the order in which they were called.

[314] (4) When the traffic cannot be disposed of immediately, the land station shall inform each mobile station concerned of the probable time at which the work can begin, as well as the frequency and the type of wave which will be used in the work with it, if this is necessary.

[315] § 3. When a land station receives calls from several mobile stations at practically the same time, it shall decide as to the order in which these stations may transmit their traffic to it, its decision being based only on the necessity for permitting each calling station to exchange with it the greatest possible number of radiotelegrams.

[316] § 4. (1) When communication is first established with a land station, every mobile station, if it deems it advisable on account of possible confusion, can transmit its name spelled out as it appears in the nomenclature.

[317] (2) The land station can, by means of the abbreviation PTR, request the mobile station to give it the following information:

(a) approximate distance in nautical miles and bearing with reference to the land station, or else the position indicated by latitude and longitude;

(b) next port of call.

[318] (3) The information covered by subparagraph (2) shall be furnished by authorization of the commander or the person responsible for the vehicle carrying the mobile station and only in case it is requested by the land station.

[319] § 5. In communications between land stations and mobile stations, the mobile station shall comply with the instructions given by the land station, in all questions relative to the order and the time of transmission, to the choice of frequency (wave length) and/or of the type of wave and to the suspension of work. This provision shall not apply to cases of distress.

[320] § 6. In communications between mobile stations, and except for cases of distress, the station called shall control the work as indicated in § 5 above.

[321] § 7. (1) When a station called does not answer a call sent three times, at intervals of 2 minutes, the call must cease and it may be resumed only 15 minutes later (5 minutes for aeronautical mobile service). The calling station, before resuming the call, must make certain that the station called is not in communication with another station at that time.

[322] (2) The call may be repeated at shorter intervals if there is no danger that it will interfere with communications in progress.

[323] § 8. When the name and the address of the operating agency of a mobile station are not shown in the nomenclature or are no longer in accord with the data given therein, it shall devolve upon the mobile station, as a matter of routine, to furnish the land station to which it sends traffic with all the necessary information in this connection, using for this purpose the appropriate abbreviations.

ARTICLE 19

Use of Waves in the Mobile Service

[324] § 1. (1) In the bands included between 365 and 515 kc (822 and 583 m), the only type-B waves permissible shall be the following: 375, 410, 425, 454, and 500 kc (800, 730, 705, 660, and 600 m).

[325] (2) The general calling-wave which must be used by all ship stations and by all coast stations working in radiotelegraphy in the authorized bands between 365 and 515 kc (822 and 583 m), as well as by aircraft wishing to enter into communication with a coast station or a ship station, shall be the wave 500 kc (600 m) (A1, A2, or B).

[326] (3) The wave of 333 kc (900 m) shall be the international calling-wave for aerial services, except as indicated in article 9, §10 (2).

[327] (4) The wave of 143 kc (2,100 m) (Type-A1 only), shall be the international calling-wave for use in long-distance communications of the mobile service in the band 100 to 160 kc (3,000 to 1,875 m).

[328] (5) The wave of 500 kc (600 m) shall be the international distress wave; it shall be used for that purpose by ship stations and aircraft stations in requesting help from the maritime services. It may be used in a general way only for calls and replies as well as for distress traffic, urgent and safety messages, and signals.

[329] (6) However, on condition that the distress, urgent, safety, calling, and reply signals are not interfered with, the wave of 500 kc (600 m) may be used:

[330] (a) in the regions of heavy traffic for the transmission of a single short radiotelegram; [1]

[1] The regions of heavy traffic are indicated in the nomenclature of coast stations. These regions consist of the service areas of the coast stations indicated as not accepting traffic on 500 kc (600 m).

[331] (b) in other regions, for other purposes, but with discretion.

[332] (7) Besides the wave of 500 kc (600 m), the use of waves of all types between 485 and 515 kc (620 and 583 m) shall be forbidden.

[333] (8) Except for the wave of 143 kc (2,100 m) the use of any wave between 140 and 146 kc (2,143 and 2,055 m) shall be forbidden.

[334] (9) Coast and ship stations working within the authorized band between 365 and 515 kc (822 and 583 m) must be able to use at least one wave besides that of 500 kc (600 m); when an additional wave is printed in heavy type in the nomenclature, this is the normal working-wave of the station. The additional waves thus chosen for coast stations may or may not be the same as those of ship stations. In any case, the working-waves of coast stations must be chosen in such a way as to avoid interference with neighboring stations.

[335] (10) Besides their normal working-waves, printed in heavy type in the nomenclature, land and on-board stations may use, in the authorized bands, supplementary waves which shall be mentioned in the nomenclature in ordinary print. However, the band of frequencies from 365 to 385 kc (822 to 779 m) shall be reserved to the radio direction-finding service; it can be used by the mobile service, for radiotelegraph correspondence, only subject to the conditions set forth in article 7.

[336] (11) (a) The wave for the reply to a call transmitted on the general calling-wave [see § 1 (2)] shall be the wave of 500 kc (600 m), the same as that for calling.

[337] (b) The wave for the reply to a call, for aircraft stations and aeronautical stations working in the band 315 to 365 kc (952 to 822 m) shall be the wave of 333 kc (900 m), the same as that for calling.

[338] (c) The wave for the reply to a call transmitted on the international calling-wave of 143 kc (2,100 m) [see § 1 (4)] shall be:

the wave of 143 kc (2,100 m) for a mobile station;

the normal working-wave, for a coast station.

[339] § 2. (1) In order to increase safety of life at sea (ships), and over the sea (aircraft), all the stations of the maritime mobile service which normally listen on the waves of the authorized bands between 365 and 515 kc (822 and 583 m) must, during their working hours, make the necessary provisions to insure the watch on the distress wave [500 kc (600 m)] twice per hour, for 3 minutes, beginning at x:15 and at x:45 o'clock, Greenwich mean time.

[340] (2) During the intervals indicated above, outside the transmissions mentioned in article 22 (§§ 22 to 28):

[341] A. Transmissions must cease in the bands of 460 to 550 kc (652 to 545 m);

[342] B. Outside these bands:

(a) transmissions of type B waves shall be forbidden;

(b) other transmissions of the mobile service stations may continue; stations of the maritime mobile service may listen to these transmissions on the express condition that these stations shall first insure the watch on the distress wave, as provided for in subparagraph (1) of this paragraph.

[343] § 3. Since calls in the authorized bands between 365 and 515 kc (822 and 583 m) and from 315 to 365 kc (952 to 822 m) are normally made on the international calling-waves [§ 1 (2) and (3) above], mobile service stations open to the service of public correspondence and using waves from these bands for their work must, during their hours of watch, remain on watch on the calling-wave of their service. These stations, while observing the provisions of article 19, § 2 (1) and (2) and § 4 D, are authorized to abandon this watch only when they are engaged in a communication on other waves.

[344] § 4. The following rules must be followed in the operation of stations of the mobile service using type-A1 waves in the band 100 to 160 kc (3,000 to 1,875 m):

[345] A. (a) Any coast station carrying on a communication on one of these waves must listen on the wave of 143 kc (2,100 m), unless otherwise indicated in the nomenclature.

[346] (b) The coast station shall transmit all its traffic on the wave or on the waves which are specifically assigned to it.

[347] (c) A coast station to which one or more waves within the band 125 to 150 kc (2,400 to 2,000 m) have been allocated, shall have a prior right to this or these waves.

[348] (d) Any other mobile service station transmitting public traffic on this or these waves and thereby causing interference with the said coast station must discontinue its work at the request of the latter.

[349] B. (a) When a mobile station wishes to establish communication on one of these waves with another station of the mobile service, it must use the wave of 143 kc (2,100 m), unless otherwise indicated in the nomenclature.

[350] (b) This wave, designated as a general calling-wave, must be used exclusively in the North Atlantic:

1. for making individual calls and answering these calls;

2. for transmitting signals preliminary to the transmission of traffic.

[351] C. A mobile station, after having established communication with another station of the mobile service on the general calling-wave of 143 kc (2,100 m) must, so far as possible, transmit its traffic on some other wave of the authorized bands, provided it does not interfere with the work in progress of another station.

[352] D. As a general rule, any mobile station equipped for service on type-A1 waves in the band 100 to 160 kc (3,000 to 1,875) and which is not engaged in a communication on another wave, must, in order to permit the exchange of traffic with other stations of the mobile service, return each hour to the wave of 143 kc (2,100 m) for 5 minutes beginning at x:35 o'clock Greenwich mean time, during the specified hours, according to the category to which the station in question belongs.

[353] E. (a) Land stations must, so far as possible, transmit calls in the form of call lists; in this case, the stations shall transmit their call lists at specified hours published in the nomenclature, on the wave or waves allocated to them, in the band 100 to 160 kc (3,000 to 1,875 m), but not on the wave of 143 kc (2,100 m).

[354] (b) Land stations may, however, call mobile stations individually at any other time, outside the hours fixed for the transmission of call lists, according to circumstances or according to the work which they have to perform.

[355] (c) The wave of 143 kc (2,100 m) may be used for individual calls and shall preferably be used for this purpose during the period indicated in § 4, D.

[356] § 5. Radio communications from aeronautical and aircraft stations shall, in principle, be exchanged in the following manner:

[357] 1. For aircraft stations:

(a) In radiotelephony (calling and working) for aircraft of which the crew does not include a radiotelegraph operator.

(b) In radiotelegraphy on continuous waves for aircraft of which the crew includes a radiotelegraph operator.

Calling: type-A2 waves.

Working: type-A1 waves (type A2 shall be permitted in the case of work on short waves).

[358] 2. For aeronautical stations:

(a) In radiotelephony (calling and working) when the station must communicate with an aircraft of which the crew does not include a radiotelegraph operator.

(b) In radiotelegraphy, when the station must communicate with an aircraft of which the crew includes a radiotelegraph operator.

Type-A1 waves (calling and working).

Type-A2 waves shall be permitted (calling and working) in the case of short waves.

ARTICLE 20

Interference

[359] § 1. (1) The exchange of unnecessary signals or messages shall be forbidden to all stations.

[360] (2) Tests and experiments shall be permitted in mobile stations if they do not interfere with the service of other stations. As for stations other than mobile stations, each

administration shall judge, before authorizing them, whether or not the proposed tests or experiments are likely to interfere with the service of other stations.

[361] § 2. It is recommended that traffic relating to public correspondence be transmitted on type-A1 waves rather than on type-A2 waves, and on type-2A waves rather than on type-B waves.

[362] § 3. All stations of the mobile service shall be required to exchange traffic with the minimum of radiated power necessary to insure good communication.

[363] § 4. Except in cases of distress, communications between on-board stations must not interfere with the work of land stations. When this work is thus interfered with, the on-board stations which cause it must stop transmitting or change wave, upon the first request of the land station concerned.

[364] § 5. Test and adjustment signals must be selected in such a way that there will result no confusion with a signal, an abbreviation, etc., having a particular meaning defined by these Regulations or by the International Code of Signals.

[365] § 6. (1) When it is necessary to transmit test or adjustment signals, and there is danger of interfering with the service of the adjoining land station, permission must be obtained from that land station before such transmissions are made.

[366] (2) Any station making transmissions for purposes of testing, adjusting, or experimenting, must transmit its call signal or, if need be, its name at frequent intervals in the course of these transmissions.

[367] § 7. The administration or enterprise which makes a complaint regarding interference must, to support and justify the complaint:

(a) specify the characteristics of the interference noted (frequency, variations in adjustment, call signal of the interfering station, etc.);

(b) state that the station interfered with actually uses the frequency assigned to it;

(c) state that it regularly uses receiving instruments of a type equivalent to the best used in the current practice of the service concerned.

[368] § 8. The administrations shall take the steps which they deem advisable and which are in keeping with their domestic legislation so that electrical apparatus capable of serious interference with an authorized radio service, will be used in such a manner as to avoid such interference.

ARTICLE 21

Emergency Installations

[369] § 1. The Convention for the Safety of Life at Sea shall determine which ships must be provided with emergency installations and shall define the conditions to be fulfilled by installations of this category.

[370] § 2. In the use of emergency installations, all the provisions of the present Regulations must be observed.

ARTICLE 22

Distress Traffic and Distress Signals—Alarm, Emergency, and Safety Signals

A. GENERAL

[371] § 1. No provision of these Regulations shall prevent a mobile station in distress from using any means available to it for drawing attention, signaling its position, and obtaining help.

[372] § 2. (1) When distress, emergency, or safety is involved, the telegraph transmission speed in general, must not exceed 16 words per minute.

[373] (2) The transmission speed for the alarm signal is indicated in § 21 (1).

B. WAVES TO BE USED IN CASE OF DISTRESS

[374] § 3. (1) *Ships.*—In case of distress, the wave to be used shall be the international distress wave, that is, 500 kc (600 m) (see art. 19); it must preferably be used in type A2 or B. Vessels which cannot transmit on the international distress wave shall use their normal calling-wave.

[375] (2) *Aircraft.*—Any aircraft in distress must transmit the distress call on the watching-wave of the fixed or mobile stations likely to help it: 500 kc (600 m) for stations of the maritime service, 333 kc (900 m) for stations of the aeronautical service [except as indicated in art. 9, § 10 (2)]. The waves to be used are type A2 or A3.

C. DISTRESS SIGNAL

[376] § 4. (1) In radiotelegraphy, the distress signal shall consist of the group . . . — — — . . .; in radiotelephony, the distress signal shall consist of the spoken expression MAY-DAY (corresponding to the French pronunciation of the expression "m'aider").

[377] (2) These distress signals shall announce that the ship, aircraft, or any other vehicle which sends the distress signal is threatened by serious and imminent danger and requests immediate assistance.

D. DISTRESS CALL

[378] § 5. (1) The distress call, when sent in radiotelegraphy on 500 kc (600 m) shall, as a general rule, be immediately preceded by the alarm signal as the latter is defined in § 21 (1).

[379] (2) When circumstances permit, the transmission of the call shall be separated from the end of the alarm signal by a 2-minute silence.

[380] (3) The distress call shall include:

the distress signal transmitted three times.
the word DE, and
the call signal of the mobile station in distress transmitted three times.

[381] (4) This call shall have absolute priority over other transmissions. All stations hearing it must immediately cease all transmission capable of interfering with the distress traffic, and must listen on the wave used for the distress call. This call must not be sent to any particular station and does not require an acknowledgment of receipt.

E. DISTRESS MESSAGE

[382] § 6. (1) The distress call must be followed as soon as possible by the distress message. This message shall include the distress call followed by the name of the ship, aircraft, or the vehicle in distress, information regarding the position of the latter, the nature of the distress and the nature of the help requested, and any other further information which might facilitate this assistance.

[383] (2) When, after having sent its distress message, an aircraft is unable to signal its position, it shall endeavor to send its call signal long enough so that the radio direction-finding stations may determine its position.

[384] § 7. (1) As a general rule, a ship or aircraft at sea shall signal its position in latitude and longitude (Greenwich), using figures, for the degrees and minutes, accompanied by one of the words north or south and one of the words east or west. A period shall separate the degrees from the minutes. In some cases, the true bearings and the distance in nautical miles from some known geographical point may be given.

[385] (2) As a general rule, an aircraft flying over land shall signal its position by the name of the nearest locality, its approximate distance from this point, accompanied according to the case, by one of the words north, south, east, or west, or, in some cases, words indicating intermediate directions.

[386] § 8. The distress call and message shall be sent only by order of the master or person responsible for the ship, aircraft, or other vehicle carrying the mobile station.

[387] § 9. (1) The distress message must be repeated at intervals until an answer has been received, and especially during the periods of silence provided for in article 19, § 2.

[388] (2) The alarm signal may also be repeated, if necessary.

[389] (3) The intervals must, however, be sufficiently long so that stations preparing to reply may have time to put their transmitters in operation.

[390] (4) In case the on-board station in distress receives no answer to a distress message sent on the 500-kc (600-m) wave, the message may be repeated on any other available wave by means of which attention might be attracted.

[391] § 10. Furthermore, a mobile station which becomes aware that another mobile station is in distress, may transmit the distress message in either of the following cases:

[392] (a) when the station in distress is not itself in a position to transmit it;
[393] (b) when the master (or his relief) of the vessel, aircraft, or other vehicle carrying the station which intervenes, believes that further help is necessary.
[394] § 11. (1) Stations which receive a distress message from a mobile station which is unquestionably in their vicinity, must acknowledge receipt thereof at once (see §§ 18 and 19 below), taking care not to interfere with the transmission of the acknowledgment of receipt of the said message by other stations.
[395] (2) Stations which receive a distress message from a mobile station which unquestionably is not in their vicinity, must wait a short period of time before acknowledging receipt thereof, in order to make it possible for stations nearer to the mobile station in distress to answer and acknowledge receipt without interference.

F. DISTRESS TRAFFIC

[396] § 12. Distress traffic shall include all messages relative to immediate assistance needed by the mobile station in distress.
[397] § 13. Every distress traffic radiotelegram must include the distress signal transmitted at the beginning of the preamble.
[398] § 14. The control of distress traffic shall devolve upon the mobile station in distress or upon the mobile station which, by application of the provisions of § 10 (a), has sent the distress call. These stations may delegate the control of the distress traffic to another station.
[399] § 15. (1) When it considers it indispensable, any station of the mobile service in the proximity of the ship, aircraft, or vehicle in distress, may impose silence either to all the stations of the mobile service in the zone, or to any one station which may be causing interference with the distress traffic. In both cases, the regulatory abbreviation (QRT) shall be used, followed by the word DISTRESS; these indications shall be addressed "to all" stations or to one station only, as the case may be.
[400] (2) When the station in distress wishes to impose silence, it shall use the above-mentioned procedure, substituting the distress signal ...———... or the word DISTRESS.
[401] § 16. (1) Any station hearing a distress call must conform to the provisions of § 5 (4).
[402] (2) Any station of the mobile service which becomes aware of distress traffic must listen to this traffic even if it is not taking part in it.
[403] (3) For the entire duration of distress traffic, it shall be prohibited for all stations which are aware of this traffic and which are not taking part in it:
[404] (a) to use the distress wave [500 kc (600 m)] or the wave on which the distress traffic is taking place;
[405] (b) to use type-B waves.
[406] (4) A station of the mobile service which, while following distress traffic of which it is aware, is able to continue its normal service, may do so, when the distress traffic is well established, under the following conditions:
[407] (a) the use of the waves specified in (3) shall be forbidden;
[408] (b) the use of type-A1 waves, with the exception of those which might interfere with the distress traffic, shall be permitted;
[409] (c) it shall be allowed to use type-A2 or -A3 waves only in the band or bands allocated to the mobile service and which do not include frequencies used for distress traffic [the band around 500 kc (600 m) extends from 385 to 550 kc (779 to 545 m)].
[410] § 17. When it is no longer necessary to observe silence, or when the distress traffic is ended, the station which has controlled this traffic shall send on the distress wave, and, where necessary, on the wave used for this distress traffic, a message addressed "to all", indicating that the distress traffic is ended. This message shall take the following form:

CQ call "to all" (three times),
the word DE,
call signal of the station transmitting the message,
distress signal,
time of filing of the message,
name and call signal of the mobile station which was in distress,
words "distress traffic ended".

G. ACKNOWLEDGMENT OF RECEIPT OF A DISTRESS MESSAGE

[411] § 18. The acknowledgment of receipt of a distress message shall be given in the following form:

call signal of the mobile station in distress (three times),
the word DE,
call signal of the station acknowledging receipt (three times,
group RRR,
distress signal.

[412] § 19. (1) Any mobile station acknowledging receipt of a distress message must, on the order of the master or his relief, give the following information as soon as possible, in the order indicated:

its name,
its position, in the form specified in § 7,
the maximum speed at which it is proceeding towards the ship (aircraft or other vehicle) in distress.

[413] (2) Before transmitting this message the station must make sure that it is not interfering with the emissions of other stations in a better position to render immediate assistance to the station in distress.

H. REPETITION OF A DISTRESS CALL OR MESSAGE

[414] § 20. (1) Any station of the mobile service which is not in a position to render assistance and which has heard a distress message for which acknowledgment of receipt has not immediately been given, must take all possible steps to attract the attention of stations of the mobile service which are in a position to furnish help.
[415] (2) For this purpose, with the permission of the authority responsible for the station, the distress call or distress message may be repeated; this repetition shall be made at full power, either on the distress wave or on one of the waves which may be used in case of distress (§ 3 of this article); at the same time all necessary steps shall be taken to inform the authorities whose assistance may be advantageous.
[416] (3) A station which repeats a distress call or a distress message shall transmit after it the word DE followed by its own call signal three times.

I. AUTOMATIC ALARM SIGNAL

[417] § 21. (1) The alarm signal shall consist of a series of 12 dashes sent in 1 minute, the duration of each dash being 4 seconds and the duration of the interval between 2 dashes, 1 second. It can be transmitted by hand or by means of an automatic instrument.

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[418] (2) The only purpose of this special signal is to set into operation the automatic apparatus used to give the alarm. It must only be used either to announce that a distress call or message is to follow, or to announce the transmission of an urgent cyclone warning; in the latter case it can only be used by coast stations duly authorized by their government.
[419] (3) In cases of distress, the use of the alarm signal is indicated in § 5 (1); in the case of urgent cyclone warnings, the emission of this warning must begin only 2 minutes after the end of the alarm signal.
[420] (4) The automatic instruments intended for the reception of the alarm signal must satisfy the following conditions:

1. they must be set into operation by the alarm signal even when numerous stations are working, and also when there is atmospheric interference;
2. they must not be made to operate by "atmospherics" or by powerful signals other than the alarm signal;
3. they must possess a sensitivity equal to that of a crystal-detector receiver connected to the same antenna;
4. they must give warning when their operation ceases to be normal.

[421] (5) Before an automatic alarm receiver may be approved for use on ships, the administration having jurisdiction must be satisfied by practical tests made under suitable conditions of interference, that the apparatus complies with the provisions of these Regulations.

[422] (6) The adoption of the type of alarm signal mentioned in (1) shall not prevent an administration from authorizing the use of an automatic instrument complying with the conditions set forth above and which would be operated by the distress signal . . . — — — . . .

J. URGENT SIGNAL

[423] § 22. (1) In radiotelegraphy, the urgent signal shall consist of the group XXX transmitted three times, with the letters of each group, as well as the consecutive groups well separated; it shall be sent before the call.

[424] (2) In radiotelephony the urgent signal shall consist of three transmissions of the expression PAN (corresponding to the French pronounciation of the word "panne"); it shall be transmitted before the call.[1]

[425] (3) The urgent signal shall indicate that the calling station has a very urgent message to transmit concerning the safety of a ship, an aircraft, or another vehicle, or concerning the safety of some person on board or sighted from on board.

[426] (4) In particular, an aircraft sending a message to indicate that it is in trouble and on the point of being forced to land (or to take to the sea), but that it is not in need of immediate help, shall send the urgent signal before its message.

[427] (5) The urgent signal sent by an aircraft and not followed by a message shall mean that the aircraft is forced to land (or to take to the sea), is not able to transmit a message, but is not in need of immediate help.

[428] (6) The urgent signal shall have priority over all other communications, except distress communications, and all mobile or land stations hearing it must take care not to interfere with the transmission of the message which follows the urgent signal.

[429] (7) In case the urgent signal is used by a mobile station, this signal must, as a general rule, be addressed to a definite station.

[430] § 23. When the urgent signal is used the messages which this signal precedes must, as a general rule, be written in plain language, except in the case of medical messages exchanged between ships or between a ship and a coast station.

[431] § 24. (1) Mobile stations hearing the urgent signal must listen for at least 3 minutes. After this interval, and if no urgent message has been heard, they may resume their normal service.

[432] (2) However, land and on-board stations which are in communication on waves other than that used for the transmission of the urgent signal and the call following it, may continue their normal work without interruption.

[433] § 25. (1) The urgent signal may be transmitted only with the authorization of the master or of the person responsible for the ship, aircraft, or any other vehicle carrying the mobile station.

[434] (2) In the case of a land station, the urgent signal may be transmitted only with the approval of the responsible authority.

K. SAFETY SIGNAL

[435] § 26. (1) In radiotelegraphy, the safety signal shall consist of the group TTT, transmitted three times, with the letters of each group, as well as the consecutive groups, well separated. This signal shall be followed by the word DE and three transmissions of the call signal of the station sending it. It announces that this station is about to transmit a message concerning the safety of navigation or giving important meteorological warnings.

[436] (2) In radiotelephony, the word SECURITY (corresponding to the French pronunciation of the word "sécurité") repeated three times, shall be used as the safety signal.

[437] § 27. The safety signal and the message which follows it shall be transmitted on the distress wave or on one of the waves which, in some instances, may be used in case of distress (see § 3 of this article.)

[438] § 28. (1) In the maritime mobile service, apart from messages transmitted according to a schedule, the safety signal must be transmitted toward the end of the first ensuing period of silence (art. 19, § 2), and the message shall be transmitted immediately after the period of silence; in the cases provided for in article 30, A, § 4 (3) and § 5 (1), B, § 7, the safety signal and the message which follows it must be transmitted with as little delay as possible, but must be repeated, as has just been indicated, at the first ensuing period of silence.

[439] (2) All stations hearing the safety signal must continue listening on the wave on which the safety signal has been sent until the message so announced has been completed; they must moreover keep silence on all waves likely to interfere with the message.

[440] (3) The foregoing rules shall be applicable to the aeronautical service so far as they are not in conflict with regional arrangements providing aerial navigation with at least equivalent protection.

ARTICLE 23

Working Hours of Stations of the Mobile Service

[441] § 1. In order to permit the application of the rules indicated below regarding the hours of watch, each wireless station must have an accurate clock and must take the necessary steps to see that it is correctly adjusted to Greenwich mean time.

A. LAND STATIONS

[442] § 2. (1) The service of land stations shall, so far as possible, be continuous (day and night). However, the duration of the service of certain land stations may be limited. Each administration or public enterprise duly authorized to this effect, shall determine the service hours of the land stations under its authority.

[443] (2) Land stations the service of which is not continuous may not close before having:

1. finished all operations called for by a distress call;
2. exchanged all radiotelegrams originating in or destined to the mobile stations which are within their range and have signaled their presence before the effective cessation of work.

[444] (3) The service of aeronautical stations shall be continuous during the entire period of flight in the sector or sectors of the course or courses for which the station in question carries on the radio service.

B. SHIP STATIONS

[445] § 3. (1) For the international service of public correspondence, ship stations shall be classified into three categories according to the internal regulations of the administration to which they are subject, as follows:

[446] stations of the first category: these stations shall carry on a continuous service;

[447] stations of the second category: these stations shall carry on a service of limited duration, as outlined in subparagraph (2) below;

[448] stations of the third category: these stations shall carry on a service of a more limited duration than that of the stations of the second category, or a service the duration of which is not determined by these Regulations.

[449] (2) (a) Ship stations classified in the second category must carry on their service at least during the period assigned to them in appendix 4. This period shall be mentioned in the license.

[450] (b) In the case of short crossings, they shall carry on the service during the hours determined by the administration to which they belong.

[451] (3) In certain cases, the service hours of stations on ships of the third category may be mentioned in the nomenclature.

[452] (4) As a general rule, when a coast station has traffic on hand for a station on a ship of the third category not having fixed listening hours and which is presumed to be

[1] In the aeronautical service, at present, the signal PAN is also used as the radiotelegraph urgent signal; in this case the three letters must be well separated in order that the letters AN will not be changed into the letter P.

within the range of the coast station, the latter shall call the ship station during the first half-hour of the first and third listening periods of ship stations of the second category carrying on an 8-hour service in accordance with the provisions of appendix 4.

[453] § 4. (1) The provisions of § 2 (2) of this article shall apply strictly to ship stations with regard to the distress service, and, so far as possible, in conformity with the spirit of the contents of item 2 of the said subparagraph.

[454] (2) It shall devolve upon each of the contracting governments to insure the efficiency of the service in the ship stations of its nationality by requiring in these stations the presence of the necessary number of operators, taking into account its internal regulations on the subject.

C. AIRCRAFT STATIONS

[455] § 5. For the international service of public correspondence, aircraft stations shall be classified into two categories according to the internal regulations of the administrations to which they are subject, as follows:

[456] stations of the first category: these stations shall carry on a continuous service;

[457] stations of the second category: these stations shall carry on a limited service of which the duration is not determined by these Regulations.

D. GENERAL PROVISIONS

[458] § 6. (1) A mobile station which has no fixed working-hours must advise the land station with which it is in communication of the closing and reopening hours of its service.

[459] (2) (a) Every mobile station the service of which is about to close, due to arrival, must so advise the nearest land station and, if necessary, the other land stations with which it generally communicates. It must not close until it has cleared all traffic on hand.

[460] (b) At the time of its departure, it must advise the aforesaid land station or stations of its reopening.

E. CLASS AND MINIMUM NUMBER OF OPERATORS

[461] § 7. With respect to the international service of public correspondence of mobile stations, the personnel of these stations must include at least:

[462] 1. for ship stations of the first category; an operator holding a first-class radiotelegraph operator's certificate;

[463] 2. for ship stations of the second category; an operator holding a first- or second-class radiotelegraph operator's certificate;

[464] 3. (a) for ship stations of the third category, except in the cases provided for in subparagraphs (b) and (c) below, an operator having successfully passed the examination for a second-class radiotelegraph operator's certificate;

[465] (b) for ship stations of which radiotelegraph equipment is not made compulsory by international agreements, an operator holding a special certificate covering the conditions contained in article 10, D, § 6 (1);

[466] (c) for ship stations equipped with a low-power radiotelephone installation, an operator holding a radiotelephone operator's certificate covering the conditions contained in article 10, E, § 7;

[467] 4. (a) for aircraft stations, except in the cases provided for in subparagraphs (b) and (c) below, an operator holding a first- or second-class radiotelegraph operator's certificate, according to provisions of an internal character laid down by the governments to which these stations are subject;

[468] (b) for stations on board aircraft for which radiotelegraph equipment is not made compulsory by international agreements, an operator holding a special certificate covering the conditions contained in article 10, D, § 6 (1);

[469] (c) for stations on board aircraft equipped with a low-power radiotelephone installation, an operator holding a radiotelephone operator's certificate covering the conditions contained in article 10, E, § 7.

ARTICLE 24

Order of Priority of Communications in the Mobile Service

[470] The order of priority of radio communications in the mobile service shall be as follows:

1. distress calls, distress messages, and distress traffic;
2. communications preceded by an urgent signal;
3. communications preceded by a safety signal;
4. communications relative to radio direction-finding bearings;
5. government radiotelegrams for which priority right has not been waived;
6. all other communications.

ARTICLE 25

Indication of the Station of Origin of Radiotelegrams

[471] § 1. When the name of a station, due to similarity of names, is followed by the call signal of that station, that signal shall be separated from the name of the station by a fraction bar. Example: Oregon/OZOC (and not Oregonozoc); Rose/DDOR (and not Roseddor).

[472] § 2. When reforwarding, over the communication channels of the general network, a radiotelegram received from a mobile station, the land station shall transmit, as the origin, the name of the mobile station where the radiotelegram originated, as that name is shown in the nomenclature, followed by the name of the said land station.

[473] § 3. If it deems advisable, the land station may complete the indication of the mobile station of origin by the word "ship", or "aircraft", or "dirigible" placed before the name of the said station of origin, for the purpose of avoiding any confusion with a telegraph office or a fixed station having the same name.

ARTICLE 26

Routing of Radiotelegrams

[474] § 1. (1) As a general rule, a mobile station using type -A2, -A3, or -B waves within the band 365 to 515 kc (822 to 583m) shall send its radiotelegrams to the nearest land station. In order to accelerate or facilitate the transmission of radiotelegrams, it may, however, transmit them to another mobile station. The latter shall treat radiotelegrams thus received like those filed in its own station. (See also art. 7 of the Additional Regulations.)

[475] (2) However, when the mobile station can choose among several land stations situated at approximately the same distance, it must give the preference to the station located on the territory of the country of destination or of normal transit of the radiotelegram. When the station chosen is not the nearest, the mobile station must cease working or change the type or frequency of emission upon the first request made by the land station of the service concerned which is actually the nearest, when this request is based upon the interference which the work in question causes to the latter.

[476] § 2. Mobile stations using either type -A1 waves or type-A2 or A3 waves, outside the band 365 to 515 kc (822 to 583 m) must, as a general rule, give preference to the land station located on the territory of the country of destination or of the country which it appears could most reasonably effect the transit of the radiotelegrams.

[477] § 3. If the sender of a radiotelegram filed in a mobile station has designated the land station to which he desires his radiotelegram sent, the mobile station must, in some cases, wait until the conditions specified in the preceding paragraphs are fulfilled, before making the transmission to the designated land station.

ARTICLE 27

Accounting for Radiotelegrams

A. ESTABLISHMENT OF ACCOUNTS

[478] § 1. In principle, land and on-board charges shall not enter into international telegraph accounts.

[479] § 2. Governments reserve the right to make different arrangements among themselves and with the private enterprises concerned, with a view to the adoption of other provisions for accounting, notably the adoption, so far as possible, of the system in which land and on-board charges follow radiotelegrams from country to country through the telegraph accounts.

[480] § 3. In the absence of a different arrangement, in accordance with the provisions of § 2 above, accounts for these charges shall be set up each month by the administra-

tions to which the land stations are subject and sent by them to the administrations concerned.

[481] § 4. Where the land stations are not operated by the administration of the country, the operating agency may be substituted for the administration of the country, so far as accounts are concerned.

[482] § 5. For radiotelegrams originating with on-board stations, the administration to which the land station is subject shall debit the administration to which the on-board station of origin is subject with the land charges, the charges pertaining to the course on the general system of telecommunication channels—hereinafter called telegraph charges—the total charges collected for prepaid replies, land and telegraph charges collected for collating, charges collected for delivery by special messenger, mail or air mail, and charges collected for copies of multiple telegrams. For transmission over telegraph-communication channels, radiotelegrams shall be handled, from the standpoint of accounts, in accordance with the Telegraph Regulations.

[483] § 6. For radiotelegrams addressed to a country situated beyond the one to which the land station is subject, the telegraph charges to be settled in conformity with the above provisions shall be those resulting either from rate tables pertaining to the international telegraph correspondence, or from special arrangements concluded among administrations of bordering countries and published by these administrations, and not the charges which might be collected by applying either minimum charges per telegram, or methods for rounding off prices per telegram in any way whatever.

[484] § 7. For radiotelegrams addressed to on-board stations, the administration to which the office of origin is subject, shall be debited directly by that to which the land station is subject, with the land and on-board charges plus the land and on-board charges applicable for collating, but only in the case where the radiotelegram has been transmitted to the on-board station. However, in the case covered in § 4, article 9 of the Additional Regulations, the administration to which the office of origin is subject shall be debited with the land charge by the administration to which the land station is subject. The administration to which the office of origin is subject shall always be debited from country to country, if necessary, through the telegraph accounts, and by the administration to which the land station is subject, with the total charges appertaining to prepaid replies and with the telegraph charge pertaining to collating. Regarding telegraph charges, charges concerning delivery by mail or air mail, and charges for copies of multiple telegrams, the normal telegraph procedure shall be adopted, with respect to telegraph accounts. The administration to which the land station is subject shall, so far as the radiotelegram has been transmitted, credit the administration to which the on-board station of destination is subject: (*a*) with the on-board charge; (*b*) if necessary, with the charges accruing to intermediate on-board stations, with the total amount collected for prepaid replies, with the on-board charge paid for collating, with the charges collected for copies of multiple telegrams, and with the charges collected for mail or air mail delivery.

[485] § 8. In the mobile service accounts, paid service notices and replies to radiotelegrams with prepaid reply shall be handled in every respect like other radiotelegrams.

[486] § 9. For radiotelegrams exchanged between on-board stations—

[487] (a) through the intermediary of a single land station:

The administration to which the land station is subject shall debit the one to which the on-board station of origin is subject: with the land charge, with the territorial telegraph charge, if any, and with the charge of the on-board station of destination. It shall credit the administration to which the on-board station of destination is subject with the on-board charge accruing to that station.

[488] (b) through the intermediary of two land stations:

The administration to which the first land station is subject shall debit the one to which the on-board station of origin is subject, with all the charges collected, deduction being made of the charges accruing to this on-board station. The administration to which the second land station is subject shall debit directly the administration to which the first land station is subject, with the charges pertaining to transmission to the mobile station of destination, but only where this transmission has been made.

[489] § 10. For radiotelegrams which are routed, at the sender's request, through one or two intermediary on-board stations, each of these shall debit the on-board station of destination, in the case of a radiotelegram addressed to an on-board station, or the on-board station of origin when the radiotelegram originates with an on-board station, with the on-board charge accruing to it for transit.

B. EXCHANGE, VERIFICATION, AND SETTLEMENT OF ACCOUNTS

[490] § 11. In principle, settlement of accounts pertaining to exchanges between on-board stations shall be made directly among the agencies operating these stations, the operating agency to which the station of origin is subject being debited by that to which the station of destination is subject.

[491] § 12. In principle, monthly accounts, serving as basis for the accounting of radiotelegrams, dealt with in this article, shall be set up, using so far as possible the model form shown in appendix 11, for each on-board station separately and according to the number of words per month in the radiotelegrams of the same origin and for the same destination, exchanged with the same land station. Accounts shall be sent within 3 months after the month to which they refer.

[492] § 13. Notice of acceptance of an account, or comments concerning it, shall be sent within 6 months from the date on which the latter is rendered.

[493] § 14. The periods mentioned in the two preceding paragraphs may exceed the time stipulated when exceptional difficulties arise in the postal transport of documents between land stations and the administrations to which they belong. Nevertheless, the closing and settlement of accounts presented more than 18 months after the date of the filing of the radiotelegrams, to which the accounts relate, may be refused by the debtor administration.

[494] § 15. In the absence of contrary arrangement, the following provisions shall be applicable to radiotelegraph accounts considered in the present article.

[495] § 16. (1) Monthly accounts shall be accepted without revision when the difference between the accounts prepared by the two administrations concerned does not exceed one percent (1%) of the account of the creditor administration, provided that the amount of this account be not greater than one hundred thousand francs (100,000 fr.); when the amount of the account drawn up by the creditor administration is greater than a hundred thousand francs (100,000 fr.), the difference must not exceed a total sum comprising:

1st. 1% of the first hundred thousand francs (100,000 fr.);

2d. 0.5% of the remainder of the amount of the account.

[496] However, if the difference does not exceed twenty-five francs (25 fr.), the discrepancy must be disregarded.

[497] (2) A revision once begun shall cease as soon as, following an exchange of comments between the two administrations concerned, the difference has been reduced to an amount not exceeding the maximum fixed by the first subparagraph of this paragraph.

[498] § 17. (1) Immediately after the acceptance of the accounts appertaining to the last month of a quarter, a quarterly account, setting forth the balance for the whole of the 3 months of the quarter, shall, in the absence of a contrary arrangement between the two administrations concerned, be prepared by the creditor administration and forwarded in duplicate to the debtor administration, which, after checking it, shall return one of the two copies endorsed with its acceptance.

[499] (2) Failing acceptance of one or the other of the monthly accounts of the same quarter before the expiration of the sixth month following the quarter to which the accounts refer, the quarterly account may, nevertheless, be

prepared by the creditor administration for a provisional settlement, which shall become obligatory for the debtor administration in the conditions set forth in § 18 below. Corrections subsequently found to be necessary shall be included in a subsequent quarterly settlement.

[500] § 18. The quarterly account must be verified and the amount thereof must be paid within 6 weeks from the date on which the debtor administration has received it. After this period, the sums due to one administration by another shall bear interest at the rate of 6 percent per annum, dating from the day following expiration of the said period of grace.

[501] § 19. (1) In the absence of a different agreement, the balance of the quarterly account shall be paid by the debtor administration to the creditor administration, in gold or by means of checks or sight drafts drawn up for an amount equivalent to the amount of the balance expressed in gold francs.

[502] (2) In case of payment by means of checks or drafts, these papers shall be drawn up in the currency of a country where the central issuing bank or another official issuing institution buys and sells gold or gold currency for the national currency at fixed rates determined by law or by virtue of an agreement with the government. If the currencies of several countries answer these conditions, it shall devolve upon the creditor administration to indicate the currency which it desires. Conversion shall be made at par of gold currency.

[503] (3) In the case where the currency of a creditor country does not comply with the conditions set forth above under (2), and if the two countries have an agreement on the subject, the checks or drafts may also be drawn up in the currency of the creditor country. In this case, the balance shall be converted at par of gold currency into the currency of a country complying with the above conditions. The resulting values shall then be converted into the currency of the debtor country, and from that into the currency of the creditor country, at the rate of exchange of the capital or of a place of commerce of the debtor country on the day of delivery of the purchasing order for the check or draft.

[504] § 20. Remittance charges shall be borne by the debtor administration.

[505] § 21. The originals of radiotelegrams and statements of accounts relating thereto shall be preserved until the settlement of the accounts to which they relate and in any case for at least 10 months, counting from the month following the filing of the radiotelegram, with all necessary precautions to maintain secrecy.

ARTICLE 28

Aeronautical Radio Service of Public Correspondence

[506] In the absence of special arrangements (art. 13 of the Convention) the provisions of the present Regulations concerning the procedure for the exchange of or accounting for radio communications shall be applicable, in a general way, to the areonautical radio service of public correspondence.

ARTICLE 29

Service of Low-power Mobile Radiotelephone Stations[1]

[507] § 1. The following provisions affect only the service of mobile radiotelephone stations, in which the carrier-wave power in the antenna does not exceed 100 watts [except by regional agreements provided for in art. 10, § 7 (4) of the present Regulations] within the band 1,530 to 2,000 kc (196.1 to 150 m).

[508] § 2. The service of such a station must be performed by an operator holding a radiotelephone operator's certificate. (Art. 10, § 7 of the present Regulations.)

[509] § 3. (1) In order to call coast stations, the call signal or the geographical name of the place, as it appears in the nomenclature of coast and ship stations, or in the nomenclature of stations operating special services, may be used as a radiotelephone call signal.

[510] (2) In order to call ship stations, either the name of the ship or a call signal conforming to the provisions of article 14 of the present Regulations may be used as a radiotelephone call signal.

[511] (3) In case the name and the nationality of the ship cannot be ascertained beyond doubt, the call signal or the name shall be preceded by the name of the owner.

[512] § 4. (1) The wave of 1,650 kc (182 m) is a calling wave for the radiotelephone mobile service. It may be used under the conditions stipulated in article 7, § 7 [table, notes (11) and (13)]. This rule shall not preclude the use of other frequencies which may be determined by the administrations for the radiotelephone service with coast or ship stations designated by them.

[513] (2) Coast and ship stations using the 1,650-kc (182-m) calling wave must have available at least one other wave in the band 1,530 to 2,000 kc (196.1 to 150 m). This second wave shall be printed in boldface type in the nomenclature of the stations, to indicate that it is the normal working wave of the station. The working waves of these stations must be selected in such a manner as to avoid interference with the other radio stations.

[514] (3) In addition to the normal working wave, coast and ship stations may use additional waves in the band mentioned. These waves shall be indicated in the nomenclature in ordinary type.

[515] § 5. (1) In case of distress, if it is not possible to use the general distress wave of 500 kc (600 m) for radiotelephony, the wave of 1,650 kc (182 m) may be used for distress call and traffic. The station may also use any other wave in order to attract attention, signal its position, and obtain help.

[516] (2) The radiotelephone distress signal shall consist of the spoken expression MAYDAY (corresponding to the French pronunciation of the expression "m'aider").

[517] § 6. The provisions concerning radiotelegraph service and, in particular, the provisions referring to interference, to the distress, urgent, and safety services, to the closing of services, and to calling (arts. 16, 20, 22, 23, and 18 of the present Regulations) shall, so far as it is practicable, and reasonable, be applicable to the mobile radiotelephone service.

[518] § 7. The procedure given in appendix 12 to the present Regulations may be applied in the service of low-power mobile radiotelephone stations.

ARTICLE 30

Special Services

A. METEOROLOGY

[519] § 1. Meteorological messages shall include:

[520] (a) messages intended for meteorological services officially charged with making weather forecasts and with the protection of maritime and aerial navigation;

[521] (b) messages of these meteorological services intended especially:

1st, for mobile stations of the maritime service;
2d, for the protection of the aeronautical service;
3d, for the public.

[522] The information contained in these messages may be:

(1) observations at scheduled hours;
(2) notices of dangerous phenomena;
(3) forecasts and warnings;
(4) statements on the general meteorological situation.

[523] § 2. (1) The various national meteorological services shall arrange for the establishment of common transmission programs in such a way as to use the transmitters best located for such extensive areas as the latter can serve.

[524] (2) The meteorological observations contained in the classes (a) and (b), 1st and 2d above (§ 1) shall, in principle, be written in an international meteorological code, whether they are transmitted by mobile stations or intended for them.

[525] § 3. For weather-observation messages intended for an official meteorological service, advantage shall be taken of the facilities resulting from the assignment of exclusive waves to synoptic meteorology and to aeronautical meteorology, in conformity with the regional agreements estab-

[1] When the occasion arises, these provisions may be applied to aircraft stations.

lished by the services concerned for the use of these waves.
[526] § 4. (1) Meteorological messages intended especially for all mobile stations of the maritime service shall, in principle, be transmitted in accordance with a definite time schedule, and so far as possible, at hours when they may be received by those of the stations mentioned which have but one operator, the transmission speed being selected in such a way that the reading of the signals will be possible for an operator having only a second-class certificate.
[527] (2) During transmissions "to all" of meteorological messages intended for stations of the mobile service, all stations of this service whose transmissions might interfere with the reception of the messages in question must observe silence, in order to make it possible for all the stations desiring to receive the said messages.
[528] (3) Meteorological warning messages shall be transmitted immediately and must be repeated at the end of the first period of silence ensuing (see art. 19, § 2). These messages must be sent on the waves allocated to the maritime mobile service. Their transmission shall be preceded by the safety signal.
[529] (4) In addition to the regular information services provided for in the preceding subparagraphs, the administrations shall take the necessary steps so that, upon request, certain stations will be charged with communicating meteorological messages to stations of the mobile service.
[530] (5) The preceding rules shall be applicable to the aeronautical service so far as they do not conflict with more definite regional arrangements insuring at least equivalent protection to aerial navigation.
[531] § 5. (1) Messages emanating from mobile stations and containing information relative to the presence of tropical cyclones must be transmitted in as short a time as possible to the other neighboring mobile stations and to the competent authorities at the first point on the coast with which contact may be established. Their transmission shall be preceded by the safety signal.
[532] (2) Any mobile station may, for its own use, listen to the meteorological observations transmitted by other mobile stations even when they are addressed to a national meteorological service. The stations of the mobile service which transmit meteorological observations addressed to a national meteorological service shall not be required to repeat these observations; but the exchange, upon request, of information relating to weather conditions shall be authorized between mobile stations.

B. TIME SIGNALS—NOTICES TO NAVIGATORS

[533] § 6. The provisions of § 4 above shall be applicable to time signals and to notices to navigators, with the exception, as regards time signals, of the provisions contained in § 4 (3) of title A.
[534] § 7. Messages containing information relative to the presence of dangerous ice, dangerous wrecks, or of any other imminent danger to navigation, must be transmitted with as little delay as possible to the other neighboring mobile stations and to the competent authorities at the first point of the coast with which contact may be established. These transmissions must be preceded by the safety signal.
[535] § 8. When they deem it necessary, and on condition that the sender consents, the administrations may authorize their land stations to communicate to such maritime information agencies as they choose, and under conditions laid down by themselves, information concerning averages and disasters at sea or information of a general interest to navigation.

C. SERVICE OF RADIO DIRECTION-FINDING STATIONS

[536] § 9. The administrations to which radio direction-finding stations are subject accept no responsibility for the consequences of an inexact bearing.
[537] § 10. These administrations shall notify, for insertion in the nomenclature of stations carrying on special services, the characteristics of each radio direction-finding station, indicating for each one the sectors in which bearings are normally safe. Any change concerning this information must be published without delay; if the change is of a permanent nature, it must be communicated to the Bureau of the Union.
[538] § 11. (1) The normal radio direction-finding wave shall be the wave of 375 kc (800 m). In principle, all coastal radio direction-finding stations must be able to use it.[1] In addition, they must be able to take bearings from emissions made on 500 kc (600 m), particularly to locate distress, alarm, and urgent signals.
[539] (2) An aircraft station desiring to obtain its bearing must, in order to request same, call on the 333-kc (900-m) wave or on a wave assigned to the air route over which it is flying. Where an aircraft station, while in the vicinity of coast stations, calls them in order to obtain a bearing, it must use the watch frequency of these coast stations.
[540] § 12. The procedure to be followed in the radio direction-finding service is given in appendix 13.

D. RADIOBEACON SERVICE

[541] § 13. (1) When an administration deems it advisable, in the interests of maritime and aerial navigation, to organize a radiobeacon service, it may use for this purpose:
[542] (a) radiobeacons proper, established on land or on vessels permanently moored; the emissions of these radiobeacons may be either nondirectional or directional;
[543] (b) fixed stations, coast stations, or aeronautical stations designated to function also as radiobeacons, upon request of mobile stations.
[544] (2) Radiobeacons proper shall use the following waves:
[545] (a) In the European region, for the maritime radiobeacons, the waves of the band 290 to 320 kc (1,034 to 938 m) and, for the aeronautical radiobeacons the waves of the band 350 to 365 kc (857 to 822 m), as well as certain waves of the band 255 to 290 kc (1,176 to 1,034 m), selected by international aeronautical organizations.
[546] (b) In the other regions, for the maritime radiobeacons, the waves of the band 285 to 315 kc (1,053 to 952 m) and, for the aeronautical radiobeacons, the waves taken from the band 194 to 365 kc (1,546 to 822 m).
[547] (c) In addition, in Europe, Africa, Asia, the directional radiobeacons (maritime and aeronautical) may use the waves of the bands 1,500 to 1,630 kc (200 to 184 m) and 1,670 to 3,500 kc (179.6 to 85.71 m) under the conditions set forth in § 20 of article 7.
[548] (d) The use of type-B waves shall be prohibited for radiobeacons proper.
[549] (3) Other stations notified as radiobeacons shall use their normal frequency and their normal type of emission.
[550] § 14. Signals sent by radiobeacons must permit of exact and accurate observations; they must be chosen in such a way as to eliminate all doubt when the question arises of distinguishing among them two or more radiobeacons.
[551] § 15. The administrations which have organized a radiobeacon service accept no responsibility for the consequences of inexact bearings obtained by means of the radiobeacons of that service.
[552] § 16. (1) The administrations shall notify, for insertion in the nomenclature of stations operating special services, the characteristics of each radiobeacon proper, and of each station designated to operate as a radiobeacon, including, if necessary, indications of the sectors in which bearings are normally reliable.
[553] (2) Any modification or irregularity of operation occurring in the radiobeacon service must be published without delay; if the modification or irregularity of operation is of a permanent nature, it must be reported to the Bureau of the Union.

ARTICLE 31

International Radio Consulting Committee (C.C.I.R.)

[554] § 1. An International Radio Consulting Committee (C.C.I.R.) shall be charged with the study of technical radio questions and those of which the solution depends principally upon considerations of a technical character, which

[1] It is recognized that certain existing stations are not able to use this wave, but all new stations must be able to take bearings on 375 kc (800 m) and on 500 kc (600 m).

shall be submitted to it by the administrations and radio operating companies.

[555] § 2. (1) It shall be formed of experts of the administrations and radio operating companies or groups of radio operating companies recognized by their respective governments, which state their desire to participate in its work and undertake to contribute, in equal shares, to the common expenses of its meetings. The statement shall be addressed to the administration of the country in which the last administrative conference was held.

[556] (2) International organizations interested in radio studies, who shall have been designated by the last plenipotentiary or administrative conference, and who undertake to contribute to the expenses of the meetings, as indicated in the preceding subparagraph, shall also be admitted.

[557] (3) Each administration, company, group of companies, or international organization, shall defray the personal expenses of its own experts.

[558] § 3. In principle, the meetings of the C.C.I.R. shall take place every 5 years. However, a meeting which has been scheduled may be advanced or postponed by the administration calling it at the request of 10 participating administrations, if the number and nature of the questions to be studied warrant it.

[559] § 4. (1) The languages and method of voting used in the plenary assemblies, committees, and subcommittees, shall be those adopted by the last plenipotentiary or administrative conference.

[560] (2) However, when a country is not represented by an administration, the experts of the recognized operating companies of that country, in one body, and regardless of their number shall be entitled to one deliberative vote only.

[561] § 5. The Director of the Bureau of the Union, or his representative, and the representatives of the other International Consulting Committees, C.C.I.F. and C.C.I.T., shall have the right to take part in the meetings of the C.C.I.R. in an advisory capacity.

[562] § 6. The internal organization of the C.C.I.R. shall be governed by the provisions of appendix 14 to the present Regulations.

ARTICLE 32

Expenses of the Bureau of the Union

[563] § 1. The ordinary expenses of the Bureau of the Union for the radio service must not exceed the amount of 200,000 gold francs annually.

[564] § 2. However, if an extraordinary expense is incurred for printed matter or for various documents during a year, and the corresponding revenue is not collected during the same year, the Bureau shall be authorized, in this case only, to exceed the maximum credit provided for, with the understanding that the maximum credit for the following year shall be reduced by an amount equal to the above-mentioned excess.

[565] § 3. The sum of 200,000 gold francs may be modified later, with the consent of all the contracting parties.

ARTICLE 33

Effective Date of the General Regulations

[566] The present General Regulations shall go into effect on the 1st day of January, one thousand nine hundred and thirty-four.

[567] In witness whereof the respective plenipotentiaries have signed the present General Regulations in a single copy which shall remain deposited in the archives of the Spanish Government and a copy of which shall be forwarded to each government.

Done at Madrid, on December 9, 1932.

Signed by the duly accredited representatives of the following Governments:

Union of South Africa; Germany; Republic of Argentina; Commonwealth of Australia; Austria; Belgium; Bolivia; Brazil; Canada; Chile; China; Vatican City State; Republic of Colombia; French Colonies, protectorates and territories under French mandate; Portuguese Colonies; Swiss Confederation; Belgian Congo; Costa Rica; Cuba; Curaçao and Surinam; Cirenaica; Denmark; Free City of Danzig; Dominican Republic; Egypt; Republic of El Salvador; Ecuador; Eritrea; Spain; United States of America; Finland; France; United Kingdom of Great Britain and Northern Ireland; Greece; Guatemala; Republic of Honduras; Hungary; Italian Islands of the Aegean Sea; British India; Dutch East Indies; Irish Free State; Iceland; Italy; Chosen, Taiwan, Karafuto, Kwantung Leased Territory and the South Sea Islands under Japanese mandate; Latvia; Liberia; Lithuania; Morocco; Nicaragua; Norway; New Zealand; Republic of Panama; Netherlands; Peru; Poland; Portugal; Rumania; Italian Somaliland; Sweden; Syria and the Lebanon; Czechoslovakia; Tripolitania; Tunisia; Turkey; Union of Soviet Socialist Republics; Uruguay; Venezuela; Yugoslavia.

APPENDIX 1

TABLE OF FREQUENCY TOLERANCES AND OF INSTABILITIES

(See article 6)

1. The frequency tolerance is the maximum permissible separation between the frequency assigned to a station and the actual frequency of emission.

2. This separation results from the combination of three errors:

(a) the error of the radio frequency meter or of the frequency indicator used;

(b) the error made when the set is adjusted;

(c) the slow variations of the transmitter frequency.

3. In the frequency tolerance, modulation is not to be considered.

4. The instability of the frequency is the maximum permissible separation resulting from the error mentioned in the above (c) only.

Table of frequency tolerances and of instabilities

	Tolerances permissible immediately	Tolerances permissible for new transmitters only after 1933	Instabilities permissible immediately	Instabilities permissible for new transmitters only after 1933
A. From 10 to 550 kilocycles (30,000 to 545 m):	±	±	±	±
(a) Fixed stations ..... percent	0.1	0.1		
(b) Land stations ..... do	0.1	0.1		
(c) Mobile stations using specified frequencies ..... percent	[1] 0.5	[1] 0.5		
(d) Mobile stations using any wave within the band ..... percent			0.5	0.5
(e) Broadcasting ..... kilocycles	0.3	0.05		
B. From 550 to 1,500 kilocycles (545 to 200 m):				
(a) Broadcasting stations ..... kilocycles	0.3	0.05		
(b) Land stations ..... percent	0.1	0.1		
(c) Mobile stations using any wave within the band ..... percent			0.5	0.5
C. From 1,500 to 6,000 kilocycles (200 to 50 m):				
(a) Fixed stations ..... percent	0.05	0.03		
(b) Land stations ..... do	0.1	0.04		
(c) Mobile stations using specified frequencies ..... percent	0.1	0.1		
(d) Mobile stations using any wave within the band ..... kilocycles			5	3
(e) Low-power fixed and land stations (up to 250 watts-antenna) operating in the bands shared by fixed and mobile services ..... kilocycles	[2]	[2]	5	3
D. From 6,000 to 30,000 kc (50 to 10 m):				
(a) Fixed stations ..... percent	0.05	0.02		
(b) Land stations ..... do	.1	.04		
(c) Mobile stations using specified frequencies ..... percent	.1	[3] .1		
(d) Mobile stations using any wave within the band ..... percent			.1	.05
(e) Broadcasting stations ..... do	.03	.01		
(f) Low-power fixed and land stations (up to 250 watts-antenna) operating in the bands shared by fixed and mobile services ..... percent	[2]	[2]	.1	.05

[1] It is recognized that a great number of spark transmitters and simple self-oscillator transmitters exist in this service which are not able to meet these requirements.

[2] The permissible tolerances not being given, the administrations shall fix tolerances as low as possible.

[3] 0.04 percent for frequencies within shared bands.

NOTE.—The administrations shall endeavor to take advantage of technical progress to reduce gradually the frequency tolerances and the limits of instability.

APPENDIX 2

TABLE OF FREQUENCY-BAND WIDTHS OCCUPIED BY THE EMISSIONS

(See article 6)

Generally, the frequency bands actually used by the different types of transmission at the present state of the art are indicated below:

Type of transmission	Width of the band in cycles per second (including both sidebands)
Telegraphy, speed of 100 words per minute, Morse code (40 dots per second):	
On unmodulated continuous waves.	From 80 to 240 (corresponding to the fundamental keying frequency and to its third harmonic).
On modulated continuous waves.	Same figure as above, plus twice the modulation frequency.
Transmission of still pictures	Approximately the ratio between the number of picture elements [1] to be transmitted and the number of seconds necessary for the transmission. Example: 100,000 : 100 = 1,000.
Television	Approximately the product of the number of picture elements [1] in a single picture multiplied by the number of pictures transmitted per second. Example: 10,000 × 20 = 200,000.
Commercial radiotelephony	About 6,000.
High-quality radiotelephony, as, for instance, in broadcasting.	About 10,000 to 20,000.

[1] A cycle is composed of two elements, on black and one white; the modulation frequency therefore is one half of the number of elements transmitted per second.

APPENDIX 3

REPORT OF A VIOLATION OF THE TELECOMMUNICATION CONVENTION OR OF THE RADIO REGULATIONS

(See article 13)

Particulars concerning the station violating the Regulations

1. Name, if known (in printed letters) [*Note (a)*] _____
2. Call signal (in printed letters) _____
3. Nationality, if known _____
4. Wave used (kc or m) _____
5. System [*Note (b)*] _____

Particulars concerning station reporting the irregularity

6. Name (in printed letters) _____
7. Call signal (in printed letters) _____
8. Nationality _____
9. Approximate position [*Note (c)*] _____

Details of the irregularity

10. Name [*Note (d)*] of the station in communication with the station committing the violation _____
11. Call signal of the station in communication with the station committing the violation _____
12. Time [*Note (e)*] and date _____
13. Nature of the irregularity [*Note (f)*] _____
14. *Excerpts from ship log and other documents supporting the report* (to be continued on reverse side, if necessary). Time.
15. *Certificate.*

I certify that the foregoing report represents, to the best of my knowledge, a complete and accurate account of what took place.

Date: _____ 19____ (*) _____

INSTRUCTIONS FOR FILLING IN THE FORM

Note (a). Each report will refer only to one ship or one station. See Note d.

Note (b). Type A1, A2, A3, or B.

Note (c). Applicable to ships and aircraft only; must be expressed either in latitude and longitude (Greenwich) or by a true bearing and distance in nautical miles or in kilometers from some well-known place.

Note (d). If both communicating stations violate the regulations, a separate report shall be made for each one of these stations.

Note (e). Must be expressed by a group of four figures (0001 to 2400), Greenwich mean time. If the violation covers a considerable period of time, the hours must be shown in the margin of item no. 14.

Note (f). A separate report is required for each irregularity, unless the violations have obviously all been made by the same person and have occurred within short time. All reports must be forwarded in duplicate and when practicable, must be typewritten.

(Indelible pencil and carbon paper may be used.)

FOR THE USE OF THE ADMINISTRATION ONLY

1. Company controlling the installation of the station against which complaint is made _____
2. Name of the operator of the station held responsible for the violation of the Regulations _____
3. Action taken _____

(*) This report must be signed by the operator who called attention to the violation, and countersigned by the master of the ship or aircraft, or by the chief of the land station.

APPENDIX 4

HOURS OF SERVICE FOR SHIP STATIONS IN THE SECOND CATEGORY

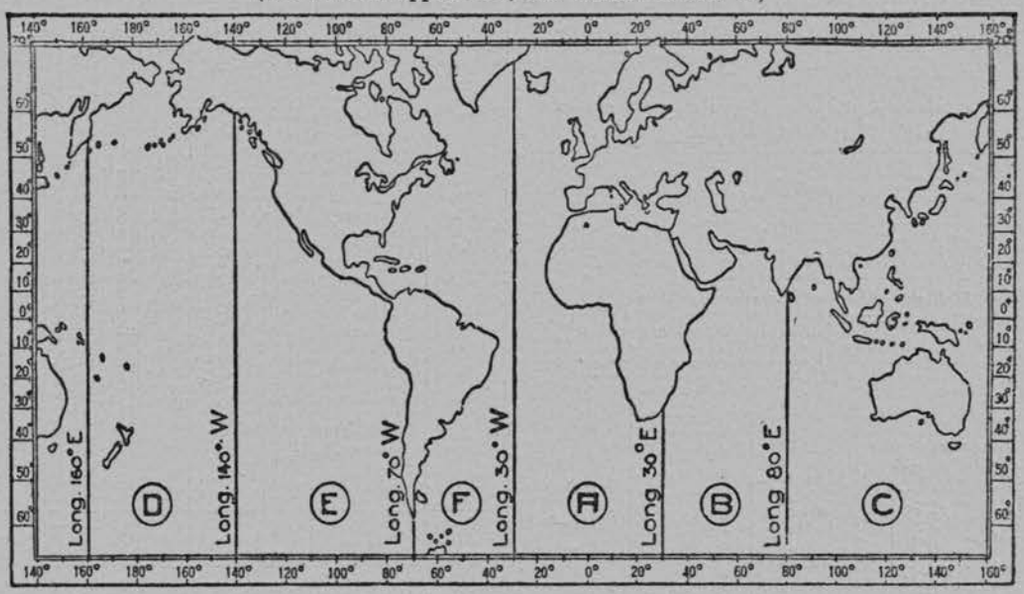
(See chart and map, appendix 5, also articles 15 and 23)

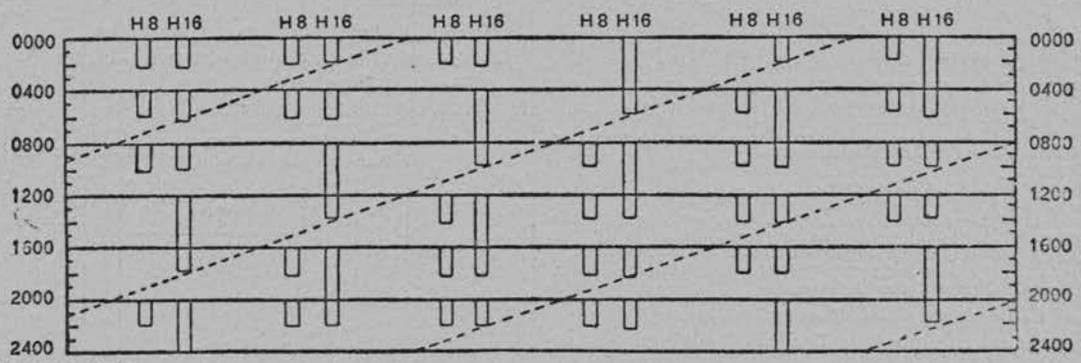
Zones	Western limits	Eastern limits	Hours of service (Greenwich mean time)	
			8 hours (H 8)	16 hours (H 16)
A Eastern Atlantic Ocean, Mediterranean, North Sea, Baltic	Meridian 30° W., coast of Greenland	Meridian 30° E., south of the coast of Africa, eastern limits of Mediterranean, of the Black Sea and of the Baltic, Meridian 30° E. north of Norway	*from to* 8 10 12 14 16 18 20 22 o'clock	*from to* 0 6 8 14 16 18 20 22 o'clock
B Western Indian Ocean, Eastern Arctic Ocean	Eastern limit of Zone A	Meridian 80° E., west coast of Ceylon to the Pont d'Adam, thence westward along the Indian coast	*from to* 4 6 8 10 12 14 16 18 o'clock	*from to* 0 2 4 10 12 14 16 18 20 24 o'clock
C Eastern Indian Ocean, China Sea, Western Pacific Ocean	Eastern limit of Zone B	Meridian 160° E.	*from to* 0 2 4 6 8 10 12 14 o'clock	*from to* 0 6 8 10 12 14 16 22 o'clock
D Central Pacific Ocean	Eastern limit of Zone C	Meridian 140° W.	*from to* 0 2 4 6 8 10 20 22 o'clock	*from to* 0 2 4 6 8 10 12 18 20 24 o'clock
E Eastern Pacific Ocean	Eastern limit of Zone D	Meridian 70° W., south of the American coast, west coast of America	*from to* 0 2 4 6 16 18 20 22 o'clock	*from to* 0 2 4 6 8 14 16 22 o'clock
F Western Atlantic Ocean and Gulf of Mexico	Meridian 70° W., south of the American coast, east coast of America	Meridian 30° W., coast of Greenland	*from to* 0 2 12 14 16 18 20 22 o'clock	*from to* 0 2 4 10 12 18 20 22 o'clock

APPENDIX 5

HOURS OF SERVICE FOR SHIP STATIONS IN THE SECOND CATEGORY

(See table in appendix 4, also articles 15 and 23)





Greenwich mean time.

APPENDIX 6

SERVICE DOCUMENTS

(See article 15)

VOLUME I. NOMENCLATURE OF COAST AND SHIP STATIONS

Part A. Alphabetical Index of Coast Stations

Name of the station	Call signal	See part B page
1	2	3

Part B. Descriptive List of Coast Stations

(Name of the country / Name of the stations } in alphabetical order)

Name of the station	Call signal	Wave: Frequencies (wavelengths) [1] kc (m)	Wave: Type	Exact geographical location of the transmitting antenna [2]	Power in the antenna [3] kw	Service: Nature	Service: Working hours [4]	Charges [5] [6]	Remarks [7]
1	2	3	4	5	6	7	8	9	10

[1] The normal working-wave is printed in boldface type.
[2] Greenwich meridian.
[3] In the case of directive antennas, indicate directivity and azimuth.
[4] Greenwich mean time.
[5] The internal telegraph charge of the country to which the coast station belongs, and the charge applied by this country to telegrams addressed to adjoining countries are given in an annex to the present nomenclature.
[6] If the accounts for charges are settled by a private operating enterprise, indicate the name and address of this private operating enterprise.
[7] Special information concerning the calling hours for the transmission of call lists, etc.

Part C. Descriptive List of Ship Stations

The information relating to these stations is published in two or three lines in the following order:

First line

Call signal below which will appear the ship charge, followed by a reference to indicate the administration or private operating enterprise to which the accounts for charges must be addressed. In case of a change of address of the operating agency, a second reference after the charge will give the new address and the date on which the change will become effective.

Name of the ship, placed in alphabetical order without regard to nationality followed by the call signal in case of similarity of names; in this case, the name and call signal shall be separated by a fraction bar; next, the symbols ⚔, △, etc. When two or more ship stations of the same nationality have the same name, as well as in cases where statements of charges must be sent directly to the owner of the ship, mention shall be made, in a footnote, of the name of the shipping company or of the shipowner to which the ship belongs.

Power in the antenna in kilowatts.

Meter amperes, in parentheses.

In order to obtain the meter-ampere product, the real height of the antenna in meters, measured from the transmission line, is multiplied by the effective current in amperes at the base of the antenna.

Nature of the service.

Working hours shown as a service indication or note.

Hours shown otherwise than in the form of service indications must be given in Greenwich mean time.

Second line

(For charges, see first line)

Country to which the station is subject (abbreviated indication);

Types and
(frequencies wavelengths) of emission for which adjustments are made, the normal working-wave being printed in boldface type.

Third line

Notes and brief remarks.

VOLUME II. NOMENCLATURE OF AERONAUTICAL AND AIRCRAFT STATIONS

Part A. Alphabetical index of aeronautical stations

Name of the station	Call signal	See part B page
1	2	3

Part B. Descriptive list of aeronautical stations

(Name of the country / Name of the stations } in alphabetical order)

Name of the station	Call signal	Waves: For transmission: Frequencies [1] (wavelengths) kc (m)	Waves: For transmission: Type	Waves: For reception: Frequencies (wavelengths) kc (m)	Waves: For reception: Type	Exact geographical location of the transmitting antenna [2]	Power in the antenna [3] kw	Service: Nature	Service: Working hours [4]	Charges [5 6]	Remarks
1	2	3	4	5	6	7	8	9	10	11	12

[1] The normal working-wave is printed in boldface type.
[2] Greenwich meridian.
[3] In the case of directive antennas, indicate directivity and azimuth.
[4] Greenwich mean time.
[5] The internal telegraph charge of the country to which the aeronautical station is subject and the charge applied by this country to telegrams addressed to adjoining countries are given in an annex to the present nomenclature.
[6] If the accounts for charges are settled by a private operating enterprise, indicate the name and address of this private operating enterprise

Part C. Descriptive List of Aircraft Stations

[Stations are arranged in alphabetical order of call signals without regard to nationality]

Call signal	Name of station or symbol of nationality and registration	Waves: Frequencies [1] (wavelengths) kc (m)	Waves: Type	Power in the antenna kw	Country	Nature of the service	Charges	Name and address of the administration or enterprise to which the accounts must be sent	Customary route (port of registry)	Type of aircraft and make	Remarks
1	2	3	4	5	6	7	8	9	10	11	12

[1] The normal working-wave is printed in boldface type.

VOLUME III.—NOMENCLATURE OF STATIONS CARRYING ON SPECIAL SERVICES

Part A. Alphabetical index of the stations

Name of station	Call signal	See part B page
1	2	3

Part B. Descriptive list of stations

1. Radio direction-finding stations.

(Name of country / Name of the station } in alphabetical order)

Name of the station	Exact geographical location [1] (a) of the receiving antenna of the direction-finding station (b) of the transmitting antenna of the direction-finding station (c) of the antenna of the transmitter of the station mentioned in column 8	Call signal	Wave types and frequencies (wavelengths): For calling the direction-finding station kc (m)	For transmitting to the direction-finding station signals required to take bearings kc (m)	For the transmission of bearings by the direction-finding station kc (m)	Power in the transmitter antenna kw	Name and call signal of the station with which communication must be established if the direction-finding station is not equipped with a transmitter	Charges	Remarks (a) Sectors of normally reliable bearing and references to national or international publication on navigational aid (b) Working hours,[2] etc.
1	2	3	4	5	6	7	8	9	10

[1] Greenwich meridian.
[2] Greenwich mean time.

2. Radiobeacon stations.

Radiobeacons are arranged in two sections:

(a) maritime service
(b) aeronautical service

(Name of the country / Name of the station in alphabetical order)

Name of the station	Exact geographical location of the transmitting antenna of the radiobeacon [1]	Characteristic signal of the radiobeacon	Call signal of the radiobeacon, if any	Wave: Frequency (wavelength) kc (m)	Wave: Type	Wave: Modulation frequency, if any cycles	Normal range [2]	Name and call signal of the station to which a request for radiobeacon transmission may be sent	Calling wave frequency (wavelength) kc (m)	Remarks (a) Normally reliable sectors and references to national and international publications on navigational aids (b) Working hours [3] (c) Charges, etc.
1	2	3	4	5	6	7	8	9	10	11

[1] Greenwich meridian.
[2] The ranges are indicated in nautical miles for stations in the maritime service and in kilometers for stations in the aeronautical service.
[3] Greenwich mean time.

3. Stations sending time signals.

(Name of the country / Name of the station } in alphabetical order)

Name of the station	Call signal	Waves: Frequencies (wavelengths) kc (m)	Waves: Type	Hours of transmission [1]	Method [2]
1	2	3	4	5	6

[1] Greenwich mean time.
[2] General instructions concerning time signals.

4. Stations sending regular meteorological bulletins.

(Name of the country / Name of the station } in alphabetical order)

Name of station	Call signal	Waves		Hours of transmission [1]	Remarks [2]
		Frequencies (wavelengths) kc	Type		
1	2	3	4	5	6

[1] Greenwich mean time.
[2] General instructions concerning meteorological bulletins.

5. Stations sending notices to navigators.

(Names of the stations by countries with the necessary indications)

(a) Radiomaritime service.

(b) Aeronautical radio service.

6. Stations sending press messages addressed to all (CQ).

(Name of the country _____)

(Name of the station with the necessary indications)

7. Stations sending medical notices.

8. Stations sending standard frequency trancissions.

9. (Stations of other classes, if any).

VOL. IV. NOMENCLATURE OF FIXED STATIONS

(Index to the Frequency List for Fixed Stations in Service)

Alphabetical Index of Stations Arranged:

(a) by stations

Station	Call signal [1]	Wave frequency (wavelength) kc (m)
1	2	3

[1] The identifying call signal of each frequency must be shown opposite that frequency.

(b) by the countries

Station	Call signal [1]	Wave frequency (wavelength) kc (m)	Remarks
1	2	3	4

[1] The identifying call signal of each frequency must be shown opposite that frequency.

VOLUME V. NOMENCLATURE OF BROADCASTING STATIONS

Part A. Alphabetical Index of Stations

Name of station	Call signal	See part B page
1	2	3

Part B. Descriptive List of Stations

(Name of the country / Name of the station } in alphabetical order)

Name of the station	Call signal	Frequencies (wavelengths) kc (m)	Exact geographical location of the transmitting antenna [1]	Power in the antenna kw	Name and address of the administration or enterprise making the transmission	Remarks
1	2	3	4	5	6	7

[1] Greenwich meridian.

FREQUENCY LIST

I. General

(a) With regard to fixed, land, and broadcasting stations, the administrations shall furnish the Bureau of the Union with a complete descriptive list of each frequency assigned to these stations (see art. 7, § 5).

(b) With regard to mobile stations, no complete descriptive list shall be furnished. Only the frequencies assigned to these stations in the bands reserved to them shall be indicated in the case of each country, for each category of stations separately (ship, aircraft, other vehicles).

Example:

5,525 kc (54.30 m) ship stations, United States of America
5,690 kc (52.72 m) aircraft stations, Brazil

(c) The frequencies assigned to stations carrying on special services as well as to amateur stations and private experimental stations shall be indicated collectively for each country and for each class of stations (example: 3,500 to 4,000 kc (85.71 to 75 m), amateur stations, Canada).

(d) In order to facilitate the use of the frequency list, the Bureau of the Union shall show on each page the frequency range of the allocation table which corresponds to the frequencies appearing on this page (example: 7,300 to 8,200 kc (41.10 to 36.59 m), fixed services).

(e) For technical terms and indications used in the list, it is recommended that the administrations refer to the Opinions of the C.C.I.R.

II. Notification

(a) The date of notification of a frequency, to be inserted in column 3a, is the date of the communication by which the Bureau of the Union was informed of the first allocation of this frequency to a station of the country indicated. The name of this station appears in column 5.

By country, in this list, is meant the country within the limits of which the station is installed.

(b) When a frequency is first notified for a station of a country, the date to be written in column 3b opposite this station is the same as that in column 3a. If the same frequency is later assigned to another station of the same country, the date of the first notification mentioned above shall be inserted in column 3a opposite the new station and, in column 3b, the date of the assignment of this frequency to this new station.

(c) If 2 years after the notification (column 3b) the station to which the notified frequency has been assigned is not operating on this frequency, the indications relating thereto shall be canceled, unless the administration concerned, which must be consulted by the Bureau of the Union 6 months before the expiration of the aforesaid period, has asked for their retention. In this case the dates of notification inserted in columns 3a and 3b shall remain.

Exact frequency in kilocycles	Approximate wavelength in meters	3		4	5	6	7		8	9	10	11	12	13	14
		Date of the first notification of the frequency for a station of this country (a)	Date of the notification of this frequency for the station whose name appears in column 5 (b)	Call signal	Name and geographical location [1] of the station and name of the country to which this station is subject	Types of emission (A1, A2, A3, A4, B, Special)	Power in the antenna, kilowatts (a)	Power in the antenna, rate of modulation, per cent (b)	Directivity of the antenna	Maximum frequency of modulation for the types of emission A2, A3, A4, and Special [2]	Maximum normal speed of transmission in bands [3]	Nature of the service and countries with which communication is contemplated or established	Date of putting into service of the frequency by the station whose name appears in column 5 (date contemplated in parenthesis) [4]	Administration or operating company	Remarks
1	2	3		4	5	6	7		8	9	10	11	12	13	14

[1] Greenwich meridian.
[2] The figure to be entered in column 9 must permit a determination of the width of the frequency band occupied by the transmission. No sign shall precede the figure when the transmission uses both sidebands. If the transmission uses only one sideband, this is indicated by placing before the figure the sign + (sideband of frequencies above the carrier frequency) or − (sideband of frequencies below the carrier frequency).
[3] The speed in bands for the International Morse Code is approximately equal to 0.8 × words per minute.
[4] The administrations shall notify without delay the Bureau of the Union of the putting into service of any frequency for which a competle descriptive list appears in the frequency list.

APPENDIX 7

SERVICE SYMBOLS

(See articles 15 and 19, § 1 (6) (a))

⚔	station on board a warship or a war aircraft
⚔⚔	radio direction finder on board a mobile station
△	
▣	station classified among those located in a heavy traffic region for which traffic on 500 kc (600 m) is limited in accordance with article 19, § 1, (6), (a)
D 30°	directive antenna having maximum radiation in the direction of 30° (expressed in degrees from the true north, from 0 to 360 clockwise)
DR	directive antenna provided with a reflector
FA	aeronautical station
FC	coast station
FR	receiving station only, connected with the general network of telecommunication channels
FS	land station established solely for the safety of life
FX	station carrying on radio-communication service, between fixed points
H 24	station having a continuous day and night service
H 16	ship station of the second category carrying on 16 hours of service
H 8	ship station of the second category carrying on 8 hours of service
HJ	station open from sunrise to sunset (day service)
HX	station having no specific working hours
CO	station open to official correspondence exclusively
CP	station open to public correspondence
CR	station open to limited public correspondence
CV	station open exclusively to the correspondence of a private enterprise
RC	nondirectional radiobeacon
RD	directional radiobeacon
RG	radio direction-finding station
RT	rotating radiobeacon
RV	variable directional radiobeacon

APPENDIX 8

DOCUMENTS WITH WHICH MOBILE STATIONS MUST BE PROVIDED

(See articles 3, 10, 12, 15, and appendix 6)

A. "Ship stations" on board ships compulsorily equipped with a radiotelegraph installation:

1. The radio license.
2. The operator(s)' certificate.
3. Register (radio service log) in which shall be mentioned, at the time when they occur, service incidents of all kinds, as well as the communications exchanged with land stations or mobile stations and relating to reports of disaster, If the regulations on board permit, the position of the vehicle shall be indicated once a day in the said register.
4. Alphabetical list of the call signals.
5. The nomenclature of coast and ship stations.
6. Nomenclature of stations carrying on special services.
7. The Convention and Regulations annexed thereto.
8. The telegraph rates of the countries for which the station most frequently accepts radiotelegrams.

B. Other "ship stations":

The documents included under items 1 to 5 of part A.

C. "Aircraft stations":

1. The documents shown under items 1, 2, and 3 of part A.
2. The nomenclature of aeronautical and aircraft stations.
3. Such documents as the competent aeronautical organizations of the country concerned may deem necessary to the station for the carrying on of its service.

APPENDIX 9

LIST OF ABBREVIATIONS TO BE USED IN RADIO COMMUNICATIONS

(See article 16)

1. Q CODE

Abbreviations to be used in all services.[1] [2]

Abbreviation	Question	Answer or statement
QRA	What is the name of your station?	The name of my station is ...
QRB	At what approximate distance are you from my station?	The approximate distance between our station is . . . nautical miles (*or* kilometers).
QRC	By what private operating enterprise (or government administration) are the accounts for charges of your station settled?	The accounts for charges of my station are settled by the . . . private operating enterprise (*or* by the government administration of . . .).
QRD	Where are you going and where do you come from?	I am going to . . . and I come from . . .
QRG	Will you tell me what my exact frequency (wave length) is in kilocycles (*or* meters)?	Your exact frequency (wave length) is . . . kilocycles (*or* . . . meters).
QRH	Does my frequency (wave length) vary?	Your frequency (wave length) varies.
QRI	Is the tone of my transmission regular?	The tone of your transmission varies.
QRJ	Are you receiving me badly? Are my signals weak?	I cannot receive you. Your signals are too weak.
QRK	Are you receiving me well? Are my signals good?	I am receiving you well. Your signals are good.
QRL	Are you busy?	I am busy (*or* I am busy with . . .). Please do not interfere.
QRM	Are you being interfered with?	I am being interfered with.
QRN	Are you troubled by static?	I am troubled by static.
QRO	Must I increase power?	Increase power.
QRP	Must I decrease power?	Decrease power.
QRQ	Must I transmit faster?	Transmit faster (. . . words per minute).
QRS	Must I transmit more slowly?	Transmit more slowly (. . . . words per minute).
QRT	Must I stop the transmission?	Stop the transmission.
QRU	Have you anything for me?	I have nothing for you.
QRV	Are you ready?	I am ready.
QRW	Must I advise . . . that you are calling him on . . . kilocycles (*or* . . . meters)?	Please advise . . . that I am calling him on . . . kilocycles (*or* . . . meters).
QRX	Must I wait? When will you call me again?	Wait (or wait until I have finished communicating with . . .). I shall call you again at . . . . o'clock (*or* immediately).
QRY	Which is my turn?	Your turn is number . . . (*or according to any other indication*).
QRZ	By whom am I being called?	You are being called by . . . .
QSA	What is the strength of my signals (*1 to 5*)?	The strength of your signals is (*1 to 5*).
QSB	Does the strength of my signals vary?	The strength of your signals varies.
QSD	Is my keying correct; are my signals distinct?	Your keying is incorrect; your signals are bad.
QSG	Must I transmit . . . telegrams (*or* one telegram) at a time?	Transmit . . . telegrams (*or* one telegram) at a time.
QSJ	What is the charge to be collected per word to . . . including your internal telegraph charge?	The charge to be collected per word to . . . is . . . francs, including my internal telegraph charge.
QSK	Must I continue the transmission of all my traffic; I can hear you between my signals?	Continue the transmission of all your traffic; I shall interrupt you if necessary.
QSL	Can you acknowledge receipt?	I am acknowledging receipt.
QSM	Must I repeat the last telegram which I transmitted to you?	Repeat the last telegram which you transmitted to me.
QSO	Can you communicate with . . . directly (*or* through . . .)?	I can communicate with . . . directly (*or* through . . .).
QSP	Will you relay to . . . free of charge?	I will relay to . . . free of charge.
QSR	Has the distress call received from . . . been attended to?	The distress call received from . . . has been attended to by . . .
QSU	Must I transmit (*or* answer) on . . . kilocycles (*or* . . . meters) and/or on waves of type A1, A2, A3, or B?	Transmit (*or* answer) on . . . kilocycles (*or* . . . meters) and/or on waves of type A1, A2, A3, or B.
QSV	Must I transmit a series of V's?	Transmit a series of V's.
QSW	Do you wish to transmit on . . . kilocycles (*or* . . . meters), and/or on waves of type A1, A2, A3, or B?	I am going to transmit (*or* I shall transmit) on . . . kilocycles (or . . . meters), and/or on waves of type A1, A2, A3, or B.
QSX	Will you listen to . . . (*call signal*) on . . . kilocycles (*or* . . . meters)?	I am listening to . . . (*call signal*) on . . . kilocycles (*or* . . . meters).
QSY	Must I shift to transmission on . . . kilocycles (*or* . . . meters), without changing the type of wave?	Shift to transmission on . . . kilocycles (*or* . . . meters without changing the type of wave, *or*
	or Must I shift to transmission on another wave?	Shift to transmission on another wave.
QSZ	Must I transmit each word or group twice?	Transmit each word or group twice.
QTA	Must I cancel telegram no. . . . as if it had not been transmitted?	Cancel telegram no. . . . as if it had not been transmitted.
QTB	Do you agree with my word count?	I do not agree with your word count; I shall repeat the first letter of each word and the first figure of each number.
QTC	How many telegrams have you to transmit?	I have . . . telegrams for you (*or* for . . .).
QTE	What is my true bearing in relation to you? *or* What is my true bearing in relation to . . . (*call signal*)? *or* What is the true bearing of . . . (*call signal*) in relation to . . . (*call signal*)?	Your true bearing in relation to me is . . . degrees *or* Your true bearing in relation to . . . (*call signal*) is . . . degrees at . . . (time) *or* The true bearing of (*call signal*) in relation to . . . (*call signal*) is . . . degrees at . . . (*time*).
QTF	Will you give me the position of my station on the basis of bearings taken by the radio direction-finding stations which you control?	The position of your station on the basis of bearings taken by the radio direction-finding stations which I control is . . . latitude, . . . longitude.
QTG	Will you transmit your call signal during 50 seconds ending with a 10-second dash, on . . . kilocycles (*or* . . . meters) so that I may take your radio direction-finding bearings?	I will transmit my call signal during 50 seconds, ending with a 10-second dash, on . . . kilocycles (*or* . . . meters) so that you may take my radio direction-finding bearings.

Abbreviations to be used in all services—Continued

[See footnotes at end of table]

Abbreviations to be used in all services—Continued

Abbreviation	Question	Answer or statement
QTH	What is your position in latitude and in longitude (*or according to any other indication*)?	My position is . . . latitude, . . . longitude (*or according to any other indication.*)
QTI	What is your true course?	My true course is . . . degrees.
QTJ	What is your speed?	My speed is . . . knots (*or* . . . kilometers) per hour.
QTM	Transmit radio signals and submarine sound signals to enable me to determine my bearing and my distance.	I am transmitting radio signals and submarine sound signals to enable you to determine your bearing and your distance.
QTO	Have you left dock (*or* port)?	I have left dock (*or* port).
QTP	Are you going to enter dock (*or* port)?	I am going to enter dock (*or* port).
QTQ	Can you communicate with my station by the International Code of Signals?	I am going to communicate with your station by the International Code of Signals.
QTR	What is the exact time?	The exact time is . . .
QTU	What are the hours during which your station is open?	My station is open from . . . to . . .
QUA	Have you any news from . . . (*call signal of the mobile station*)?	This is the news from . . . (*call signal of the mobile station*).
QUB	Can you give me, in the following order, information concerning: visibility, height of clouds, ground wind at . . . (*place of observation*)?	This is the information requested: . . . . .
QUC	What is the last message you received from . . . (*call signal of the mobile station*)?	The last message I received from . . . (*call signal of the mobile station*) is . . .
QUD	Have you received the urgent signal transmitted by . . . (*call signal of the mobile station*)?	I have received the urgent signal transmitted by . . . (*call signal of the mobile station*) at . . . (*time*).
QUF	Have you received the distress signal sent by . . . (*call signal of the mobile station*)?	I have received the distress signal sent by . . . (*call signal of the mobile station*) at . . . (*time*).
QUG	Will you be forced to come down on water (*or* on land)?	I am forced to come down on water (*or* on land) at . . . (*place*).
QUH	Will you give me the present barometric pressure at sea level?	The present barometric pressure at sea level is . . . (*units*).
QUJ	Will you please indicate the proper course to steer towards you, with no wind?	The proper course to steer toward me, with no wind, is . . . degrees at . . . (*time*).

[1] Abbreviations take the form of questions when they are followed by a question mark.

[2] The series of signals QA, QB, QC, QD, QF, QG are reserved for the special code of the aeronautical service.

2. MISCELLANEOUS ABBREVIATIONS

Abbreviation	Meaning
C	Yes.
N	No.
P	Announcing private telegram in the mobile service (*to be used as a prefix*).
W	Word *or* words.
AA	All after . . . (*to be used after a question mark to request a repetition*).
AB	All before . . . (*to be used after a question mark to request a repetition*).
AL	All that has just been transmitted (*to be used after a question mark to request a repetition*).
BN	All between . . . (*to be used after a question mark to request a repetition*).
BQ	Answer to RQ.
CL	I am closing my station.
CS	Call signal (*to be used in requesting that call signal be given or repeated*).
DB	I cannot give you a bearing, you are not in the calibrated sector of this station.
DC	The minimum of your signal is suitable for the bearing.
DF	Your bearing at . . . (*time*) was . . . degrees, in the doubtful sector of this station, with a possible error of two degrees.
DG	Please advise me if you find an error in the bearing given
DI	Doubtful bearing due to the bad quality of your signal.
DJ	Doubtful bearing due to interference.
DL	Your bearing at . . . (*time*) was . . . degrees, in the uncertain sector of this station.
DO	Doubtful bearing. Request another bearing later, or at . . . (*time*).
DP	Beyond 50 miles, possible error of bearing can attain two degrees.
DS	Adjust your transmitter, your minimum signal is too broad.
DT	I cannot give you a bearing, your minimum signal is too broad.
DY	This is a two-way station, what is your approximate direction, in degrees, in relation to this station?
DZ	Your bearing is reciprocal (*to be used only by the control station of a group of radio direction-finding stations when addressing other stations of the same group*).
ER	Here . . . (*to be used before the name of the mobile station in the transmission of routing indications*).
GA	Resume transmission (*to be used more especially in the fixed service*).
JM	If I may transmit, make a series of dashes. To stop my transmission, make a series of dots [*not to be used on 500 kc (600 m)*].
MN	Minute *or* minutes (*to be used to indicate the duration of the waiting period*).
NW	I am resuming transmission (*to be used more especially in the fixed service*).
OK	We agree.
RQ	Announcing a request.
SA	Announcing the name of an aircraft station (*to be used in transmitting transit data*).
SF	Announcing the name of an aeronautical station.
SN	Announcing the name of a coast station.
SS	Announcing the name of a ship station (*to be used in transmitting transit data*).
TR	To announce sending of indications concerning a mobile station.
UA	Do we agree?
WA	Word after . . . (*to be used after a question mark to request a repetition*).
WB	Word before . . . (*to be used after a question mark to request a repetition*).

2. MISCELLANEOUS ABBREVIATIONS—continued

Abbreviation	Meaning
XS	Static.
YS	See your service notice.
ABV	Repeat (*or* I repeat) the figures in abbreviated form.
ADR	Address (*to be used after a question mark to request a repetition*).
CFM	Confirm (*or* I confirm).
COL	Collate (*or* I collate).
ITP	The punctuation counts.
MSG	Announcing a telegram concerning the service on board (*to be used as a prefix*).
NIL	I have nothing to transmit to you (*to be used after an abbreviation of code Q to show that the answer to the question asked is in the negative*).
PBL	Preamble (*to be used after a question mark to request a repetition*).
REF	Reference to . . . (*or* Refer to . . .).
RPT	Repeat (*or* I repeat) (*to be used in requesting or giving repetition of all or part of the traffic, the abbreviation to be followed by the corresponding indications*).
SIG	Signature (*to be used after a question mark to request a repetition*).
SVC	Announcing a service telegram concerning private traffic (*to be used as a prefix*).
TFC	Traffic.
TXT	Text (*to be used after a question mark to request a repetition*).

APPENDIX 10

SCALE USED TO EXPRESS STRENGTH OF SIGNALS

(See article 16)

1=scarcely perceptible; unreadable.
2=weak; readable now and then.
3=fairly good; readable, but with difficulty.
4=good; readable.
5=very good; perfectly readable.

APPENDIX 11

(See article 27)

Statement of radiotelegrams exchanged with mobile stations of_____ nationality.
Year _____
Month _____ Land Station _____

Origin	Destination	Number of radiotelegrams	Number of words	Administration (X) 5				Remarks
				Credits		Debits		Indicate by classes the number of special radiotelegrams and the number of words they contain
				gold francs	cts	gold francs	cts	
1	2	3	4					
S/S *Ile de France*_____	United States 1st zone	5	90	------	------	------	------	1 urgent 13
S/S *Paris*_____	Brazil_____	3	65	------	------	------	------	
S/S *Paris*_____	Japan_____	2	19	------	------	------	------	
S/S *France*____	S/S *Espagne*___	4	46	------	------	------	------	2 urgent 15

APPENDIX 12

PROCEDURE IN THE SERVICE OF LOW-POWER MOBILE RADIOTELEPHONE STATIONS

(See article 29)

§ 1. The following is given by way of example:[1]

1st. A calling:

Hello B, Hello B, A calling, A calling, radiotelegram for you, radiotelegram for you, over.

2d. B replying:

Hello A, Hello A, B replying, B replying, send your radiotelegram, send your radiotelegram, over.

3d. A replying:

Hello B, A replying, radiotelegram begins from . . . no. . . . number of words . . . date . . . time . . . address . . . text . . . signature . . .

transmission of radiotelegram ended, I repeat, radiotelegram begins, from . . . no. . . . number of words . . . date . . . time . . . address . . . text . . . signature . . ., radiotelegram ended, over.

[1] In the European telephone service the use of the word "Allo" shall be forbidden.

4th. B replying:

Hello A, B replying, your telegram begins from . . . no. . . . number of words . . . date . . . time . . . address . . . text . . . signature . . .,

your telegram ended, over.

5th. A replying:

Hello B, A replying, exact, exact, cutting off.

6th. A then cuts off the communication and the two stations resume their normal listening.

Remark: At the beginning of a communication, the calling formula shall be pronounced twice, both by the calling station and the station called. Once the communication is established, it shall be pronounced once only.

§ 2. Whenever the spelling of call letters, service abbreviations, and words is necessary, it shall be done according to the following table:

Figures to be indicated [1]	Letter to be spelled	Words to be used in spelling	Letter to be spelled	Words to be used in spelling
1	A	Amsterdam	N	New York
2	B	Baltimore	O	Oslo
3	C	Casablanca	P	Paris
4	D	Danemark	Q	Québec
5	E	Edison	R	Roma
6	F	Florida	S	Santiago
7	G	Gallipoli	T	Tripoli
8	H	Havana	U	Upsala
9	I	Italia	V	Valencia
0	J	Jérusalem	W	Washington
Comma	K	Kilogramme	X	Xanthippe
Fraction bar	L	Liverpool	Y	Yokohama
	M	Madagascar	Z	Zurich

[1] All transmissions of figures is begun and ended by the words "in figures" repeated twice.

§ 3. When the receiving station is certain that it has received the radiotelegram correctly, the repetition provided for in item 4 of § 1 shall not be necessary, unless it concerns a radiotelegram with collation. If repetition is waived, station B shall acknowledge receipt of the radiotelegram transmitted in the following manner:

Hello A, B replies, your radiotelegram well received, over.

APPENDIX 13

PROCEDURE TO OBTAIN RADIO DIRECTION-FINDING BEARINGS

(See article 30)

I. General Instructions

A. Before calling one or more radio direction-finding stations, the mobile station, in order to request its bearing, must refer to the nomenclature for:

1. The call signals of the stations to be called to obtain the radio direction-finding bearings desired.

2. The wave on which the radio direction-finding stations watch, and the wave or waves on which they take bearings.

3. The radio direction-finding stations which by means of special wire connections, may be grouped with the radio direction-finding station to be called.

B. The procedure to be followed by the mobile station depends on varying circumstances. Generally, the following must be taken into account:

1. If the radio direction-finding stations do not listen on the same wave, whether it be the wave on which bearings are taken or another wave, the bearings must be requested separately from each station or group of stations using a given wave.

2. If all the radio direction-finding stations concerned listen on the same wave, and if they are able to take bearings on a common wave—which may be a wave other than the listening wave—they must all be called together, in order that the bearings may be taken by all these stations at the same time, on one and the same transmission.

3. If several radio direction-finding stations are grouped by means of special wires, only one of them must be called, even if all are furnished with transmitting apparatus. In this case, the mobile stations must, however, if it is necessary, specify in the call by means of the call signals, the radio direction-finding stations whose bearings they wish to obtain.

II. Rules of Procedure

A. The mobile station shall call the radio direction-finding station or stations on the wave indicated in the nomenclature as being their watching-wave. It shall transmit the abbreviation QTE which means:

"I wish to know my radio direction-finding bearing with respect to the radio direction-finding station which I am calling."

or

"I wish to know my radio direction-finding bearing with respect to the station or stations whose call signals follow."

or

"I wish to know my radio direction-finding bearing with respect to the radio direction-finding stations grouped under your control,"

the necessary call signal or signals, and shall conclude by indicating, if necessary, the wave which it is going to use to have its bearing determined. It shall then await instructions.

B. The radio direction-finding station or stations called shall prepare to take the bearing; they shall, if necessary, notify the radio direction-finding stations with which they are connected. As soon as the radio direction-finding stations are ready, such of these stations as are provided with transmitters shall reply to the mobile station in the alphabetical order of their call signals, by giving their call signal followed by the letter K.

In the case of radio direction-finding stations which are grouped, the station called shall notify the other stations of the group and shall inform the mobile station as soon as the stations of the group are ready to take the bearing.

C. After having prepared its new transmitting wave, wherever this is required, the mobile station shall reply by sending its call signal sometimes combined with another signal, during a length of time sufficiently prolonged to take the bearing.

D. The radio direction-finding station or stations which are satisfied with the operation shall transmit the signal QTE ("Your true bearing with respect to me was . . . degrees"), preceded by the time of the observation and followed by a group of three figures (000 to 359), showing in degrees the true bearing of the mobile station with respect to the radio direction-finding station.

If a radio direction-finding station is not satisfied with the operation, it shall request the mobile station to repeat the transmission indicated under C.

E. As soon as the mobile station has received the result of the observation, it shall repeat the message to the radio direction-finding station, which shall then state that the repetition is correct or, when necessary, shall correct it by repeating the message. When the radio direction-finding station is certain that the mobile station has received the message correctly, it shall transmit the signal "end of work". This signal shall then be repeated by the mobile station, as an indication that the operation is completed.

F. The data concerning (a) the signal to be used to obtain the bearings; (b) the duration of the transmission to be made by the mobile station; and (c) the time used by the radio direction-finding station in question shall be given in the nomenclature.

APPENDIX 14

INTERNAL REGULATIONS OF THE INTERNATIONAL RADIO CONSULTING COMMITTEE (C.C.I.R.)

(See article 31)

ARTICLE 1

By "managing administration" shall be meant the administration in charge of organizing a meeting of the C.C.I.R. The managing administration shall start taking care of the work of the C.C.I.R. 5 months after the closing of the preceding meeting; its duties shall end 5 months after the closing of the meeting it has organized.

ARTICLE 2

The managing administration shall set the place and definite date of the meeting which it has charge of organizing.

At least 6 months before the aforesaid date, the managing administration shall address the invitation to this meeting to all the administrations of the International Telecommunication Union, and, through the latter, to the companies, groups of companies, and international radio organizations covered in article 31 of the General Radio Regulations.

ARTICLE 3

§ 1. The first meeting of the plenary assembly shall be opened by the managing administration. This assembly shall appoint the necessary committees and shall distribute to them the questions to be dealt with, in classes. It shall also appoint the president and the vice president of the C.C.I.R. and the chairman and the vice chairman or vice chairmen of each committee.

§ 2. The president of the C.C.I.R. shall conduct the plenary assemblies; in addition, he shall have the general supervision of the work of the meeting. The vice chairmen shall assist the chairmen and replace them in case of absence.

ARTICLE 4

The secretariat for the meeting of the C.C.I.R. shall be provided by the managing administration, with the collaboration of the Bureau of the Union.

ARTICLE 5

In principle, the minutes and reports shall give only the main points of the statements of the delegates. However, each delegate shall have the right to require the insertion into the minutes or report, of any statement he has made, either in summary or verbatim, on condition that he furnish the text thereof not later than the morning following the end of the meeting.

ARTICLE 6

§ 1. Any delegation which might, for serious reasons, be prevented from attending meetings, shall have the right to entrust its vote or votes to another delegation. However, a single delegation may not, under these circumstances, combine and use the votes of more than two delegations, including its own vote or votes.

§ 2. A proposal shall be adopted only if supported by an absolute majority of the votes cast; in case of a tie it shall fall. The minutes shall show the number of delegations which voted in favor of and of those who voted against the proposal.

§ 3. Voting shall be conducted either by raising the hands, or, at the request of a delegation, by roll call in the alphabetical order of the French names of the participating countries. In the latter case, the minutes shall indicate the delegations who voted in favor of and those who voted against the proposal.

ARTICLE 7

§ 1. The committees created by the plenary assembly may be divided into subcommittees and the subcommittees into sub-subcommittees.

§ 2. The chairmen of the committees shall propose the selection of the chairman of each subcommittee and sub-subcommittee for the ratification of the respective committee. The committees, subcommittees, and sub-subcommittees shall appoint their own reporters.

§ 3. The opinions expressed by the committees must be marked: "unanimously" if the opinion has been expressed by the voters unanimously, or: "by a majority" if the opinion was adopted by a majority.

ARTICLE 8

The Bureau of the Union shall take part in the various tasks of the C.C.I.R. for the purpose of centralizing and publishing general documents for the use of the administrations.

ARTICLE 9

§ 1. At the closing session of the plenary assembly, the president shall communicate the list of opinions and that of the questions left to be solved and of the new questions submitted by the committees.

§ 2. The president shall place on record the final adoption of the opinions expressed, if any. If there is occasion for voting at the plenary assembly, the formulas "unanimously" or "by a majority" shall apply to this vote.

§ 3. Unsolved and new questions shall be recorded by the president if the assembly is in favor of continuing their study. The latter shall then inquire as to what administrations wish to take charge of preparing proposals relating to these questions and what other administrations or radio operating enterprises are willing to collaborate in the work. On the basis of the replies, he shall prepare an official list of the questions to be included in the agenda of the following meeting, with the indication of the centralizing administrations and of the collaborating administrations and private radio operating enterprises. This list shall be included in the minutes of the meeting.

§ 4. In the same session of the plenary assembly, the C.C.I.R., upon the offer or with the consent of the interested delegation, shall designate the administration which is to call the following meeting and the approximate date of that meeting.[1]

ARTICLE 10

§ 1. After the meeting is closed, the preparation of questions submitted for study shall be entrusted to the administration designated to organize the next meeting (new managing administration). The unfinished business shall, on the contrary, be entrusted to the former managing administration, which shall be in charge of completing it, in collaboration with the Bureau of the Union.

§ 2. The former managing administration shall forward the documents to the new managing administration not later than five months after the closing of this meeting.

ARTICLE 11

After the end of a meeting, all other questions which the administrations and radio operating companies wish to submit to the committee shall be addressed to the new managing administration. This administration shall include these questions in the agenda of the next meeting. However, no question may be included in this agenda if it has not been forwarded to the managing administration at least six months before the date of the meeting.

ARTICLE 12

§ 1. All documents pertaining to a meeting, having been sent to the managing administration before this meeting, or submitted during the meeting, shall be printed and distributed by the Bureau of the Union in collaboration with the managing administration.

§ 2. When the study of a question has been entrusted to a centralizing administration, it shall devolve upon this administration to take the necessary steps toward undertaking the study of the question. The collaborating administrations and radio operating companies must send their report on this question directly to the centralizing administration, 6 months before the date of the C.C.I.R. meeting, in order that the said administration may consider same in its general report and in its proposals.

§ 3. However, the administrations and radio operating companies shall be free to send another copy of their report to the Bureau of the Union, if they wish these reports to be communicated immediately and separately to all the administrations and companies concerned by the said Bureau.

ARTICLE 13

The managing administration may correspond directly with the administrations and radio operating companies recognized as being capable of collaborating in the work of the committee. It shall send at least one copy of the documents to the Bureau of the Union.

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[1] Note of the B.I.: In its third plenary session, the Radiotelegraph Conference of Madrid decided that it would be permissible for the third meeting of the C.C.I.R. to make a study of the question as to whether or not it is advisable for this committee to meet at the same time and in the same place as the next administrative radiotelegraph conference. The recommendations of the C.C.I.R. on this point would have to be considered by the administration which will invite the next conference and by the other administrations of the Union which will decide to follow this recommendation, if the occasion arises.

The procedure to be followed after the third meeting of the C.C.I.R. is shown in the minutes of the fourth plenary session of the Radiotelegraph Conference of Madrid.

[Translation]

FINAL PROTOCOL TO THE GENERAL RADIO REGULATIONS ANNEXED TO THE INTERNATIONAL TELECOMMUNICATION CONVENTION

At the time of signing the General Radio Regulations annexed to the International Telecommunication Convention, the undersigned plenipotentiaries take note of the following statements:

I

The plenipotentiaries of Germany state formally that their Government reserves the right to continue using the waves of 105 kc (2,857 m) and 117.5 kc (2,553 m) for some special press services carried on by radiotelephony.

II

The plenipotentiaries of the Dutch East Indies state formally that their Government reserves the right of not permitting the mobile stations of its country to apply the provisions of the last two sentences of article 26, § 1 (1) of the General Regulations concerning the retransmission of radiotelegrams through a mobile station for the sole purpose of hastening or facilitating transmission, instead of transmitting them to the nearest land station.

III

The plenipotentiaries of the Union of Soviet Socialist Republics state formally that their Government reserves the right to use the following frequency bands for the services listed below:

150 to	285 kc	(2,000 to 1,053 m)	broadcasting
285 to	315 kc	(1,053 to 952 m)	radiobeacons
315 to	340 kc	(952 to 882 m)	aeronautical services and radio direction finding
340 to	420 kc	(882 to 714 m)	broadcasting
515 to	550 kc	(583 to 545 m)	aeronautical services
9,600 to	9,700 kc	(31.25 to 30.93 m)	broadcasting
11,700 to	11,900 kc	(25.64 to 25.21 m)	fixed services
12,100 to	12,300 kc	(24.79 to 24.39 m)	broadcasting
15,350 to	15,450 kc	(19.54 to 19.42 m)	broadcasting
17,800 to	17,850 kc	(16.85 to 16.81 m)	broadcasting
21,550 to	21,750 kc	(13.92 to 13.79 m)	broadcasting

IV

With reference to the statement made in this protocol by the plenipotentiaries of the Union of Soviet Socialist Republics concerning the use of certain frequency bands, the plenipotentiaries of China state formally that their Government reserves the right to take any steps which might become necessary with a view to protecting their radio communications against any interference which might be caused by the putting into execution of the said reservations of the Government of the Union of Soviet Socialist Republics.

V

The plenipotentiary of Hungary states formally that owing to the reservations of the Union of Soviet Socialist Republics concerning article 7 of the General Radio Regulations (allocations and use of frequencies), his Government reserves the right of not enforcing the provisions of § 5 (2) of the said article in the case where the emissions from the stations installed by the Union of Soviet Socialist Republics in application of its reservation, would interfere seriously with the emissions of the Hungarian stations.

VI

Referring to the statement made in this protocol by the plenipotentiaries of the Union of Soviet Socialist Republics concerning the use of certain frequency bands, the plenipotentiaries of Japan state formally that their Government reserves the right, for Japan, Chosen, Taiwan, Karafuto, the Kwantung Leased Territory and the South Sea Islands under Japanese mandate, to take any steps which might become necessary with a view to protecting their radio communications against any interference which might be caused by the putting into execution of the said reservations of the Government of the Union of Soviet Socialist Republics.

VII

The plenipotentiaries of Poland and of Rumania, in view of the reservations already made in connection with the use of certain frequency bands, state formally that in the case where no satisfactory regional (European conference) or special arrangement would be brought about, each of their Governments reserves the right to make any necessary derogations in regard to the use, for the aeronautical services, of certain frequencies outside the bands assigned by article 7 of the General Radio Regulations, in agreement with the adjoining countries interested, and particularly not to await the period of time provided for in § 5 (2) of this article, for the protection of the fundamental needs of these services against any interference which might be caused by the putting into execution of the above-mentioned reservations.

In witness whereof the plenipotentiaries listed below have drawn up this protocol and have signed it in one copy which shall remain in the archives of the Government of Spain and of which one copy shall be forwarded to each government signatory of the said protocol.

Done at Madrid, December 9, 1932.

[Here follow signatures. The countries which signed the final protocol are the same as those which signed the General Radio Regulations (see ante, pp. 226–242). For Poland, however, only Messrs. Kowalski and Krulisz signed.]

Mr. PITTMAN. Mr. President, I should like to have the message of the President read, and also the letter of the Secretary of State.

The PRESIDING OFFICER. The message of the President and the letter of the Secretary of State will be read.

The legislative clerk read as follows:

THE WHITE HOUSE,
January 27, 1934.

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to their ratification, I transmit herewith 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.

The attention of the Senate is invited to the accompanying report of the Secretary of State and the copies therewith enclosed of those portions of the report of the American delegation to the Madrid conference which explain the radio provisions of the convention and the radio regulations.

FRANKLIN D. ROOSEVELT.

DEPARTMENT OF STATE,
Washington, January 26, 1934.

The PRESIDENT:

The undersigned, the Secretary of State, has the honor to lay before the President with a view to their transmission to the Senate to receive the advice and consent of that body to ratification, if his judgment approve thereof, an international telecommunication convention, the general radio regulations annexed thereto, and a separate radio protocol noting reservations made by certain countries, all signed by the delegates of the United States to the International Radio Conference at Madrid on December 9, 1932. A translation into English accompanies each document.

Connected with the convention also as annexes are regulations relating to telegraphy and telephony, but these were not signed by the delegates of the United States and are not furnished for submission to the Senate. The convention and the radio regulations abrogate and replace as among the parties thereto the Washington Radio Convention and Regulations of November 25, 1927.

While, in addition to provisions relating to radio, the present convention contains provisions applicable as well to telegraphy and telephony, it is stipulated in article 2 of the convention that a government is bound by the provisions of the convention only with respect to the service or services the regulations concerning which it has accepted. As the delegation of the United States did not sign the telegraph or telephone regulations, the Government of the United States will have obligations under the convention only with respect to radio. There is no fundamental change from the position of the United States in regard to the other two subjects.

There are enclosed for the information of the Senate copies of those portions of the report of the delegation of the United States to the conference which are in explanation of the articles of the convention and the radio regulations. As

stated by the delegates the Madrid convention introduces no new principles into the policy of the United States with respect to international electrical communication.

Respectfully submitted.

CORDELL HULL.

Mr. PITTMAN. Mr. President, this matter has been under consideration since 1925. About that time there was held in Washington an international convention dealing largely with the same subject. However, there were certain regulations provided by that convention, dealing particularly with telegraphic communication, which were opposed in the United States. First, permanent committees were appointed to work out the problems. At the meetings articles of convention were worked out, which were then taken up at Madrid. At Madrid the convention now under consideration was adopted.

I may say that by this convention it is intended to regulate the three forms of communication—the telegraph, cables, and wireless. The convention has been very carefully worked out for the purpose of preventing interference in the various countries, and facilitating communications and deliveries as between connecting companies. It has also dealt with the bands or wavelengths so as to overcome any conflict as between different nationalities.

I may further say that only one thing was brought up before the committee that caused the committee to hesitate with respect to this treaty, and that was the protest by the amateur broadcasters. They felt they were discriminated against. They were heard, however, in the matter, and those who were inclined to support them very frankly came to the conclusion that under this treaty the amateurs received protection such as they did not have before, and their supporters thereupon withdrew their objection to the treaty. Their protest was based on the ground that at the present time amateur broadcasters, who have accomplished so much for the science, are allowed in most places to send messages to a third person. We have made no objection to that in this country, but in most places in Europe radio broadcasting is owned and controlled by the government, and they do not desire the competition by amateurs in the absence of regulations governing it and in the absence of provision for licensing. On the other hand, without this treaty, which does allocate or set aside so many bands or cycles for the use of the amateur broadcaster, they would have no protection whatever in the use of radio, but might be stopped in any country whose government saw fit to stop them.

So I feel that the only protest that arose has been absolutely satisfied, so far as the committee is concerned. I may say that the committee brought before them a number of experts of the Government who explained this matter in detail and completely. I think that there can be no objection to the treaty.

Mr. WHITE. Mr. President, because of the fact that at one time I expected to be a member of the delegation which negotiated the pending treaty, and because of the further fact that I attended many sessions of those engaged in the preparation of the United States proposals presented to the Conference which drafted the treaty, perhaps, it is not inappropriate for me to say a word at this time in behalf of its ratification.

The treaty in some respects represents a very great advance over international regulation of communications. Until this treaty was negotiated, although wire and radio communication had been coming technically closer and closer together through the years, there had been separate agreements dealing with the two forms of communication—a wire convention, to which the United States had never been a party, and a radio convention to which the United States had been a party since 1912, I believe. In the pending convention both forms of communication are dealt with. I may say that the plan of this convention responds to the thought and purpose and to the proposal of the United States Government and of the delegates of the United States at this international gathering.

The convention is composed, first of all, of provisions which deal only with the general principles relating to communications. It next has an annex embodying general regulations which seek to amplify and make effective the general principles contained in the convention. Then there is a second annex dealing with what in this country our communications companies are disposed to regard as managerial or operating functions. Such authorities are all grouped in this annex to which the United States is not a party, the United States adhering only to the terms of the convention and to the general regulations.

I am fully persuaded that the delegates who represented the United States at this conference dealt with the subject matter with intelligence and with the utmost regard for the interests of the United States. I think we may safely ratify what they, under the guidance of our State Department, have worked out; and I concur in the hope of the Senator from Nevada [Mr. PITTMAN] that the treaty may have the approval of this body.

Mr. DILL. Mr. President, I merely wish to say a word about the treaty. I had early in the session a considerable number of complaints from amateur radio operators and organizations of amateurs interested in radio, but the Senator from Nevada has explained that the hearings entirely satisfied these amateur radio complainants, as I understand.

Mr. PITTMAN. Mr. President, I cannot go so far, probably, as to say that it satisfied all of them, but those on the committee who were looking after their interests and caused the hearing to be had advised them that they thought the treaty afforded to them more protection than they ever previously had.

Mr. DILL. I may say that since the hearings I have had no further complaint, so that I take it that they are satisfied.

Mr. PITTMAN. I think they are.

Mr. DILL. Aside from that, I have had no objection, and I think, as the Senator from Maine has said, there is much to be said in favor of this convention.

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

Mr. DILL. I yield to the Senator from Maine.

Mr. WHITE. I, too, have had representations from amateurs with respect to this treaty. I recall that in 1927 the amateurs were greatly disturbed at that time as to the provision to be made for them in the then pending radio treaty. The delegates from the United States then did everything possible in behalf of the amateurs of this country. I also feel sure that our delegation did everything possible for them at this Madrid Convention. I am fully persuaded, Mr. President, that if it were not for the provisions inserted herein in their behalf, the amateurs of the world and the amateurs of America would have, so far as international correspondence goes, a very much more difficult time than they now face under the terms of this treaty. In other words, I think, as does the Senator from Nevada, that this is a shield and a protection to them in their international interests.

Mr. DILL. That shield and that protection, however, come largely from foreign countries rather than from the Government of our own country. I think that the governments of foreign countries have been more unfriendly to amateurs, probably, than has our own Government.

Mr. WHITE. I think the Senator is quite right, and when I refer to a "shield and a protection" I mean that the United States has secured from foreign countries concessions in behalf of amateurs which could not be had except under the terms of this treaty.

Mr. DILL. I feel that with the continued development, the enlarged development, in fact, of the use of the short wave the amateur's claim becomes even more worthy of consideration than when the number of frequencies available were fewer than they now are. Personally, I am strongly in favor of the ratification of the treaty.

The PRESIDING OFFICER. If there be no amendment, the convention will be reported to the Senate.

The convention was reported to the Senate without amendment.

The PRESIDING OFFICER. The resolution of ratification will be read:

The Chief Clerk read as follows:

Resolved (two thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of 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.

The PRESIDING OFFICER. The question is on agreeing to the resolution of ratification. [Putting the question.] Two thirds of the Senators present concurring therein, the resolution is agreed to and the convention is ratified.

THE CALENDAR

The PRESIDING OFFICER. The calendar is in order.

PUBLIC UTILITIES COMMISSION, DISTRICT OF COLUMBIA

The legislative clerk read the nomination of William A. Roberts to be additional counsel, to be known as the "people's counsel", Public Utilities Commission, District of Columbia.

Mr. ROBINSON of Arkansas. Mr. President, that nomination should go over upon the request of the Senator from Nevada [Mr. McCARRAN].

The PRESIDING OFFICER. The nomination will be passed over.

COLLECTOR OF INTERNAL REVENUE, LOUISIANA

The legislative clerk read the nomination of Daniel D. Moore to be collector of internal revenue, district of Louisiana.

Mr. ROBINSON of Arkansas. That nomination should go over.

The PRESIDING OFFICER. The nomination will be passed over.

THE JUDICIARY

The legislative clerk read the nomination of Alexander Murchie to be United States attorney, district of New Hampshire.

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

The legislative clerk read the nomination of Lon Warner to be United States marshal, district of Kansas.

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

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

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

The PRESIDING OFFICER. Without objection, it is so ordered, and the nominations are confirmed en bloc. That concludes the calendar.

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

The motion was agreed to; and the Senate resumed legislative session.

FEDERAL RESERVE LOANS TO INDUSTRIES

Mr. ROBINSON of Arkansas. Mr. President, I understand that the Senator from Virginia [Mr. GLASS] desires to proceed with a measure; and, in the absence of the Senator from Delaware [Mr. HASTINGS], who is interested in the bill which is the unfinished business, it might be well to do that at this time, with the approval of the Senator from Indiana [Mr. VAN NUYS], who has charge of the unfinished business.

Mr. GLASS. Mr. President, I should like to have the Senate take up the banking bill unanimously reported some days ago from the Committee on Banking and Currency. It is Senate bill 3487, to authorize direct loans by Federal Reserve banks to going industries and commercial enterprises.

It will be recalled that some time ago it was proposed to establish within the Federal Reserve System an intermediate bank system, to be composed of 12 intermediate banks. That proposal was abandoned when some of us pointed out that it would involve a very cumbersome and very expensive overhead operation; and there was substituted for it this bill to authorize the Federal Reserve banks to make direct loans to going industries to the extent of the surplus of the Federal Reserve banks after they shall have paid into the insurance-deposit fund the assessment exacted of them. That would mean approximately $142,000,000. In addition to that, it is proposed to appropriate from the Treasury, out of the increment which resulted from taking from the Federal Reserve banks $2,800,000,000 of their gold, a similar sum of approximately $140,000,000, making a total fund of nearly $300,000,000 which may be loaned directly by Federal Reserve banks to going industries to replenish their capital or to expend their activities.

Mr. McNARY. Mr. President, will the Senator yield for an inquiry?

Mr. GLASS. Yes; I will.

Mr. McNARY. I was absent from the Chamber when the able Senator from Virginia made his request. What is his desire at this time?

Mr. GLASS. If it is the desire to adjourn now, I should like to make this bill the unfinished business.

Mr. McNARY. Mr. President, there is before the Senate now, as the unfinished business, the corporate reorganization bill. Does the Senator seek unanimous consent to take up for immediate consideration the bill to which he has referred?

Mr. GLASS. I was thinking of asking to have the bill considered as soon as possible. It is a very simple bill. Anybody can understand it with a few minutes of explanation.

Mr. McNARY. I certainly should not be faithful to my trust if I should permit unanimous consent to be given for the consideration of such an important bill as this at half past 4, with only a dozen or 15 Members present.

Mr. GLASS. Very well, then; I withdraw the request. The bill will not be any less important when I shall renew the request than it is now.

CORPORATE REORGANIZATIONS

The Senate resumed the consideration of the bill (H.R. 5884) 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.

Mr. VAN NUYS. Mr. President, I desire at this time to make a very brief statement and outline of the nature of the pending measure, being House bill 5884. The Senator from Delaware [Mr. HASTINGS] has spent much time on the bill and has prepared a number of amendments to it. In his absence, I prefer tonight not to proceed further than I have indicated. The Senator from Delaware will be here in the morning.

The bill grants to corporations the same type of relief that was granted by the Seventy-second Congress to farmers, individuals, and railroads. The older Members of the body will remember that legislation. Three sections were added to the bankruptcy law giving to farmers, railroads, and individuals relief under certain conditions.

This bill follows in a general way the provisions of those amendments of the Seventy-second Congress. The mechanics naturally differs somewhat as applied to a corporation and to farmers or other individual persons; but the purposes of the bill and the mechanics are pretty much like those of the former piece of legislation.

The pending bill provides that any corporation may file a petition in a court of bankruptcy stating the jurisdictional facts, the nature of the business, describing the assets, the liabilities, the capital stock, and so forth, the facts showing the need for the relief demanded, and containing the allegation that the corporation is either insolvent or unable to meet its debts as they mature. Upon the filing of this petition the court, if it shall approve the filing of the petition, shall take charge of the property of the debtor wherever situate, and shall have the same powers as a receiver in an equity receivership proceeding in a United States court.

The bill provides that three or more creditors who hold provable claims in an aggregate of $1,000 or more may also file a petition accompanied by a plan, and in the case of the debtor corporation itself.

It further provides that three or more creditors holding provable claims of $1,000 or more, or stockholders holding 5 percent in number of all shares of stock of any class, may answer and controvert the allegations set forth in the petition.

The bill, then, at length specifies what the plan accompanying the petition must set forth. It is mandatory in most respects. It shall include provisions modifying or altering the rights of creditors generally; it may include provisions modifying or altering the rights of stockholders generally; and it shall provide for stockholders who do not join in the petition or approve the plan in order that the value of their equity may be thoroughly protected by the court. The plan shall also set out the means by which it shall be accomplished, by transfer or sale of property, appraisal and payment in cash of claims, or by the issuance of new securities, and the payment of claims with such new securities.

The measure is very comprehensive in setting up the plan and the means by which it shall be accomplished. It shall provide for the transfer of property, consolidation or merger with another corporation, retention of the property by the debtor, distribution of assets to the creditors, modification of liens, extensions of maturity dates of securities, amendment of the charter, and so forth. These provisions are all contained in the railroad legislation to which I have just referred.

After the petition shall have been approved, if it shall be approved by the court, the court may temporarily leave the debtor in charge of the assets or may appoint a trustee. In either event the court shall give 30 days' notice by 2 weeks' publication of a hearing on the petition, on the merits of which all claimants and creditors shall be fully notified, and shall be given their day in court to object or offer amendments to or suggest alterations in the plan.

The court shall also require schedules or other information to be filed by the debtor corporation showing the conduct of the debtor's affairs and the fairness of the proposed plan. It may require a list of all known bondholders and stockholders, together with their holdings and their post-office addresses, to be put into the hands of the different claimants and to be open to inspection by any creditor.

The court is empowered to fix the time when all these matters shall be heard, giving full opportunity to answer, either by intervening petition or otherwise, to anyone whose claims would be materially affected by a new merger or consolidation, or whatever the new plan may provide.

I think the bill is thoroughly well protected on the question of notice to all parties interested.

If the plan shall not be accepted within a reasonable time, the court may extend for not exceeding 6 months the time within which the plan must be approved by two thirds of the creditors of each class of claims and a majority of the stockholders.

The plan cannot be confirmed or the matter closed until it has been approved in writing by 66⅔ percent of the creditors and 50 percent of the stockholders.

If the corporation be an intrastate utility, subject to a regulatory board or commission, there must be the written approval and acceptance of that commission before the court can confirm the plan.

If it is interstate in character, all the regulatory boards and commissions in the various States where the property of the corporation is located must be notified and be given opportunity to object or to be heard on the merits of the plan.

If, after the hearings, and the statement of objections, modifications, or changes in the plan the court finally confirms the plan, if the court finds the plan to be fair, equitable, and feasible, accepted by the stockholders and creditors as I have described, two thirds of the creditors and one half of the stockholders, and finds that the interested regulatory commission has approved the plan, and that all sums of money to be paid by the debtor or other corporation for services are reasonable and fair, and that all proceedings have been in good faith, the court may then, finally, by decretal order, close the proceedings.

These, in general, are the outstanding provisions and conditions of the bill. I say it is a just bill, offering to corporations what farmers and individuals and railroads were given by enactment in the Seventy-second Congress.

There are two or three extra sections of the bill not necessarily connected with the plan of reorganization, one applying to the farmers, amending the section granting relief to individuals. By the old statute, they had to have a majority of the creditors agree on the plan. This new section provides that if it is impossible to obtain a majority of the creditors, the individual may submit a plan for the extension of his indebtedness, and not in composition of his indebtedness.

Section 3 is one which may or may not provoke some discussion tomorrow. It provides that, in the event a receiver shall be appointed by a district court, no one person, or firm, or bank, or corporation, shall be appointed so as to have a monopoly of the receiverships under that particular court. That is not connected particularly with the plan of reorganization, but has been put on as an amendment.

Section 4 is practically a reenactment of the old law, but adds to debts which are provable two additional classes of claims, one the awards of industrial commissions, the other damages awarded for breach of executory contracts, such as, for instance, future rents.

Section 5 is practically a reiteration of the old law, with some minor changes, which are not of importance.

Section 6 gives free postage to the conciliation commissioner appointed under the farmer's relief act.

Section 7 provides that where a railroad has invoked the jurisdiction of the court of bankruptcy, under the act of March 3, 1933, the filing of such petition shall not be cause for removal to the district court of any suits pending in the State or local courts at the time of the appointment of a receiver or trustee for the railroad.

This, in general, Mr. President, is the bill as it is presented. It passed the House at the last session. The committee has recommended a few amendments. The Senator from Delaware [Mr. HASTINGS] will offer on his own behalf several more amendments.

We held no public hearings on the bill, but we have given it serious and conscientious attention, and I am of opinion that after the amendments shall have been disposed of, the bill should be passed, and that it will be a very helpful instrument for the rehabilitation of many corporate bodies and industrial institutions in this time of depression.

With the consent of the Senator from Arkansas, I ask that further consideration of the bill go over until tomorrow, when the Senator from Delaware can be present.

Mr. ROBINSON of Arkansas. That course is entirely agreeable to me.

RECESS

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 4 o'clock and 45 minutes p.m.) the Senate took a recess until tomorrow, Wednesday, May 2, 1934, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 1 (legislative day of Apr. 26), 1934

PROMOTIONS IN THE NAVY

MARINE CORPS

Lt. Col. Frederick A. Barker to be a colonel in the Marine Corps from the 1st day of March 1934.

Maj. Clarke H. Wells to be a lieutenant colonel in the Marine Corps from the 1st day of May 1934.

Capt. William W. Ashurst to be a major in the Marine Corps from the 1st day of May 1934.

First Lt. Ralph D. Leach to be a captain in the Marine Corps from the 1st day of May 1934.

First Lt. George W. McHenry to be a captain in the Marine Corps from the 1st day of May 1934.

Second Lt. Mercade A. Cramer to be a first lieutenant in the Marine Corps from the 1st day of May 1934.

Q.M. Clerk James M. Fontain to be a chief quartermaster clerk in the Marine Corps, to rank with but after second lieutenant, from the 19th day of February 1934.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 1 (legislative day of Apr. 26), 1934

UNITED STATES ATTORNEYS

Thomas D. Samford to be United States attorney, middle district of Alabama.

Alexander Murchie to be United States attorney, district of New Hampshire.

UNITED STATES MARSHAL

Lon Warner to be United States marshal, district of Kansas.

POSTMASTERS

COLORADO

Walter E. Rogers, Berthoud.
Michel A. Vogt, Burlington.
Effie B. Jackson, Littleton.

CONNECTICUT

Michael J. Cook, Ansonia.
Forrest G. Thatcher, East Hampton.
Thomas H. Hillery, Hazardville.
Ralph W. Bull, Kent.
John Welsh, Killingly.
Edward J. Minnix, Milldale.
Durward E. Granniss, New Preston.
Nellie A. Byrnes, Pomfret.
George Forster, Rockville.
Arthur J. Caisse, South Willington.
William J. Farnan, Stonington.
Catherine S. Barnett, Suffield.
John J. Burns, Waterford.

FLORIDA

Albert E. Lounds, Crescent City.
Cecil C. Stinson, De Funiak Springs.
Hugh McCormick, Eau Gallie.
Abraham C. Fiske, Rockledge.

INDIANA

James R. Kelley, Lebanon.
Charles A. Good, Monterey.
Pauline M. Rierden, Montezuma.

KANSAS

Sophia Kesselring, Atwood.
John C. Cox, Augusta.
Charles Ward Smull, Bird City.
Alvin M. Johnson, Canton.
Sam C. Scott, Conway Springs.
Harry B. Clay, Douglass.
Laurence A. Daniels, Ellsworth.
Robert Focht, Eureka.
Henry A. Mason, Gypsum.
David E. Walsh, Herndon.
William A. B. Murray, Holyrood.
Michael A. Frey, Junction City.
Lafranier M. Herrington, Kanopolis.
Loraine Champlin, Long Island.
Elizabeth Mansfield, Lucas.
Myrtle D. Fesler, Palco.
Charles E. Slaymaker, Peabody.
Robert R. Morgan, Rexford.
Walter S. English, Scandia.
Henry Christensen, Tescott.
James L. Morrissey, Woodston.

KENTUCKY

William E. Ferguson, Albany.
Walter B. Carvell, Allensville.
Nora Dixon McGee, Burkesville.
Lou E. Holder, Calhoun.
Susan R. Hill, Carrollton.
George W. Mothershead, Earlington.
Osceola C. Lucas, Florence.
Richard L. Frymire, Irvington.
Mary H. Vaughan, Jenkins.
Joseph C. Pell, Lewisport.
Grace Williams, Lothair.
James T. Phipps, Morganfield.
James M. Caudill, Neon.
William A. Eimer, Newport.
George Pinson, Jr., Pikeville.
Mason E. Burton, Somerset.
John B. Lafferty, Wheelwright.
Watson G. Holbrook, Whitesburg.

MICHIGAN

Leonard J. McGraw, Engadine.
Elizabeth J. Shannon, Powers.
Charles J. Schmidlin, Rockland.

MISSISSIPPI

David W. Colbert, Columbia.
Ellen J. Hederman, Jackson.
John T. Dawson, Summit.
Beall A. Brock, West.

MONTANA

Charles Cigliana, Anaconda.
Walter J. McManus, Augusta.
Clifford Dawson, Boulder.
Frank X. Monaghan, Butte.
Godfrey Johnson, Ronan.

NEBRASKA

Harry C. Furse, Alma.
Alma E. Farley, Bancroft.
Walter Nowka, Glenvil.
Harold C. Menck, Grand Island.
Aileen L. Coker, Hershey.
Harry H. Ellis, Holdrege.
Julius F. Gausman, Hubbell.

OHIO

A. Harley Bolon, Bethesda.
Helen Shilts, Mount Victory.
Lewis T. Williams, New Waterford.
Hark F. Williams, Pleasant City.
Cyril S. Hendershot, Quaker City.
Robert J. Hickin, Rittman.
Dorothy M. Lane, Stockport.
Sara J. Bell, Waterford.

SOUTH CAROLINA

Joseph H. Chitty, Denmark.
Bertie Lee B. Wilson, Neeses.
Olin J. Salley, Salley.
Robert A. Gray, Taylors.
Wilbur E. Williams, Wagener.
Reuben V. Lanford, Woodruff.

UTAH

Isaac A. Smoot, Salt Lake City.

VERMONT

Earle J. Rogers, Cabot.
Rutherford D. Pfenning, Forest Dale.
Patrick J. Candon, Pittsford.
Wayland N. Hamel, Plainfield.
Mabel R. Armstrong, Rupert.

HOUSE OF REPRESENTATIVES

TUESDAY, MAY 1, 1934

The House met at 12 o'clock noon.

The Reverend Chester Burge Emerson, D.D., dean of Trinity Cathedral, Cleveland, Ohio, offered the following prayer:

Almighty God, whose power is infinite, whose purpose is timeless, and whose peace is eternal, be mindful of us who strain at our limitations and fret in our dispeace. If Thou dost mark a sparrow's fall, wilt Thou not heed a nation's need? Guide our leaders and guard our destiny. Some-

thing more than human wisdom is needed at this time. We humbly ask for it. Something more than human strength is demanded. Help them to endure as seeing Thee, who art invisible. Keep them from fuming while the world burns. Give them good sense and good will. Where experience is lacking let them be slow with experiment. Help them to see the country, and see it whole, lest serving the few they do disservice to the many. Above all assist them to walk worthy of the high calling to which they are called, to legislate for this people without fear or favor, without partisanship or prejudice, but with probity and patience, to the end that prosperity may be restored and peace maintained at home and abroad. In Christ's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

THE WHEELER-HOWARD BILL

Mr. HOWARD. Mr. Speaker, this is the day of new deals, and one of the best new deals, in my view, is presented in H.R. 7902, now pending before the House. Without further reference thereto I desire now to give a better reference, and, Mr. Speaker, I ask unanimous consent to proceed for 1 minute and the Clerk read a letter on the subject from the President of the United States.

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

There was no objection.

The Clerk read as follows:

THE WHITE HOUSE,
Washington April 28, 1934.

MY DEAR MR. HOWARD: The Wheeler-Howard bill embodies the basic and broad principles of the administration for a new standard of dealing between the Federal Government and its Indian wards.

It is, in the main, a measure of justice that is long overdue. We can and should, without further delay, extend to the Indian the fundamental rights of political liberty and local self-government and the opportunities of education and economic assistance that they require in order to attain a wholesome American life. This but the obligation of honor of a powerful nation toward a people living among us and dependent upon our protection.

Certainly the continuance of autocratic rule by a Federal department over the lives of more than 200,000 citizens of this Nation is incompatible with American ideals of liberty. It also is destructive of the character and self-respect of a great race.

The continued application of the allotment laws, under which Indian wards have lost more than two thirds of their reservation lands, while the costs of Federal administration of these lands have steadily mounted, must be terminated.

Indians throughout the country have been stirred to a new hope. They say they stand at the end of the old trail. Certainly the figures of impoverishment and disease point to their impending extinction as a race unless basic changes in their conditions of life are effected.

I do not think such changes can be devised and carried out without the active cooperation of the Indians themselves.

The Wheeler-Howard bill offers the basis for such cooperation. It allows the Indian people to take an active and responsible part in the solution of their own problems.

I hope the principles enunciated by the Wheeler-Howard bill will be approved by the present session of the Congress.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

Hon. EDGAR HOWARD,
House of Representatives.

PHILIPPINE INDEPENDENCE

Mr. McDUFFIE. Mr. Speaker, on yesterday the Legislature of the Philippine Islands unanimously accepted the Independence Act recently passed by this Congress. Today the distinguished Commissioner, Mr. GUEVARA, who has played so important a part in bringing about that legislation, desires to address the House for 15 minutes, and I ask unanimous consent that he may be permitted to address the House for 15 minutes.

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

There was no objection.

Mr. GUEVARA. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include therein a message of the Governor General of the Philippine Islands to the Philippine Legislature at the special session assembled yesterday, April 30, 1934; and I also ask unanimous consent to have printed in the RECORD, following my remarks on the Jones-Costigan sugar bill, the letter I addressed to the President of the United States dated April 30, the radiogram of the Governor General of the Philippine Islands sent to the War Department, released April 25, and the memorandum of April 27 sent to the President and the Secretaries of War and Agriculture on the same question, by former Senator Harry B. Hawes, in representation of the Philippine Sugar Association.

The SPEAKER. Is there objection to the request of the Resident Commissioner from the Philippine Islands?

There was no objection.

Mr. GUEVARA. Mr. Speaker, under leave granted me to extend my remarks in the RECORD, following my remarks on the Jones-Costigan sugar bill, I include the letter I addressed to the President of the United States, dated April 30, the radiogram of the Governor General of the Philippine Islands sent to the War Department, released April 25, and the memorandum of April 27 sent to the President and the Secretaries of War and Agriculture on the same question by former Senator Harry B. Hawes in representation of the Philippine Sugar Association.

Mr. Speaker, yesterday the Philippine Legislature, called at a special session, accepted the Tydings-McDuffie Independence Act.

Under this act, the Congress of the United States has prescribed certain steps in the 10-year period following the establishment of the Philippine Commonwealth for the readjustment of our economic life prior to granting of independence. During this transition period, our imports of sugar, coconut oil, and cordage to this country will be limited at specified quantities.

I take this opportunity, Mr. Speaker, to speak at this time on the subject of Philippine sugar imports into the United States. Congress has recently passed the sugar control bill, known as the Jones-Costigan bill, which is now before the President awaiting his signature. During the consideration of this legislation we have neither made any captious objections nor obstructed the efforts of the administration in its plan at sugar stabilization. But, Mr. Speaker, the Jones-Costigan bill, as passed by Congress, contains two provisions which may prove to be disastrous to the sugar industry in my country and may undermine the financial structure of our government.

One of these two provisions is that which makes the enforcement of the quotas retroactive to January 1, 1934. Under this provision we will have this year a surplus of 319,000 short tons, with the President's quota of 1,037,000 short tons for the Philippine Islands, and next year we will have a total surplus of 682,000 short tons. Unless this large surplus is absorbed it would cause considerable hardships to our farmers and would throw out of employment thousands of laborers, thereby precipitating social unrest.

So, Mr. Speaker, by the time we will inaugurate our new government under the Independence Act, our main industry, from which our government derives a considerable portion of its revenue, will have been paralyzed, and we will be faced with a serious social problem, at the same time that our government will find itself financially handicapped and unable to meet its increased obligations. I am sure no true American would want to plunge my country into such a situation. At this juncture I desire to insert in the RECORD the radiogram on this subject from His Excellency, Hon. Frank Murphy, Governor General of the Philippine Islands, to the Secretary of War.

The other provision of the Jones-Costigan bill, to which I referred, is that one providing for the fixing of quotas by the Secretary of Agriculture. In his message to Congress, President Roosevelt recommended a quota of 1,037,000 short tons for the Philippine Islands. As our crop, just harvested and which practically has already been marketed in the United States, amounts to 1,400,000 short tons, we will thus bear, under the President's quota, a cut of 363,000 short tons. This reduction, Mr. Speaker, is twice larger than that for any of the sugar areas, as may be seen from the following figures:

	Estimated production for United States market 1933-34 [1]	Quotas proposed by the President	Decrease	Percent of decrease
	Short tons	*Short tons*	*Short tons*	
United States beet	1,750,000	[2] 1,550,000	200,000	11.4
Hawaii	1,025,000	935,000	90,000	8.8
Puerto Rico	925,000	821,000	104,000	11.1
Philippines	1,400,000	1,037,000	363,000	25.9
Cuba	2,240,000	1,944,000	296,000	13.2

[1] As given by Dr. John L. Coulter, U.S. Tariff Commission, during consideration of marketing agreement, June 1933.
[2] Increased by 100,000 tons from President's quota.

In spite of this heavy loss to our sugar producers, in our earnest desire to cooperate and assist in the administration's plan for improving the situation in the sugar industry we have accepted the President's quota of 1,037,000 short tons for the Philippine Islands. We have taken this as a basis for a practical limitation program in the Philippines. This program of restriction of sugar production is now in course of enforcement.

It can be readily seen, Mr. Speaker, that unless there is a limitation of production in the Philippine Islands there will be accumulated there a surplus of over 1,000,000 tons in the next 3 years. This will have a very depressing effect upon the price of sugar the world over, and will therefore bring to naught the administration's plan at sugar stabilization.

In the name of the 2,000,000 people in my country directly dependent upon the sugar industry, I therefore appeal for the maintenance of the quota of 1,037,000 short tons for the Philippine Islands, as recommended by the President, and its just enforcement, so that it would not be retroactive to the sugar that we have already shipped and sold to the United States.

APRIL 30, 1934.

The PRESIDENT,
The White House,
(Through the Secretary of War),
Washington, D.C.

DEAR MR. PRESIDENT: The Jones-Costigan sugar bill has excited spirited protests from Puerto Rico, Hawaii, and Cuba. The Philippines is comparatively silent, overwhelmed by the impending blow on her sugar industry by both the Jones-Costigan measure and the Tydings-McDuffie Independence Act.

Puerto Rico declares that her people are naturalized American citizens and deserve to be treated as such, and that in deciding on her sugar quota only one destructive hurricane in every 30 years should be taken into account.

Hawaii pleads that being a political integral part of the United States she is entitled to a definite quota in the bill on an equal and identical basis as the continental sugar-producing sections.

Cuba, through her multitude of sympathizers, is presented to the world as economically prostrate and revolution-ridden because of her inability to sell more sugar in the United States.

We of the Philippines are at the moment in the throes of a great political excitement. We are accepting the Tydings-McDuffie Act—taking the initial step leading to our separation from the United States.

Mr. President, the acceptance of that act marks the beginning of the winding up or liquidation process of our sugar industry as well as our other tariff-protected industries. We shall be going out of business, closing shop and getting bankrupt. We don't want to do this, but we are forced into it.

By all the principles that are American and humanitarian, the Philippines is entitled in this critical juncture to more than a perfunctory sympathetic treatment at the hands of the American Government.

The Puerto Rican hurricane is a gentle zephyr in its effects in comparison with the man-made political hurricane which is due to hit our sugar industry when we lose the American tariff protection.

Hawaii is going to have her Filipino labor, which is the mainstay of her sugar industry, although under the Tydings-McDuffie Act Filipino laborers over a quota of 50 will be barred from continental United States. Thus while Hawaii is pleading for equal treatment she is enjoying a special privilege. There is as much demand for Filipino labor in the lettuce fields of California as in the sugar plantation of Hawaii.

Impoverished Cuba has still $15 per capita monetary circulation, while the Philippines has less than $4 per capita. These two figures gain greater significance when it is considered that in education, in living standard, and in life's outlook disinterested observers declare that the Filipino people occupy a higher level than the bulk of the Cuban population.

Mr. President, with all our poverty we have not been a problem of law and order to America. We have not asked for special privileges. We have only tried to carry on under the benevolent auspices of the American Government, absorbing American ideas and ideals, learning the American language, and building our political and social institutions after the American pattern.

With mixed sadness and hope we are soon separating from the United States. Naturally our political separation requires our economic disentanglement from the American economic system. The process would be most difficult and devastating. It would shake and shatter the very foundation upon which we are expecting to erect the future Filipino nation.

I am asking you most earnestly, Mr. President, to let us down as gently as possible; to cushion our economic fall with some measure of help that is within your jurisdiction and that of the Secretary of Agriculture. Besides other considerations, the success of the Tydings-McDuffie Act may be jeopardized by an overstrain of economic calamities.

What the Philippine sugar industry wants and suggests are set forth succintly in a cablegram of Gov. Gen. Frank Murphy to the War Department, released to the press on April 25, and in the communication addressed to Your Excellency by the Philippine Sugar Association under date of April 27. I commend those two documents to your favorable consideration.

Faithfully yours,

PEDRO GUEVARA,
Resident Commissioner from the Philippines.

WAR DEPARTMENT

PROTESTS RECEIVED FROM THE GOVERNOR GENERAL OF THE PHILIPPINE ISLANDS AGAINST THE TERMS OF THE JONES-COSTIGAN SUGAR BILL (H.R. 8861)

[Figures in long tons]

The following radiogram relative to the Jones-Costigan bill has been received in the War Department from the Governor General of the Philippine Islands:

"The retroactive character of the Jones-Costigan sugar bill, which establishes January 1, 1934, as commencement date for quota, will leave us a large surplus of 610,000 tons of sugar, or two thirds an entire year's quota under the bill. Following wire from Iloilo Commercial Association: 'The International Chamber of Commerce and the Philippine Chamber of Commerce unanimously passed resolution in joint session today to move earnestly and request your assistance in urging the deletion of the retroactive effect of the Jones-Costigan bill. Draw special attention retroactive effect highly prejudicial sugar industry, especially mill planters who rely upon outside financial assistance. Also emphasize anomalous situation arriving between producers who have disposed of their production vis-à-vis, those who have sugar yet to mill or mill in Bodega. Passage of bill in present condition must inevitably deprive hundreds of thousands of laborers and families of present livelihood thereby probably engendering social disorders. Can you secure expression of administration's ideas of treatment which will be accorded sugar in excess of quota arriving in States this calendar year if bill is passed? Present uncertainty is paralyzing all business."

The conditions are as follows:

1. In 1933–34 there were produced for export to the United States 1,250,000 long tons of which not over 40,000 long tons reached the United States before January 1, 1934, thus leaving 1,210,000 long tons of the old crop to be exported during calendar year 1934 against the probable quota of not over 925,000 long tons. The carry-over into calendar year 1935 would thus be 285,000 long tons with no accommodations for fractional shipment of the 1934–35 crop.

2. Pending enactment of quota bills in the United States, our best efforts at voluntary limitation cannot do more than hold the 1934–35 crop to approximately the 1933–34 level, or 1,250,000 long tons available for export to the United States. This means that we would enter the year 1935 with a carry-over of 285,000 long tons from the 1933–34 crop and would have available the entire 1,250,000 long tons of the 1934–35 crop, or a total of 1,535,000 long tons against the probable quota of 925,000 long tons, thus increasing the carry-over at the end of 1935 to 610,000 long tons with no accommodation for fractional shipment of the 1935–36 crop.

3. By this time legal limitations under the quota law should be in effect, and we could assume normal restriction of the 1935–36 crop to 925,000 long tons. But we would still carry into 1936 the accumulation surplus of 610,000 long tons, which could only be wiped out by reducing production of 1935–36 crop not to the presumed limitation of 925,000 long tons but to 315,000 long tons, or about one fourth of the present production and one third of the probable quota. A general allotment of so small a production to all centrals and all planters would be economically and commercially impracticable, and we should probably be forced to shut down entirely for one season, creating very serious financial and social difficulty during the first or second year of the Commonwealth. The alternatives would be to hold the 610,000 long-ton surplus over the market or dump it in the Orient or Europe, in either case depreciating world price.

The situation would be avoided if the Jones-Costigan bill were amended to eliminate its retroactive and run the quota years on a United States fiscal-year basis, beginning July 1, 1934. In this event the balance of 1933–34 crop could be disposed of before the quota became effective, and we would have only such standing surplus as would represent excess of the 1934–35 crop over the quota, or about 325,000 long tons, which might more easily be absorbed.

IN THE MATTER OF PHILIPPINE SUGAR

To the PRESIDENT, the SECRETARY OF AGRICULTURE, and the SECRETARY OF WAR:

THE PHILIPPINE SITUATION

On May 1 the Philippine Legislature will take the first step to accept the American offer of independence.

Under the provisions of this bill complete independence will not be granted for 10 years. The American flag will fly over the Philippines during that period and an American commissioner appointed by the President will supervise the financial policy of the Commonwealth, carrying with it during these 10 years the responsibility both for financial stability and the preservation of law and order.

Comparing this with our responsibility in Cuba, we find that the latter is limited under the Platte amendment to the maintenance of order.

There are in the Philippines 14,000,000 people; in Cuba 3,500,000.

The Philippines is the eighth best customer of the United States. Our manufactures and agricultural products are purchased there in greater amounts per capita than in India, China, and Japan, and exceed in volume the sales made to any Latin American country.

Any revolutionary or drastic upset of the present Philippine financial stability will be a violation of the implied promises contained in the Philippine independence offer and will very properly subject our country to criticism not only in the islands but throughout the Orient; in addition, it will endanger American investments in the islands, which Americans were urged to make, stimulated by efforts of our own Government.

Free-trade status for the islands was established by our Congress in 1909 over the official protest of the Philippine Legislature.

The independence law provides for a limitation of the free importation of Philippine sugar into the United States. This was fixed at the then high peak of 1931, when the bill was under consideration at 955,920 short tons.

This limitation, however, will not be in effect until the establishment of the Philippine Commonwealth. Prior to this there is no limitation on the amount of sugar that the Philippines can send to the United States free of duty.

Under the Independence Act there is no limitation on the quantity of Philippine sugar coming to the United States except that duties are imposed on all sugar in excess of the limitation of 955,920 short tons.

It can be readily seen that unless there is a limitation of production in the Philippine Islands there will be in the next 3 years an accumulated surplus there of over 1,000,000 short tons, which will have a very depressing effect not only upon the world market but also upon the American market and, therefore, will nullify all efforts toward sugar stabilization in the United States.

THE JONES-COSTIGAN ACT

The Jones-Costigan Act just passed by Congress contains two provisions in which the Philippine sugar industry is vitally concerned. These are—

(1) The retroactive effect of the bill to January 1, 1934, as to quotas; and

(2) The quota for the Philippine Islands to be assigned by the Secretary of Agriculture.

RETROACTIVE EFFECT

If through administrative action the bill should be made retroactive to January 1, 1934, on the quota for the Philippine Islands, it will leave the Philippines a surplus this year of 319,000 short tons. For the 2 years 1934 and 1935 there will have accumulated a surplus in the Philippine Islands of 682,000 short tons.

This may be seen from the following figures:

	Short tons
Available for export, 1933–34	1,400,000
Estimated arrival in United States before Jan. 1, 1934	44,000
Balance export to United States for 1934 out of crop 1933–34	1,356,000
Probable quota for Philippine Islands, 1934	1,037,000
Carry-over for 1935	319,000
Available for export, 1934–35 crop	1,400,000
Total available, 1935	1,719,000
Probable quota for 1935	1,037,000
Carry-over for 1936	682,000

It will thus be seen that when the Philippine Commonwealth begins to operate the Philippines will find their main industry in a paralyzed condition.

In order to adjust their production to the export limit to the United States under the quota law, the sugar centrals will have to produce for export only 355,000 short tons for the 1935–36 crop, or 25 percent of their normal production for export.

With this low rate of operation it is doubtful if any of the sugar centrals could continue to operate.

Hundreds of thousands of laborers would thus be thrown out of employment and millions of invested capital would be lost.

As the Philippine government derives a great portion of its revenue from the sugar industry, the government would be financially embarrassed at a time when it needs greater funds to meet its increased obligations under the independence law.

CONFUSION AND DISTRESS IN THE PHILIPPINES

Moreover, if the bill should be made retroactive to January 1 on the quota of the Philippine Islands, it would cause much confusion in the adjustment and allocation of the quotas among the various factories and the thousands of individual planters.

Unlike other sugar-producing areas, in the Philippines sugar production is in the hands of thousands of small farmers.

The 45 sugar factories in the Philippines, mostly owned by Filipinos and Americans, do not grow sugarcane, as they do not own the land on which sugarcane is grown.

Thousands of individual planters grow the sugarcane and deliver this cane to a single factory, which converts the cane into sugar.

Under this existing cooperative system of sugar production in the Philippine Islands, the sugar central receives from 40 to 45 percent of the sugar produced from the cane, and the planters get from 55 to 60 percent thereof.

As soon as the sugar is manufactured by the central, distribution takes place and the sugar planters, after receipt of their sugar, sell their share to sugar exporters.

Insofar as the 1933–34 crop is concerned, the sugar planters and centrals have not only already received their respective shares but have sold them to the various sugar exporters and received their money therefor.

The exporters have already marketed this sugar in the United States, most of which has already been paid for by buyers.

To make the quota for the Philippine Islands apply to the crop that is already harvested and sold in the United States would, therefore, be impossible without causing serious troubles in the Philippine Islands.

INDIVIDUAL ILLUSTRATION

In his conference with officials of the War Department and the Department of Agriculture before he left recently for the Philippines, the Honorable Rafael R. Alunan, president of the Philippine Sugar Association, pointed out the disastrous effect of making the quota date retroactive to January 1, 1934, upon individual planters in the Philippines, in the following illustration:

"A planter with a production for the 1933–34 crop of, say, 1,000 tons receives 600 tons for himself as his share and leaves with the central 400 tons. This planter has already sold his share to the various exporters, say, 200 to A, 200 to B, and 200 to C, for which he has already received payment and very likely spent the proceeds.

"If the Philippines is given a quota on the basis of the President's figure of 1,037,000 short tons, and such a quota becomes retroactive to January 1, 1934, this particular planter will have a quota for his past crop of say 400 tons. He has already exceeded his quota by 200 tons, which has already been disposed of.

"It would be utterly impossible to make him give up the money he has received for the 200 tons, representing the excess of his production over his quota, or to make any other party bear the loss for these 200 tons as a consequence of the retroactive effect of the bill."

The foregoing individual case is a typical example of what is going to happen in the Philippine Islands if the quota date of the bill should be made retroactive to January 1, 1934.

A retroactive application of the quota could not be enforced.

QUOTA ENFORCEMENT SHOULD COMMENCE JULY 1, 1934

We would, therefore, request that the effective date of the quota provisions of the bill be made to coincide with the crop-year instead of the calendar year; in other words, we propose that the enforcement of the quotas shall commence on July 1, 1934, and not on January 1, 1934.

In the marketing agreement signed by the producers last fall the marketing year was fixed to commence on July 1 in order to coincide with the harvesting periods of the various producing areas, which, according to Willett & Gray, are as follows:

United States beet, July to January; Louisiana, October to January; Florida, December to April; Hawaii, November to June; Puerto Rico, January to June; Philippine Islands, November to June; Virgin Islands, January to June; Cuba, December to June.

The fixing of July 1, 1934, as the commencement date for the enforcement of quotas would to a great extent minimize the difficulties and sacrifices that will be borne by the Philippine sugar producers under the sugar control law.

It takes from 45 to 60 days for a cargo of sugar from the Philippines to reach the Atlantic seaboard. For this reason, and because of the lack of adequate warehouse facilities, shipment of sugar from the islands has to be made immediately after the sugar has been placed in the bag at the factory, hence the heavy exportation of sugar during the grinding period, from November to June.

QUOTAS

The figure 955,920 short tons was the high peak in 1931, at the time the Hawes-Cutting bill placed its limitations.

In a 3 months' hearing on the marketing agreement it was agreed by all the sugar-producing areas that the Philippine quota should be 1,100,000 short tons. (This was protested at the time by the Philippine representatives.)

Since that time President Roosevelt, on February 8, placed the quota for the Philippine Islands at 1,037,000 short tons, and Governor General Murphy, the Philippine producers, and the Philippine Legislature first started to work on the theory of 1,100,000 short tons, and, since the President's message, on the theory of 1,037,000 short tons.

Neither of these quotas is considered equitable. The reason is obvious.

Of the principal areas supplying sugar to the United States, the Philippines bears the largest quantity and percentage of reduction under the President's quotas, as may be seen from the following figures:

	Estimated production for United States market 1933-34 [1]	Quotas proposed by the President	Decrease	Percent of decrease
	Short tons	*Short tons*	*Short tons*	
United States beet	1,750,000	[2] 1,550,000	200,000	11.4
Hawaii	1,025,000	935,000	90,000	8.8
Puerto Rico	925,000	821,000	104,000	11.1
Philippines	1,400,000	1,037,000	363,000	25.9
Cuba	2,240,000	1,944,000	296,000	13.2

[1] As given by Dr. John L. Coulter, U.S. Tariff Commission, during consideration of marketing agreement, June 1933.
[2] Increased by 100,000 tons from President's quota.

This table shows that the decrease in the Philippine quota has been over twice as great as that of any other area under the American flag and nearly 100 percent greater than the reduction in the Cuban quota.

We therefore respectfully urge that, as a great portion of the total revenue of the islands comes from sugar, and that as the quota cut is over twice that of any other area and almost 100 percent over that of Cuba, there should be no further cut on the Philippine quota given by the President of 1,037,000, which already will mean a curtailment of 363,000 tons annually.

Respectfully submitted.

PHILIPPINE SUGAR ASSOCIATION,
By HARRY B. HAWES,
United States Representative,
Representing 99 percent of Philippine sugar producers.

WASHINGTON, D.C., *April 27, 1934.*

Mr. GUEVARA. Mr. Speaker, 36 years ago the American Fleet, commanded by Admiral Dewey, entered Manila Bay flying the flag of liberty and of justice for all oppressed people in the world. A battle ensued with the Spanish armada which was the guard of the sovereignty of that Nation over the Philippines. The forces of freedom won, and the American flag was hoisted amidst the enthusiasm and blessings of the Filipino people.

Coincident, Mr. Speaker, with this glorious day of victory for the United States, the Philippine Legislature assembled in special session on May 1, 1934, accepted Public Act No. 127, Seventy-third Congress, commonly known as the "McDuffie-Tydings bill", enacted by Congress on March 24, 1934. This law was enacted in fulfillment of the pledge of this Nation to grant independence to the people of the Philippine Islands at the earliest practicable time. In view of this enactment and its acceptance by the Philippine Legislature, moral responsibilities and obligations on the part of both nations become increasingly apparent. At this juncture I wish to quote part of the message of the President of the United States to Congress on March 2, 1934, upon which the enactment of Public Act 127 was predicated:

> May I emphasize that while we desire to grant complete independence at the earliest proper moment, to effect this result without allowing sufficient time for necessary political and economic adjustments would be a definite injustice to the people of the Philippine Islands themselves little short of a denial of independence itself. To change at this time the economic provisions of the previous law would reflect discredit on ourselves.

We are now confronted, Mr. Speaker, with a situation which must be faced honorably and loyally both by the United States and by the Philippines. I believe I am not mistaken in affirming that the postponement of the day of the granting of independence to the Philippine Islands was for the purpose of giving the inhabitants therein a reasonable period of time to adjust their economic life, which by the sovereign will of the United States has been linked to her economic system for the past 30 years.

If I correctly understand the policy and philosophy which inspired the formulation and adoption of Public Act 127, it is the avowed purpose of the United States to grant independence to the people of the Philippine Islands in order that they may be able to receive the blessings of that grant without regard to or consideration of any selfish interest. For this, I am sure, the Filipino people are grateful.

Mr. Speaker, Public Act 127 is now a solemn covenant between the United States and the Philippine Islands, and its terms must be observed without reservation by either party. The Filipino people, I am sure, are prepared to do their part in the observance of its terms. I think I am safe in saying that the United States also is sympathetically willing to do her part to make of the covenant a success, thus giving the now struggling world a practical example of the sanctity of national pledges. By so doing, this Nation will only be following the course that she herself has outlined since the inception of her occupation of the Philippines. It is well to call to memory the message of the American people to the Philippines, transmitted on April 4, 1899, by the first civil commission appointed by the President of the United States to the Philippines, and signed by Jacob Gould Schurman, George Dewey, Elwell S. Ottis, Charles Denby, and Dean C. Worcester, which in part says:

> The Commission desire to assure the people of the Philippine Islands of the cordial good will and fraternal feeling which is entertained for them by His Excellency the President of the United States and by the American people. The aim and object of the American Government, apart from the fulfillment of the solemn obligations it has assumed toward the family of nations by the acceptance of sovereignty over the Philippine Islands, is the well-being, the prosperity, and the happiness of the Philippine people and their elevation and advancement to a position among the most civilized peoples of the world.

The message of President Roosevelt to Congress on March 2, 1934, to which I have referred is but a confirmation of that of the American people to the Philippines on April 4, 1899. The policy announced in that message was translated into reality by subsequent legislation enacted by the Congress of the United States which tended to fulfill her solemn obligations assumed toward the family of nations by the acceptance of sovereignty over the Philippine Islands and to promote the well-being, the prosperity, and the happiness of the Filipino people and their elevation and advancement to a position among the most civilized peoples of the world. The enactment of Public Act No. 127, Seventy-third Congress, leads the Filipinos to the goal of their aspirations and ambitions through the generous and kind assistance of the American people. This will undoubtedly add a new glorious chapter to America's immortal history.

By a rare quirk of fate, however, there has been some effort to thwart the humanitarian endeavors of the American people in their dealings with the Philippines. The enactment of the 1934 revenue bill by which an excise tax of 3 cents is levied on every pound of coconut oil entering the United States from the Philippines will be a reversal of the policy which inspired the formulation and adoption of Public Act 127. It offsets the benevolent and altruistic aims of the American people in their desire to create a new nation in the Far East. It amounts to a deviation from the complete fulfillment of the terms of the covenant as written in Public Act 127.

Surely it is improper to assume that just because the United States is powerful she will fail to observe the terms of the covenant, or that just because the Filipino people are weak they will have to make good their obligations in accordance with the covenant. The Filipinos will fulfill their moral and legal obligations flowing from the covenant because they are sincerely convinced that they are dealing with a Nation whose sense of justice and fair play is acknowledged the world over.

Mr. Speaker, it is with great reluctance that I am discussing this phase of the question today when the American and Filipino peoples should be indulging in the hopes of happier days for the Philippines. To the United States belongs the credit for the birth of a new nation in the Far East, and to the Philippines the satisfaction of being the recipient of the beneficent results of this altruism. Should anyone living under the American flag hinder the success of the American policy at this time when the international situation in the Far East appears gloomy and disturbing? Should he, indeed, do anything to obstruct the ultimate success of the American policy in the Philippines? These are

questions that call for patriotic consideration on the part of the American people. I realize the hardships and economic difficulties that are now assailing every nook and corner of this mighty Nation. If there were some concrete assurance that the sacrifice of the Filipino people would help to promote the prosperity of the United States, then the Filipinos may perhaps undergo that sacrifice. After due consideration, however, one merely reaches the inescapable conclusion that this will benefit neither the United States nor the Philippines. It will be prejudicial to both countries and peoples. Why, then, embark on an experiment whose prospective advantages to the American farmer are only imaginary?

I hope I am mistaken in my prediction as to the effect of the disintegration of the terms of Public Act 127. The revenue bill which amends the fundamentals of the economic provisions of the McDuffie-Tydings law will cause the economic penetration of the Philippines by some nation who will be more than willing to take advantage of the situation. Indirectly, it will justify the attempt to destroy the open-door policy successfully inaugurated and maintained by the United States in China. It will deprive the Filipino people of the equal opportunity to which they are entitled under the American flag by the terms and conditions of the solemn covenant just accepted by the Philippine Legislature. It will depress the American trade in the Philippines, for diminishing the purchasing power of its inhabitants will reduce their capacity to buy American goods. Also, when the Filipinos cannot export to the United States, as a consequence they cannot import from her. This is an elemental principle of trade.

It seems tragic that after the enactment of Public Act No. 127 steps should be taken to defeat its very aims and purposes. I refuse to believe that the American people as a whole are willing to sanction any policy which will have the effect of taking back with one hand what has just been given with the other. I know this to be true, for it is not the American spirit nor the characteristic of American traditions which have successfully stood the vicissitudes of years.

Out of my loyalty and gratitude to this country, I am compelled to mention some of these questions, for I feel myself duty bound to do my utmost to place on a high level America's honor and prestige, which have never successfully been challenged.

On behalf of the Filipino people, I wish to convey to the American people through their constitutional Representatives in Congress our profound gratitude for the enactment of the independence act. It will establish an everlasting friendship and a cordial understanding between the United States and the Philippines, and I hope it will be conducive to their mutual advantage. [Applause.]

The matter referred to above is as follows:

MESSAGE DELIVERED BY HON. FRANK MURPHY, GOVERNOR GENERAL OF THE PHILIPPINE ISLANDS, ON APRIL 30, 1934, AT THE OPENING OF THE SPECIAL SESSION OF THE NINTH PHILIPPINE LEGISLATURE

Mr. President, Mr. Speaker, and gentlemen of the legislature, you have been assembled here today in special session to consider and take action on an act of Congress which object, according to its title, is to provide for the complete independence of the Philippine Islands and for the adoption of a constitution and a form of government.

Upon my arrival at Manila on June 15 last, speaking of the act then under discussion, I announced a purpose to leave the question of its acceptance to the free and uncontrolled determination of the Philippine people. That has been my undeviating policy, and still is.

This special meeting of the ninth legislature during its closing weeks has been summoned only because of a desire to provide time for adequate consideration and discussion of the measure that has been placed before you; and in the event of an affirmative decision thereon, to facilitate the proper and deliberate exercise and discharge of the very important rights, privileges, and duties created by that measure. It was also my concern and purpose to prevent or minimize the risk of involuntary noncompliance with its provisions and the unintentional forfeiture and lapse of the rights conferred through unexpected delay in the required legislative and administrative processes.

In submitting these matters to you, may I be permitted to voice the earnest hope of all true friends of Philippine liberty that the responsibility you are about to assume may be discharged with complete fidelity to the high moral principles and political ideals that have made this occasion possible and brought us to this eventful hour. In the event of affirmative action, your further deliberations and dispositions should be animated and guided by a clear and steady and united purpose to insure as far as possible a constitutional assembly that will be truly representative of all the people and worthy of matchless opportunity and grave responsibility with which it will be entrusted.

In the serious work that lies ahead, let no man think first of individual or partial advantage. It is not merely the success of a group or a party that is at stake. It is the happiness and well being of a whole people; it is a nation in the making. The fond hopes and aspirations of your countrymen, nurtured through the years, are now in your hands for good or ill. If it shall be your determination that these aspirations will be brought to desired fruition and fulfillment by acceptance of this act, there should be woven into the fabric of the new government the highest moral and spiritual qualities of the people, the wisdom and understanding and idealism of the best and bravest men and women of these islands. If the framework of government is to be strong and stable and serviceable, it must have able designs and competent builders, men and women of broad training and experience, endowed with human sympathy and lofty character, possessing the confidence of all the people and a clear understanding of their varied needs and problems. Such men and women are to be had, and it will be your duty to provide the best means of insuring their selection.

Tomorrow marks another anniversary of the memorable victory of the American naval forces in Manila Bay. That was an event of supreme significance in the promise it contained for the political future of the Filipino people. That promise has now been consummated in a manner that is probably without precedent in the colonial policies of great nations by a formal enactment that confirms in unmistakable fashion the noble and unselfish purposes of the American people in establishing their sovereignty over these islands. America has given proof to the world by practical demonstration that altruism may be not merely an ideal but a reality in the foreign policy of a great nation.

The recent and prevailing economic disturbance in the United States, far more serious than anything we have experienced here, has brought to the fore an apparent conflict of interest between certain economic groups in that country and the more important Philippine industries. This has given rise, perhaps quite naturally, to a certain degree of confusion and doubt with respect to the real motives that have inspired and made possible this action of the American Government. The coincidence of recent protective aims and measures with the initiation of the final steps in the brilliant and glorious program of Philippine development and deliberation should not be permitted to cloud our perspective. If economic factors have entered and played a part in the framing and adoption of the final act of liberation, this and the preparatory work that precedes it have been fundamentally conditioned and suspended and inspired by the political idealism and altruism of the American people. The eventual freedom and independence of the Philippines have been a definite ideal of our people for more than a generation. This, as I know and understand it, has been the real attitude of the great body of American citizens, who have had no other interests in this country and its people than to secure to them the same blessings of liberty and freedom, and equal rights and privileges, that they have inherited from their fathers.

In these troublous days since the World War, when other men and other nations have turned their minds away from the great principles of democracy and self-government, America has remained steadfast to those principles. She has that faith for herself and for others. The Philippines, if they choose to accept this measure, will eventually have achieved freedom and independence and the principal assurance of individual liberty and democracy provided therein, without bloodshed or burdensome expenditures; not through the working of selfish economic forces, as some believe, but because it is the profound conviction of the plain people of America that other people have the same moral right to these things that they once claimed and dearly won for themselves.

Whatever decision may be made, therefore, we gladly and properly make acknowledgment at this time and on this occasion of the high-minded purposes and sympathetic assistance of the men who have sponsored the cause of Philippine independence in the Halls of Congress, of the able efforts of Secretary of War Dern, and to President Roosevelt for his powerful and effective leadership at the final moment and his stanch support of Philippine interests generally. Honor is due also to those distinguished Americans of an earlier day, both civil and military, who have labored valiantly and whole-heartedly in making this country ready for the day when freedom should strike. And to those Filipino patriots who have fought and suffered and died to realize that which may now be attained, and to the representatives of the Philippine Government and this legislature who have given able and distinguished advocacy to their country's cause in the long negotiations that have been brought to the present stage of completion and success—whatever the future may hold, to them a grateful country will ever yield affectionate remembrance.

The ultimate decision on the question before us, as we all know, must be made by the Filipino people, when they pass on the work of a constitutional assembly convened in accordance with the law. Such a decision must be based on truth and understanding. It is preeminently a time for candor and tolerance, for frank and fair speech without fear or intimidation. It is equally a time for courage and faith—faith in self, faith in our fellow men, faith in country. In the days to come there should be no divisions or enmities based on differences of race or birth or creed or color. The country will have need of all loyal men and women who have ability and disposition to contribute, no matter how much or how

little, to her development and culture and greatness. A man's worth as citizen and neighbor should have no other test. More than ever before the realization must prevail that you are comrades dependent upon one another, irresistible when united as one people. With charity in our heart, with good will and tolerance for all, with serene confidence in the divine providence that insures our destiny, let us boldly choose our course and follow it with unwavering loyalty.

THE APPALLING SCHOOL SITUATION AND A PLEA FOR SPEED IN DEALING WITH THE EDUCATION PROBLEM OF THE NATION

Mr. CARTWRIGHT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

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

There was no objection.

Mr. CARTWRIGHT. Mr. Speaker, it is regrettable that the Committee on Education in the House has not yet reported out a bill providing for Federal relief for schools. Some 25 or 30 splendid bills along this line have been introduced by individual Members, including my own bill—H.R. 7520 of January 31, 1934—which was one of the first introduced, but the committee has not yet passed one of these bills nor finished drafting one of their own. In my interviews with members of the Education Committee over this delay, I always get the same response, "We are making a thorough study of all the bills introduced for the relief of education and incorporating the best features of these into a committee bill which we will finish drafting as soon as we can call upon the President and ascertain his views in the matter."

COMMITTEE SHOULD SPEED BILL

This, I will agree, is proper procedure, but the millions of friends of education throughout the Nation are getting impatient over this continued delay which, it seems to me, is unnecessarily prolonged, in view of the fact that Congress is considering adjournment at no distant date.

EDUCATION ENTITLED TO SHARE IN NATIONAL RECOVERY PROGRAM

It is imperative that the Federal Government come at once to the rescue of the school children, the future citizenship of our country. The Federal Government has launched a series of important steps looking toward national recovery. Through the Reconstruction Finance Corporation it has extended billions of dollars of credit to banks, railroads, life-insurance companies, and other corporations; it has provided subsidies to shipping interests and for the transportation of mail; it has provided pensions and hospitalization for ex-service men; it has provided food and clothing for free distribution to needy people; and through the P.W.A., the C.W.A., and the F.E.R.A. it has given emergency employment to millions of unemployed people during the past winter; but despite the fact that education has shared in the effects of the general economic collapse, Congress has not yet enacted any important legislation to help the schools meet their pressing financial problems.

SCHOOLS OF NATION IN SERIOUS FINANCIAL CONDITION

The teaching profession has experienced serious financial reverses; schools are in need of equipment, which has been greatly curtailed during the recent depression, and many school children are suffering the loss of educational advantages, which it is our duty to help provide. Expenditures for schools throughout the Nation in 1933–34 have been estimated at $1,753,300,000, a reduction of nearly $200,000,000 below expenditures of the previous year and a reduction of more than $500,000,000 below the expenditures of 5 years ago. This reduction has occurred in spite of the fact that total enrollments at present are 675,000 greater than they were 5 years ago. In spite of the funds disbursed since October 1933 by the Federal Emergency Relief Administration for the relief of certain weak schools, it is reported that in January 1934 about 770 schools were closed, with no provision for the education of 175,000 children. In many communities where funds are exhausted the teachers continue to work without pay. Total teachers' salary arrears now exceed $55,000,000, while outstanding emergency school district warrants amount to over $70,000,000.

One city in every four has reduced its school term, and this year thousands of rural schools will operate for less than 6 months. Teachers' salaries have been cut until at least 1 in every 4 is receiving annual wages of less than $750 and about 85,000 teachers are receiving less than $450 per year.

OUTLOOK WORSE FOR 1934–35

Although the conditions described above constitute a grave problem, it seems inevitable that with increasing enrollment and added responsibilities, they will be even worse in the year 1934–35. School revenues are expected to show a somewhat further decline next year. It is estimated that the total amount of school revenue will be $1,554,300,000, a reduction of $200,000,000 since last year and a reduction of a half billion dollars since 1930.

The total amount of emergency Federal aid needed by the States for next year merely to keep schools open for a normal term is at least $118,615,000. Following is a table showing the estimated amount needed by the various State departments of education:

Estimates of the amount of emergency Federal aid needed by various States for 1934–35 merely to keep schools open for a normal term on a greatly restricted basis

Alabama	$2,500,000
Arizona	350,000
Arkansas	6,000,000
California	1,000,000
Colorado	125,000
Connecticut	None
Delaware	None
Florida	2,950,000
Georgia	3,000,000
Idaho	750,000
Idaho	[1]
Maryland	None
Iowa	1,250,000
Kansas	500,000
Kentucky	2,500,000
Louisiana	3,000,000
Maine	700,000
Maryland	None.
Massachusetts	None
Michigan	15,000,000
Minnesota	5,000,000
Mississippi	1,500,000
Missouri	5,000,000
Montana	800,000
Nebraska	2,300,000
Nevada	150,000
New Hampshire	None
New Jersey	10,000,000
New Mexico	3,000,000
New York	None
North Carolina	3,000,000
North Dakota	2,000,000
Ohio	13,000,000
Oklahoma	2,000,000
Oregon	1,500,000
Pennsylvania	5,000,000
Rhode Island	None
South Carolina	490,000
South Dakota	1,000,000
Tennessee	5,000,000
Texas	2,000,000
Utah	$850,000
Vermont	400,000
Virginia	None
Washington	10,000,000
West Virginia	2,500,000
Wisconsin	1,000,000
Wyoming	1,500,000
Total	118,615,000

CONGRESS MUST ACT AT ONCE

The figures and estimates I have given you have been compiled by the National Education Association, a most reliable source, and they must be accepted as most nearly correct. It is clearly evident the school situation is an appalling one, which must be met before this Congress adjourns. The Federal Government has gone into almost every other field of service, why cannot it help the school children? I have spent 9 years in the teaching profession, and I continue to make a close study of school conditions. The situation in my own State, Oklahoma, is acute. The estimated need of our State for Federal aid for 1934–35, merely to keep schools open for a normal term, is $2,000,000. This great Government of ours surely cannot stand by and see its school system collapse. Congress must act and do it at once for the schools of the Nation will begin the next school term

[1] Estimate impossible.

in September of this year and Congress will not be in session again until next January. I am placing a copy of this speech in the hands of every member of the Committee on Education, and I plead with them to draft and report a bill at once so we can work for its passage.

AGRICULTURAL ADJUSTMENT ACT

Mr. FIESINGER. Mr. Speaker, I ask unanimous consent to withdraw the bill (H.R. 9179) to amend the Agricultural Adjustment Act, and for other purposes, which I introduced on April 17, 1934.

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

There was no objection.

COMMISSIONED OFFICERS OF THE MARINE CORPS

Mr. SMITH of Virginia, from the Committee on Rules, submitted the following privileged report (No. 1417) for printing under the rule:

House Resolution 348

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 H.R. 6803, a bill to regulate the distribution, promotion, retirement, and discharge of commissioned officers of the Marine Corps, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Naval Affairs, 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.

Mr. SMITH of Virginia, from the Committee on Rules, submitted the following further privileged report (No. 1418) for printing under the rule:

House Resolution 347

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 H.R. 9068, a bill to provide for promotion by selection in the line of the Navy in the grades of lieutenant commander and lieutenant; to authorize appointment as ensigns in the line of the Navy all midshipmen who hereafter graduate from the Naval Academy; and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Naval Affairs, 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.

MEMORIAL AT OLD ST. LOUIS, MO.

Mr. BANKHEAD, from the Committee on Rules, submitted the following privileged report (No. 1419) for printing under the rule:

House Resolution 356

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 Senate Joint Resolution 93. After general debate, which shall be confined to the joint resolution and shall continue not to exceed 30 minutes, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on the Library, the joint resolution shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the joint resolution for amendment the Committee shall rise and report the joint resolution to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the joint resolution and the amendments thereto to final passage without intervening motion except one motion to recommit.

EXTENSION OF REMARKS

Mr. SHOEMAKER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD at this point, and to include therein a little statement by the President of the United States of about 100 words.

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

There was no objection.

THE GREATEST STEAL IN AMERICAN HISTORY

Mr. SHOEMAKER. Mr. Speaker, during the past few weeks I have been cooperating with Mr. E. W. Mason, intermediary officer, Progressive Party, congressional bloc, Washington, D.C., developing the facts in the greatest steal ever permitted by a legislative body in American history. I refer to the passage of the law which extended the rights of the Federal Reserve banks to borrow money on United States securities. The great unanswerable question is, Why do we keep on in this camouflage and financial policy of issuing tax-exempt interest-bearing securities when we know the law permits the colossal steal I wish to call attention to here?

The Federal Reserve banks now have about three billions of United States funds, drawing interest from 2⅞ to 4 percent.

The old law provides that upon the tender of the Federal Reserve bank, a private corporation, to the Federal Reserve agent, a United States Government official, of certain collateral and the cost of printing the bills—which is now 0.007 cent each—the Government shall coin and pay the Federal Reserve bank currency equal to the collateral tendered.

All the benefits, such as interest and premiums, go to the bank and not to the Government. The collateral is stored in the safety-deposit vault of the bank itself.

This bill specified that United States securities—bonds—may be used for a limited number of years.

It has been found that at 0.7 of a cent per bill the cost of an average $1,000 purchase is anywhere from 26 cents to 40 cents, according to the denomination ordered. A $5 bill and a $10,000 bill cost exactly the same, viz, $0.007. In the calculations I am to make here I shall figure on the basis of 30 cents per thousand dollars being the cost of the bills.

President Roosevelt wishes to float nine billions in bonds.

Here is the possible workout:

FIRST OPERATION

Federal Reserve bank tenders the United States Government 1,000,000,000 of present owned bonds and $300,000 in currency and asks for a billion of new currency.

The Government deposits the bonds in the box at the bank. These bonds still pay interest to the bank. The $300,000 which pays for the cost of printing goes to the United States Treasury at Washington. The Treasury delivers to the bank $1,000,000,000 in new currency.

The bank takes the billion and returns it to the Government for a billion of new bonds drawing 2⅞-percent interest—Secretary Morgenthau's bargain rate announced in the papers.

The Government delivers the bonds to the bank. The bank now has a new billion. This new billion takes the place of the billion put up as collateral in the course of this first operation. Thus the bank has only spent $300,000 (the cost of printing the bills), and their interest on the new billion of bonds during the first year is $28,750,000, or a net advantage to the bank of $28,450,000 the first year and $28,750,000 each succeeding year until the bonds are paid. When one remembers that Civil War bonds are still outstanding—perhaps forming part of the billion of bonds tendered by the bank in this operation—one gathers an idea of the immensity of the steal.

SECOND OPERATION

The bank tenders the new billion of bonds to the Government and $300,000 in currency for a billion in new money. The Government deposits the bonds, still drawing interest to the bank, in the bank's own vault and sends the $300,000 to the Treasury to cover the cost of printing.

The Government delivers to the bank one billion in new currency.

The bank returns the billion to the Government for a billion of bonds. The Government delivers the bonds and the bank now has two new billions of bonds, with an annual interest income of $57,500,000 for an outlay of $600,000.

THIRD OPERATION

The bank tenders $300,000 and the billion of bonds from operation two to the Government for a billion of new currency.

The Government delivers the money.

The bank returns the money for a billion of bonds.

The Government delivers the bonds and the bank now has three billion of bonds at interest, at an investment of $900,000 and an annual interest income of $86,250,000. You will notice that the interest is greater than the new investment by nearly 10 times.

FOURTH OPERATION

Just the same as the preceding. The investment is increased to $1,200,000 and the annual interest is $115,000,000.

FIFTH OPERATION

Same as preceding. The investment is now $1,500,000, and the annual interest has slipped up to $143,750,000.

SIXTH OPERATION

Investment	$1,800,000
Annual interest	172,500,000

SEVENTH OPERATION

Investment	$2,100,000
Annual interest	201,250,000

EIGHTH OPERATION

Investment	$2,400,000
Annual interest	230,000,000

NINTH OPERATION

Investment	2,700,000
Annual interest	258,750,000

The ninth billion dollars in bonds is now free and clear and substitutes the original billion that was used as collateral in buying the first billion dollars of currency. The real cost of the interest privilege of $9,000,000,000 is but $2,700,000.

To recapitulate:

Total investment	$2,700,000.00
Daily interest	708,904.11
Yearly interest	258,750,000.00
Daily interest on $1	.26255
Yearly interest on $1	95.83

Usual yearly rate of interest, 6 percent; annual rate of interest on this investment of $2,700,000, 95.83 percent.

It will be seen that the banker makes a loan from the Government on his collateral (bonds), for an indefinite period, at 0.003 percent. When the farmer wishes to make a loan on his collateral (farm) he pays every year 0.045 percent. The laboring man pays every year 0.06 percent. In other words, the farmer pays 150 times as much in 1 year as the banker pays during the life of the currency, and the laborer pays 200 times as much in 1 year as the banker pays during the life of the currency.

The Frazier-Lemke bill would make the farmer pay only 50 times as much as the banker, or 0.015 percent.

You will notice that every dollar invested by the banker draws a yearly interest of $95.83, or a daily interest of $0.26255.

You will also notice that the extra tax burden the President is putting on the people is about $1,000,000 for every working day of the year for the interest on the $9,000,000,000 of bonds.

Further, the only difference between giving these $9,000,000,000 of printing-press money direct to the people instead of selling it to the bankers and buying it back again is that the bankers are paid by the Government $258,750,000 a year by the latter method. It is still printing-press money. I want to call your attention here to the difference between sound and unsound money. Sound money pays interest to the bankers. Unsound money pays them no interest.

A further point: We have seen the President's plans referred to as of socialistic origin and tendency. In the question of bonds—which are bondage—Norman Thomas, Socialist Party candidate for the Presidency, even called on the President and urged him to issue twelve billions of relief bonds instead of five billions then proposed. Senators CUTTING and LA FOLLETTE worked for days to get Roosevelt to issue more relief bonds—more bondage—but the President bravely (?) held down to only nine billions for the robbers, making a small daily dole for the impoverished bankers of $708,904.11.

Other profits, probably greater than the interest on the bonds tabulated above, are possible by the ability of the bankers to loan that credit money at high interest rates. Ten to fifteen billions or more could easily be juggled in a credit structure. Then there is the possibility of the bankers never having to repay the deposit itself; as, due to clearing-house custom, it is merely the clearing-house balances that have to be taken care of; in the long run, the deposits above equaling the withdrawals. The possibilities and figures in connection with this latter point are dazzling but are based on speculation only, and so I do not attempt here to give you even an estimate of them.

As a sample of this, note that any bill destroyed in circulation goes to the credit of the bankers.

The history of the Civil War, Cleveland panic, and Panama Canal bonds—now, due to refunding, known as "consols"—is that they have already cost the Government in interest much more than their face value. Presuming that history will repeat itself with the present and proposed bonds, it will eventually represent a profit to the bankers of over ten billions on an actual investment of $2,700,000. But if we suppose these bonds are only issued once—that is, not refunded but paid in full in 10 years—we have the following figures:

Interest (10 years)	$2,875,000,000
Only actual cost	2,700,000
Profit	2,873,300,000

This means a possible profit in 10 years of $1,064.07 on every dollar invested. That would be $10.64 on every single penny invested.

My brain reels as I write these figures, but they are true, though they seem absurd they are so startling. This law was an administration measure. The President personally called up Representative PATMAN and other Members of Congress, who were working conscientiously against the measure, and asked them to stop, promising them that he would later "hit the money changers between the eyes." The President gives them from $2,873,300,000 to about $18,000,000,000, and then says he proposes to hit them hard. By calling them names?

The President whole-heartedly goes back of the Federal Reserve bank in these words, which appear in the Federal Reserve Bulletin of February—a publication of a private corporation printed by the Public Printer—viz:

> It gives me pleasure at this time to express my appreciation of the splendid services that the Federal Reserve System has rendered in connection with our efforts to bring about recovery. It has been an institution of incalculable value throughout the 20 years of its existence; soon after its organization it was an important factor in enabling this country to aid in winning the war; and more recently it has given firm support to the Government's efforts in fighting the depression. It has stood loyally by the interest of the people by supplying them with a sound currency, by placing at the disposal of member banks a large volume of reserves available to finance recovery, by exerting a powerful influence toward the rehabilitation of the commercial banking structure, and by cooperating in every way with the Government's financial program.

Press dispatches indicate that the Treasury Department has effected a deal with the Morgan firm to float the bonds. Secretary Morgenthau announces a "bargain interest rate on the bonds of 2⅞ percent." The Washington Herald blazed in their issue of January 27, in big headlines, that the Morgan Co. are cooperating whole-heartedly with the administration in stabilizing our monetary system at $0.60 in international exchange. No stronger evidence could be had that the administration, or at least that part of it, are determined that the monetary policies of the Government are a part and parcel of the manipulation. It is not an experiment, and I wonder if when the President was penning the words, quoted above, in praise of 20 years of this gigantic lobby—if he thoroughly understood how his good intention and popular standing among the masses of the Nation were being used to further this diabolical scheme by men who are misleading him.

The forgotten international bankers have been taken care of to the tune of at least $2,875,300,000 in interest and possibly an ultimate final profit of $18,000,000,000 while they are being called "money changers" in a deprecating sense.

The big question now is, Shall we give a thousand dollars to the bankers for 30 cents and charge the farmers $45 for a like amount, $44.70 more than the bankers have to pay? Incidentally, the workers, who are not farmers, can obtain the same thousand for $60 or $59.70 more than a banker.

On February 28, 1934, this bill known as "Senate 2766" was reported from the committee, was unanimously agreed to by the full Banking and Currency Committee of the Senate, and reported on the floor to be unanimously passed without protest by the Senate. In the House, I am proud to say that among the 38 Members who voted against this measure, when it was passed on March 3, we find the 5 Farmer-Labor Members, including myself, who were aware of the dangers lurking in a bill of this kind, and could not bring ourselves to sell out the people of the United States in this subtle way.

CALENDAR WEDNESDAY

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that business in order on tomorrow, Calendar Wednesday, be dispensed with.

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

There was no objection.

THE TAX BILL

Mr. SAMUEL B. HILL. Mr. Speaker, I call up the conference report on the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes, and ask unanimous consent that the statement be read in lieu of the report.

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

There was no objection.

Mr. TREADWAY. Mr. Speaker, before the report is read, may I ask the gentleman from Washington a question with reference to the time of debate on the conference report. Is there any disposition on the part of the majority side to extend the time beyond the usual 1 hour?

Mr. SAMUEL B. HILL. May I say to the gentleman from Massachusetts that it occurs to me that 1 hour will be ample time for the discussion of this report. In view of the fact that other business is pressing, I am loath to agree to an extension. I should like to accommodate the gentleman from Massachusetts, but I do not feel inclined to do so under the circumstances.

Mr. TREADWAY. The gentleman would like to do it, but does not feel he can?

Mr. SAMUEL B. HILL. That is correct.

Mr. TREADWAY. That is a very fair statement. I will have to accept the inevitable. It is a very short time to discuss so important a bill as this, but the gentleman has the authority, and I yield gracefully.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 23, 26, 29, 31, 33, 37, 39, 40, 41, 42, 54, 55, 56, 57, 74, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 93, 94, 95, 109, 109½, 110, 111, 113, 114, 122, 123, 144, 146, 167, 175, and 182.

That the House recede from its disagreement to the amendments of the Senate numbered 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 15, 16, 17, 18, 20, 21, 22, 25, 27, 28, 30, 32, 34, 35, 36, 45, 47, 48, 49, 50, 51, 52, 53, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 75, 92, 96, 97, 98, 99, 100, 102, 103, 104, 105, 106, 107, 112, 115, 116, 117, 118, 119, 120, 121, 125, 126, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 152, 154, 155, 156, 157, 159, 160, 161, 162, 163, 164, 165, 166, 176, 178, 179, 180, 181, 183, and 184, and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"Upon a surtax net income of $4,000 there shall be no surtax; upon surtax net incomes in excess of $4,000 and not in excess of $6,000, 4 percent of such excess.

"$80 upon surtax net incomes of $6,000; and upon surtax net incomes in excess of $6,000 and not in excess of $8,000, 5 percent in addition of such excess.

"$180 upon surtax net incomes of $8,000; and upon surtax net incomes in excess of $8,000 and not in excess of $10,000, 6 percent in addition of such excess.

"$300 upon surtax net incomes of $10,000; and upon surtax net incomes in excess of $10,000 and not in excess of $12,000, 7 percent in addition of such excess.

"$440 upon surtax net incomes of $12,000; and upon surtax net incomes in excess of $12,000 and not in excess of $14,000, 8 percent in addition of such excess.

"$600 upon surtax net incomes of $14,000; and upon surtax net incomes in excess of $14,000 and not in excess of $16,000, 9 percent in addition of such excess.

"$780 upon surtax net incomes of $16,000; and upon surtax net incomes in excess of $16,000 and not in excess of $18,000, 11 percent in addition of such excess.

"$1,000 upon surtax net incomes of $18,000; and upon surtax net incomes in excess of $18,000 and not in excess of $20,000, 13 percent in addition of such excess.

"$1,260 upon surtax net incomes of $20,000; and upon surtax net incomes in excess of $20,000 and not in excess of $22,000, 15 percent in addition of such excess.

"$1,560 upon surtax net incomes of $22,000; and upon surtax net incomes in excess of $22,000 and not in excess of $26,000, 17 percent in addition of such excess.

"$2,240 upon surtax net incomes of $26,000; and upon surtax net incomes in excess of $26,000 and not in excess of $32,000, 19 percent in addition of such excess.

"$3,380 upon surtax net incomes of $32,000; and upon surtax net incomes in excess of $32,000 and not in excess of $38,000, 21 percent in addition of such excess.

"$4,640 upon surtax net incomes of $38,000; and upon surtax net incomes in excess of $38,000 and not in excess of $44,000, 24 percent in addition of such excess.

"$6,080 upon surtax net incomes of $44,000; and upon surtax net incomes in excess of $44,000 and not in excess of $50,000, 27 percent in addition of such excess.

"$7,700 upon surtax net incomes of $50,000; and upon surtax net incomes in excess of $50,000 and not in excess of $56,000, 30 percent in addition of such excess.

"$9,500 upon surtax net incomes of $56,000; and upon surtax net incomes in excess of $56,000 and not in excess of $62,000, 33 percent in addition of such excess.

"$11,480 upon surtax net incomes of $62,000; and upon surtax net incomes in excess of $62,000 and not in excess of $68,000, 36 percent in addition of such tax.

"$13,640 upon surtax net incomes of $68,000; and upon surtax net incomes in excess of $68,000 and not in excess of $74,000, 39 percent in addition of such excess.

"$15,980 upon surtax net incomes of $74,000; and upon surtax net incomes in excess of $74,000 and not in excess of $80,000, 42 percent in addition of such excess.

"$18,500 upon surtax net incomes of $80,000; and upon surtax net incomes in excess of $80,000 and not in excess of $90,000, 45 percent in addition of such excess.

"$23,000 upon surtax net incomes of $90,000; and upon surtax net incomes in excess of $90,000 and not in excess of $100,000, 50 percent in addition of such excess.

"$28,000 upon surtax net incomes of $100,000; and upon surtax net incomes in excess of $100,000 and not in excess of $150,000, 52 percent in addition of such excess.

"$54,000 upon surtax net incomes of $150,000; and upon surtax net incomes in excess of $150,000 and not in excess of $200,000, 53 percent in addition of such excess.

"$80,000 upon surtax net incomes of $200,000; and upon surtax net incomes in excess of $200,000 and not in excess of $300,000, 54 percent in addition of such excess.

"$134,500 upon surtax net incomes of $300,000; and upon surtax net incomes in excess of $300,000 and not in excess of $400,000, 55 percent in addition of such excess.

"$189,500 upon surtax net incomes of $400,000; and upon surtax net incomes in excess of $400,000 and not in excess of $500,000, 56 percent in addition of such excess.

"$245,500 upon surtax net incomes of $500,000; and upon surtax net incomes in excess of $500,000 and not in excess of $750,000, 57 percent in addition of such excess.

"$388,000 upon surtax net incomes of $750,000; and upon surtax net incomes in excess of $750,000 and not in excess of $1,000,000, 58 percent in addition of such excess.

"$533,000 upon surtax net incomes of $1,000,000; and upon surtax net incomes in excess of $1,000,000, 59 percent in addition of such excess."

And the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"Amounts received as an annuity under an annuity or endowment contract shall be included in gross income; except that there shall be excluded from gross income the excess of the amount received in the taxable year over an amount equal to 3 percent of the aggregate premiums or consideration paid for such annuity (whether or not paid during such year), until the aggregate amount excluded from gross income under this title or prior income tax laws in respect of such annuity equals the aggregate premiums or consideration paid for such annuity."

And the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert a comma and the following: "and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation"; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "$14,000"; and the Senate agree to the same.

Amendment numbered 38: That the House recede from its disagreement to the amendment of the Senate numbered 38, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(a) Returns made under this title shall be open to inspection in the same manner, to the same extent, and subject to the same provisions of law, including penalties, as returns made under title II of the Revenue Act of 1926; and all returns made under this act shall constitute public records and shall be open to public examination and inspection to such extent as shall be authorized in rules and regulations promulgated by the President.

"(b) Every person required to file an income return shall file with his return, upon a form prescribed by the Commissioner, a correct statement of the following items shown upon the return: (1) Name and address, (2) total gross income, (3) total deductions, (4) net income, (5) total credits against net income for purposes of normal tax, and (6) tax payable. In case of any failure to file with the return the statement required by this subsection, the collector shall prepare it from the return, and $5 shall be added to the tax. The amount so added to the tax shall be collected at the same time and in the same manner as amounts added under section 291. Such statements or copies thereof shall as soon as practicable be made available to public examination and inspection in such manner as the Commissioner, with the approval of the Secretary, may determine, in the office of the collector with which they are filed, for a period of not less than 3 years from the date they are required to be filed."

And the Senate agree to the same.

Amendment numbered 43: That the House recede from its disagreement to the amendment of the Senate numbered 43, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert a comma and the following: "and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation"; and the Senate agree to the same.

Amendment numbered 44: That the House recede from its disagreement to the amendment of the Senate numbered 44, and agree to the same with an amendment as follows: Omit the matter proposed to be inserted by the Senate amendment and, on page 51 of the House bill, line 26, before the semicolon, insert a period and the following: "Business done for the United States or any of its agencies shall be disregarded in determining the right to exemption under this paragraph"; and the Senate agree to the same.

Amendment numbered 46: That the House recede from its disagreement to the amendment of the Senate numbered 46, and agree to the same with an amendment as follows: On page 18 of the Senate engrossed amendments, lines 14 and 15, strike out "increased by the amount of the dividend deduction allowed under section 23 (p)" and insert "computed without the allowance of the dividend deduction otherwise allowable"; and the Senate agree to the same.

Amendment numbered 73: That the House recede from its disagreement to the amendment of the Senate numbered 73, and agree to the same with an amendment as follows: In lieu of the matter proposed to be stricken out by the Senate amendment insert the following:

"SEC. 141. Consolidated returns of railroad corporations.

"(a) Privilege to file consolidated returns: An affiliated group of corporations shall, subject to the provisions of this section, have the privilege of making a consolidated return for the taxable year in lieu of separate returns. The making of a consolidated return shall be upon the condition that all the corporations which have been members of the affiliated group at any time during the taxable year for which the return is made consent to all the regulations under subsection (b) (or, in case such regulations are not prescribed prior to the making of the return, then the regulations prescribed under section 141 (b) of the Revenue Act of 1932 insofar as not inconsistent with this act) prescribed prior to the making of such return; and the making of a consolidated return shall be considered as such consent. In the case of a corporation which is a member of the affiliated group for a fractional part of the year the consolidated return shall include the income of such corporation for such part of the year as it is a member of the affiliated group.

"(b) Regulations: The Commissioner, with the approval of the Secretary, shall prescribe such regulations as he may deem necessary in order that the tax liability of any affiliated group of corporations making a consolidated return and of each corporation in the group, both during and after the period of affiliation, may be determined, computed, assessed, collected, and adjusted in such manner as clearly to reflect the income and to prevent avoidance of tax liability.

"(c) Computation and payment of tax: In any case in which a consolidated return is made the tax shall be determined, computed, assessed, collected, and adjusted in accordance with the regulations under subsection (b) (or, in case such regulations are not prescribed prior to the making of the return, then the regulations prescribed under section 141 (b) of the Revenue Act of 1932 insofar as not inconsistent with this act) prescribed prior to the date on which such return is made; except that there shall be added to the rate of tax prescribed by section 13 (a) a rate of 2 percent, but the tax at such increased rate shall be considered as imposed by section 13 (a).

"(d) Definition of 'affiliated group': As used in this section an 'affiliated group' means one or more chains of corporations connected through stock ownership with a common parent corporation if—

"(1) At least 95 percent of the stock of each of the corporations (except the common parent corporation) is owned directly by one or more of the other corporations; and

"(2) The common parent corporation owns directly at least 95 percent of the stock of at least one of the other corporations; and

"(3) Each of the corporations is either (A) a corporation whose principal business is that of a common carrier by railroad or (B) a corporation the assets of which consist principally of stock in such corporations and which does not itself operate a business other than that of a common carrier by railroad. For the purpose of determining whether the principal business of a corporation is that of a common carrier by railroad, if a common carrier by railroad has leased its railroad properties and such properties are operated as such by another common carrier by railroad, the business of receiving rents for such railroad properties shall be considered as the business of a common carrier by railroad.

"As used in this subsection (except in par. (3)) the term 'stock' does not include nonvoting stock which is limited and preferred as to dividends.

"(e) Foreign corporations: A foreign corporation shall not be deemed to be affiliated with any other corporation within the meaning of this section.

"(f) China Trade Act corporations: A corporation organized under the China Trade Act, 1922, shall not be deemed to be affiliated with any other corporation within the meaning of this section.

"(g) Corporations deriving income from possessions of United States: For the purposes of this section a corporation entitled to the benefits of section 251, by reason of receiving a large percentage of its income from possessions of the United States, shall be treated as a foreign corporation.

"(h) Subsidiary Formed to Comply With Foreign Law.—In the case of a domestic corporation owning or controlling, directly or indirectly, 100 percent of the capital stock (exclusive of directors' qualifying shares) of a corporation organized under the laws of a contiguous foreign country and maintained solely for the purpose of complying with the laws of such country as to title and operation of property, such foreign corporation may, at the option of the domestic corporation, be treated for the purpose of this title as a domestic corporation.

"(i) Suspension of Running of Statute of Limitations.—If a notice under section 272 (a) in respect of a deficiency for any taxable year is mailed to a corporation, the suspension of the running of the statute of limitations, provided in section 277, shall apply in the case of corporations with which such corporation made a consolidated return for such taxable year.

"(j) Allocation of Income and Deductions.—For allocation of income and deductions of related trades or businesses, see section 45."

And the Senate agree to the same.

Amendment numbered 101: That the House recede from its disagreement to the amendment of the Senate numbered 101, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "(c) For the purpose only of the tax imposed by this section there shall be allowed as a credit against net income (or, in the case of a foreign life insurance company, against net income from sources within the United States) the amount received as interest upon obligations of the United States or of corporations organized under Act of Congress which is allowed to an individual as a credit for purposes of normal tax by section 25 (a) (2) or (3). In the case of a foreign life insurance company the credit shall not exceed an amount which bears the same ratio to the amount otherwise allowed as a credit as the reserve funds required by law and held by it at the end of the taxable year upon business transacted within the United States is of the reserve funds held by it at the end of the taxable year upon all business transacted"; and the Senate agree to the same.

Amendment numbered 108: That the House recede from its disagreement to the amendment of the Senate numbered 108, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(f) For the purpose only of the tax imposed by this section there shall be allowed as a credit against net income (or, in the case of a foreign corporation, against net income from sources within the United States) the amount received as interest upon obligations of the United States or of corporations organized under act of Congress which is allowed to an individual as a credit for purposes of normal tax by section 25 (a) (2) or (3)."

And the Senate agree to the same.

Amendment numbered 124: That the House recede from its disagreement to the amendment of the Senate numbered 124, and agree to the same with an amendment as follows: On page 32 of the Senate engrossed amendments strike out all of the page after line 2 and insert in lieu thereof the following:

"(2) The term 'undistributed adjusted net income' means the adjusted net income minus the sum of:

"(A) 20 percent of the excess of the adjusted net income over the amount of dividends received from personal holding companies which are allowable as a deduction for the purposes of the tax imposed by section 13 or 204;

"(B) Amounts used or set aside to retire indebtedness incurred prior to January 1, 1934, if such amounts are reasonable with reference to the size and terms of such indebtedness; and

"(C) Dividends paid during the taxable year.

"(3) The term 'adjusted net income' means the net income computed without the allowance of the dividend deduction otherwise allowable, but minus the sum of:

"(A) Federal income, war-profits, and excess-profits taxes paid or accrued, but not including the tax imposed by this section;

"(B) Contributions or gifts, not otherwise allowed as a deduction, to or for the use of donees described in section 23 (o) for the purposes therein specified; and

"(C) Losses from sales or exchanges of capital assets which are disallowed as a deduction by section 117 (d)."

And the Senate agree to the same.

Amendment numbered 127: That the House recede from its disagreement to the amendment of the Senate numbered 127, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 405. Estate tax rates:

"(a) Section 401 (b) of the Revenue Act of 1932 is amended to read as follows:

"'(b) The tentative tax referred to in subsection (a) (1) of this section shall equal the sum of the following percentages of the value of the net estate:

"'Upon net estates not in excess of $10,000, 1 percent.

"'$100 upon net estates of $10,000; and upon net estates in excess of $10,000 and not in excess of $20,000, 2 percent in addition of such excess.

"'$300 upon net estates of $20,000; and upon net estates in excess of $20,000 and not in excess of $30,000, 3 percent in addition of such excess.

"'$600 upon net estates of $30,000; and upon net estates in excess of $30,000 and not in excess of $40,000, 4 percent in addition of such excess.

"'$1,000 upon net estates of $40,000; and upon net estates in excess of $40,000 and not in excess of $50,000, 5 percent in addition of such excess.

"'$1,500 upon net estates of $50,000; and upon net estates in excess of $50,000 and not in excess of $70,000, 7 percent in addition of such excess.

"'$2,900 upon net estates of $70,000; and upon net estates in excess of $70,000 and not in excess of $100,000, 9 percent in addition of such excess.

"'$5,600 upon net estates of $100,000; and upon net estates in excess of $100,000 and not in excess of $200,000, 12 percent in addition of such excess.

"'$17,600 upon net estates of $200,000; and upon net estates in excess of $200,000 and not in excess of $400,000, 16 percent in addition of such excess.

"'$49,600 upon net estates of $400,000; and upon net estates in excess of $400,000 and not in excess of $600,000, 19 percent in addition of such excess.

"'$87,600 upon net estates of $600,000; and upon net estates in excess of $600,000 and not in excess of $800,000, 22 percent in addition of such excess.

"'$131,600 upon net estates of $800,000; and upon net estates in excess of $800,000 and not in excess of $1,000,000, 25 percent in addition of such excess.

"'$181,600 upon net estates of $1,000,000; and upon net estates in excess of $1,000,000 and not in excess of $1,500,000, 28 percent in addition of such excess.

"'321,600 upon net estates of $1,500,000; and upon net estates in excess of $1,500,000 and not in excess of $2,000,000, 31 percent in addition of such excess.

"'$476,600 upon net estates of $2,000,000; and upon net estates in excess of $2,000,000 and not in excess of $2,500,000, 34 percent in addition of such excess.

"'$646,600 upon net estates of $2,500,000; and upon net estates in excess of $2,500,000 and not in excess of $3,000,000, 37 percent in addition of such excess.

"'$831,600 upon net estates of $3,000,000; and upon net estates in excess of $3,000,000 and not in excess of $3,500,000, 40 percent in addition of such excess.

"'$1,031,600 upon net estates of $3,500,000; and upon net estates in excess of $3,500,000 and not in excess of $4,000,000, 43 percent in addition of such excess.

"'$1,246,600 upon net estates of $4,000,000; and upon net estates in excess of $4,000,000 and not in excess of $4,500,000, 46 percent in addition of such excess.

"'$1,476,600 upon net estates of $4,500,000; and upon net estates in excess of $4,500,000 and not in excess of $5,000,000, 48 percent in addition of such excess.

"'$1,716,600 upon net estates of $5,000,000; and upon net estates in excess of $5,000,000 and not in excess of $6,000,000, 50 percent in addition of such excess.

"'$2,216,600 upon net estates of $6,000,000; and upon net estates in excess of $6,000,000 and not in excess of $7,000,000, 52 percent in addition of such excess.

"'$2,736,600 upon net estates of $7,000,000; and upon net estates in excess of $7,000,000 and not in excess of $8,000,000, 54 percent in addition of such excess.

"'$3,276,600 upon net estates of $8,000,000; and upon net estates in excess of $8,000,000 and not in excess of $9,000,000, 56 percent in addition of such excess.

"'$3,836,600 upon net estates of $9,000,000; and upon net estates in excess of $9,000,000 and not in excess of $10,000,000, 58 percent in addition of such excess.

"'$4,416,600 upon net estates of $10,000,000; and upon net estates in excess of $10,000,000, 60 percent in addition of such excess.'

"(b) The amendment made by this section shall be effective only with respect to transfers of estates of decedents dying after the date of the enactment of this act."

And the Senate agree to the same.

Amendment numbered 128: That the House recede from its disagreement to the amendment of the Senate numbered 128, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 406. Nondeductibility of certain transfers:

"Section 303 (a) (3) and section 303 (b) (3) of the Revenue Act of 1926, as amended, are amended by inserting after 'individual', wherever appearing therein, a comma and the following: 'and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation.'"

And the Senate agree to the same.

Amendment numbered 142: That the House recede from its disagreement to the amendment of the Senate numbered 142, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"The President is authorized to appoint, by and with the advice and consent of the Senate, an Assistant General Counsel for the Bureau of Internal Revenue and to fix his compensation at a rate not in excess of $10,000 per annum. The Secretary may appoint and fix the duties of such other Assistant General Counsel (not to exceed five) and such other officers and employees as he may deem necessary to assist the General Counsel in the performance of his duties. The Secretary may designate one of the Assistant General Counsel to act as the General Counsel during the absence of the General Counsel. The General Counsel, with the approval of the Secretary, is authorized to delegate to any Assistant General Counsel any authority, duty, or function which the General Counsel is authorized or required to exercise or perform. The Assistant General Counsel appointed by the Secretary may be appointed and compensated without regard to the provisions of the Classification Act of 1923, as amended, and the Civil Service laws and shall receive compensation at such rate (not in excess of $10,000 per annum) as may be fixed by the Secretary."

And the Senate agree to the same.

Amendment numbered 143: That the House recede from its disagreement to the amendment of the Senate numbered 143, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"The Secretary of the Treasury is authorized (without regard to the Classification Act of 1923, as amended, and the civil-service laws) to appoint and fix the compensation of five assistants at rates of compensation of not to exceed $10,000 per annum, but the rates so fixed shall be subject to the reduction applicable to officers and employees of the Federal Government generally."

And the Senate agree to the same.

Amendment numbered 145: That the House recede from its disagreement to the amendment of the Senate numbered 145, and agree to the same with an amendment as follows: Restore the matter proposed to be stricken out by the Senate amendment and on page 194 of the House bill, line 5, after "officer", insert "or employee"; and the Senate agree to the same.

Amendment numbered 147: That the House recede from its disagreement to the amendment of the Senate numbered 147, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 516. Commissioner as party to suit:

"Section 907 of the Revenue Act of 1924, as amended, is amended by adding at the end thereof a new subdivision to read as follows:

"'(g) When the incumbent of the office of Commissioner changes, no substitution of the name of his successor shall be required in proceedings pending after the date of the enactment of the Revenue Act of 1934, before any appellate court reviewing the action of the Board.'"

And the Senate agree to the same.

Amendment numbered 148: That the House recede from its disagreement to the amendment of the Senate numbered 148, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 517. Nondeductibility of certain gifts:

"(a) Section 505 (a) (2) (B) and section 505 (b) (2) of the Revenue Act of 1932 are amended by inserting after 'individual' a comma and the following: 'and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation'.

"(b) Section 505 (b) (3) of the Revenue Act of 1932 is amended by inserting after 'animals' a comma and the following: 'no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation.'"

And the Senate agree to the same.

Amendment numbered 149: That the House recede from its disagreement to the amendment of the Senate numbered 149, and agree to the same with an amendment as follows: On page 43 of the Senate engrossed amendments, line 11,

strike out "517" and insert 518; and the Senate agree to the same.

Amendment numbered 150: That the House recede from its disagreement to the amendment of the Senate numbered 150, and agree to the same with an amendment as follows: On page 44 of the Senate engrossed amendments, line 2, strike out "518" and insert 519; and the Senate agree to the same.

Amendment numbered 151: That the House recede from its disagreement to the amendment of the Senate numbered 151, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 520. Gift-tax rates: (a) The gift-tax schedule set forth in section 502 of the Revenue Act of 1932 is amended to read as follows:

"'Upon net gifts not in excess of $10,000, three fourths of 1 percent.

"'$75 upon net gifts of $10,000; and upon net gifts in excess of $10,000 and not in excess of $20,000, 1½ percent in addition of such excess.

"'$225 upon net gifts of $20,000; and upon net gifts in excess of $20,000 and not in excess of $30,000, 2¼ percent in addition of such excess.

"'$450 upon net gifts of $30,000; and upon net gifts in excess of $30,000 and not in excess of $40,000, 3 percent in addition of such excess.

"'$750 upon net gifts of $40,000; and upon net gifts in excess of $40,000 and not in excess of $50,000, 3¾ percent in addition of such excess.

"'$1,125 upon net gifts of $50,000; and upon net gifts in excess of $50,000 and not in excess of $70,000, 5¼ percent in addition of such excess.

"'$2,175 upon net gifts of $70,000; and upon net gifts in excess of $70,000 and not in excess of $100,000; 6¾ percent in addition of such excess.

"'$4,200 upon net gifts of $100,000; and upon net gifts in excess of $100,000 and not in excess of $200,000, 9 percent in addition of such excess.

"'$13,200 upon net gifts of $200,000; and upon net gifts in excess of $200,000 and not in excess of $400,000, 12 percent in addition of such excess.

"'$37,200 upon net gifts of $400,000; and upon net gifts in excess of $400,000 and not in excess of $600,000, 14¼ percent in addition of such excess.

"'$65,700 upon net gifts of $600,000; and upon net gifts in excess of $600,000 and not in excess of $800,000, 16½ percent in addition of such excess.

"'$98,700 upon net gifts of $800,000; and upon net gifts in excess of $800,000 and not in excess of $1,000,000, 18¾ percent in addition of such excess.

"'$136,200 upon net gifts of $1,000,000; and upon net gifts in excess of $1,000,000 and not in excess of $1,500,000, 21 percent in addition of such excess.

"'$241,200 upon net gifts of $1,500,000; and upon net gifts in excess of $1,500,000 and not in excess of $2,000,000, 23¼ percent in addition of such excess.

"'$357,450 upon net gifts of $2,000,000; and upon net gifts in excess of $2,000,000 and not in excess of $2,500,000, 25½ percent in addition of such excess.

"'$484,950 upon net gifts of $2,500,000; and upon net gifts in excess of $2,500,000 and not in excess of $3,000,000, 27¾ percent in addition of such excess.

"'623,700 upon net gifts of $3,000,000; and upon net gifts in excess of $3,000,000 and not in excess of $3,500,000, 30 percent in addition of such excess.

"'773,700 upon net gifts of $3,500,000; and upon net gifts in excess of $3,500,000, and not in excess of $4,000,000, 32¼ percent in addition of such excess.

"'$934,950 upon net gifts of $4,000,000; and upon net gifts in excess of $4,000,000 and not in excess of $4,500,000, 34½ percent in addition of such excess.

"'$1,107,450 upon net gifts of $4,500,000; and upon net gifts in excess of $4,500,000 and not in excess of $5,000,000, 36 percent in addition of such excess.

"'$1,287,450 upon net gifts of $5,000,000; and upon net gifts in excess of $5,000,000 and not in excess of $6,000,000, 37½ percent in addition of such excess.

"'$1,662,450 upon net gifts of $6,000,000; and upon net gifts in excess of $6,000,000 and not in excess of $7,000,000, 39 percent in addition of such excess.

"'$2,052,450 upon net gifts of $7,000,000; and upon net gifts in excess of $7,000,000 and not in excess of $8,000,000, 40½ percent in addition of such excess.

"'$2,457,450 upon net gifts of $8,000,000; and upon net gifts in excess of $8,000,000 and not in excess of $9,000,000, 42 percent in addition of such excess.

"'$2,877,450 upon net gifts of $9,000,000; and upon net gifts in excess of $9,000,000 and not in excess of $10,000,000, 43½ percent in addition of such excess.

"'$3,312,450 upon net gifts of $10,000,000; and upon net gifts in excess of $10,000,000, 45 percent in addition of such excess.'

"(b) The amendment made by subsection (a) of this section shall be applied in computing the tax for the calendar year 1935 and each calendar year thereafter (but not the tax for the calendar year 1934 or a previous calendar year), and such amendment shall be applied in all computations in respect of the calendar year 1934 and previous calendar years for the purpose of computing the tax for the calendar year 1935 or any calendar year thereafter."

And the Senate agree to the same.

Amendment numbered 153: That the House recede from its disagreement to the amendment of the Senate numbered 153, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the amendment of the Senate insert the following:

"Section 601 (c) of the Revenue Act of 1932 is amended by adding at the end thereof a new paragraph, as follows:

"'(8) Whale oil (except sperm oil), fish oil (except cod oil, cod-liver oil, and halibut-liver oil), marine animal oil, and any combination or mixture containing a substantial quantity of any one or more of such oils, 3 cents per pound. The tax on the articles described in this paragraph shall apply only with respect to the importation of such articles after the date of the enactment of the Revenue Act of 1934, and shall not be subject to the provisions of subsection (b) (4) of this section (prohibiting drawback) or section 629 (relating to expiration of taxes).'"

"SEC. 602½. Processing tax on certain oils:

"(a) There is hereby imposed upon the first domestic processing of coconut oil, sesame oil, palm oil, palm-kernel oil, or sunflower oil, or of any combination or mixture containing a substantial quantity of any one or more of such oils with respect to any of which oils there has been no previous first domestic processing, a tax of 3 cents per pound, to be paid by the processor. There is hereby imposed (in addition to the tax imposed by the preceding sentence) a tax of 2 cents per pound, to be paid by the processor, upon the first domestic processing of coconut oil or of any combination or mixture containing a substantial quantity of coconut oil with respect to which oil there has been no previous first domestic processing, except that the tax imposed by this sentence shall not apply when it is established, in accordance with regulations prescribed by the Commissioner with the approval of the Secretary, that such coconut oil (whether or not contained in such a combination or mixture), (A) is wholly the production of the Philippine Islands or any other possession of the United States, or (B) was produced wholly from materials the growth or production of the Philippine Islands or any other possession of the United States, or (C) was brought into the United States on or before the 30th day after the date of the enactment of this act or produced from materials brought into the United States on or before the 30th day after the date of the enactment of this act, or (D) was purchased under a bona fide contract entered into prior to April 26, 1934, or produced from materials purchased under a bona fide contract entered into prior to April 26, 1934. All taxes collected under this section with respect to coconut oil wholly of Philippine production or produced from materials wholly of Philippine growth or production, shall be held as a separate fund and paid to the Treasury

of the Philippine Islands, but if at any time the Philippine Government provides by any law for any subsidy to be paid to the producers of copra, coconut oil, or allied products, no further payments to the Philippine Treasury shall be made under this subsection. 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, of the article with respect to which the tax is imposed, but does not include the use of palm oil in the manufacture of tin plate."

And the Senate agree to the same.

Amendment numbered 158: That the House recede from its disagreement to the amendment of the Senate numbered 158, and agree to the same with an amendment as follows: On page 51 of the Senate engrossed amendments, line 13, strike out "first day of the first calendar month" and insert "thirtieth day"; and on page 52 of the Senate engrossed amendments, lines 10 and 11, strike out "first day of the first calendar month" and insert "thirtieth day"; and the Senate agree to the same.

Amendment numbered 168: That the House recede from its disagreement to the amendment of the Senate numbered 168, and agree to the same with an amendment as follows: On page 58 of the Senate engrossed amendments, line 12, strike out "606" and insert "607"; and the Senate agree to the same.

Amendment numbered 169: That the House recede from its disagreement to the amendment of the Senate numbered 169, and agree to the same with an amendment as follows: On page 59 of the Senate engrossed amendments, line 2, strike out "607" and insert "608"; and the Senate agree to the same.

Amendment numbered 170: That the House recede from its disagreement to the amendment of the Senate numbered 170, and agree to the same with an amendment as follows: On page 59 of the Senate engrossed amendments, line 8, strike out "608" and insert "609"; and the Senate agree to the same.

Amendment numbered 171: That the House recede from its disagreement to the amendment of the Senate numbered 171, and agree to the same with an amendment as follows: On page 59 of the Senate engrossed amendments, line 14, strike out "609" and insert "610"; and the Senate agree to the same.

Amendment numbered 172: That the House recede from its disagreement to the amendment of the Senate numbered 172, and agree to the same with an amendment as follows: On page 60 of the Senate engrossed amendments, line 4, strike out "610" and insert "611"; and the Senate agree to the same.

Amendment numbered 173: That the House recede from its disagreement to the amendment of the Senate numbered 173, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 612. Stamp tax on sales of produce for future delivery:

"(a) Effective on the day following the enactment of this act subdivision 4 of schedule A of title VIII of the Revenue Act of 1926, as amended, is amended by striking out '5 cents' wherever appearing in such subdivision and inserting in lieu thereof '3 cents.'

"(b) Section 726 (c) of the Revenue Act of 1932 is amended by striking out '5 cents' and inserting in lieu thereof '3 cents'; and the Senate agree to the same.

Amendment numbered 174: That the House recede from its disagreement to the amendment of the Senate numbered 174, and agree to the same with an amendment as follows: On page 61 of the Senate engrossed amendments, line 2, strike out "612" and insert "613"; and the Senate agree to the same.

Amendment numbered 177: That the House recede from its disagreement to the amendment of the Senate numbered 177, and agree to the same with an amendment as follows: On page 66 of the Senate engrossed amendments, line 7, strike out "and (4)" and insert "(4) the excess of its income wholly exempt from the taxes imposed by title I over the amount disallowed as a deduction by section 24 (a) (5) of such title, and (5)"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1 and 13.

R. L. DOUGHTON,
SAMUEL B. HILL,
THOS. H. CULLEN,
Managers on the part of the House.

PAT HARRISON,
WILLIAM H. KING,
WALTER F. GEORGE,
JAMES COUZENS,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes, submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

On amendment no. 2: In the House bill the surtax rates commenced at 4 percent upon surtax net incomes of $4,000 and not in excess of $8,000 and increased progressively by brackets to 59 percent upon the portion of the surtax net income in excess of $1,000,000. The Senate amendment increases the surtax rates in all brackets up to and including the bracket of surtax net incomes of $26,000 to $32,000. Above this bracket the Senate amendment makes no rate changes. Under the Senate amendment the surtax rates commence at 5 percent upon surtax net incomes of $4,000 and not in excess of $6,000. The Senate amendment affects, however, the total surtaxes paid in the higher brackets on account of the cumulative nature of the surtax schedule. Under the House bill the total surtax on a surtax net income of $1,000,000 is $532,740, while under the Senate amendment the total surtax on the same amount of surtax net income is $533,240.

In respect to this Senate amendment, the House recedes with an amendment decreasing the surtax rates proposed by the Senate up to and including the bracket of surtax net incomes of $16,000 to $18,000. The rates proposed in these lower brackets add 1 percent to the House rates, except in the first bracket covering surtax net incomes of $4,000 to $6,000, in which case the rate is 4 percent as in the House bill.

The following table shows the differences between the surtax rates contained in the House bill, the Senate amendment, and the conference agreement:

Surtax rates

Portion of surtax net incomes from—	House bill	Senate amendment	Conference agreement
	Percent	*Percent*	*Percent*
$4,000 to $6,000	4	5	4
$6,000 to $8,000	4	7	5
$8,000 to $10,000	5	8	6
$10,000 to $12,000	6	9	7
$12,000 to $14,000	7	10	8
$14,000 to $16,000	8	11	9
$16,000 to $18,000	10	12	11
$18,000 to $20,000	12	13	13
$20,000 to $22,000	14	15	15
$22,000 to $26,000	16	17	17
$26,000 to $32,000	18	19	19
$32,000 to $38,000	21	21	21
$38,000 to $44,000	24	24	24
$44,000 to $50,000	27	27	27
$50,000 to $56,000	30	30	30
$56,000 to $62,000	33	33	33
$62,000 to $68,000	36	36	36
$68,000 to $74,000	39	39	39
$74,000 to $80,000	42	42	42
$80,000 to $90,000	45	45	45
$90,000 to $100,000	50	50	50
$100,000 to $150,000	52	52	52
$150,000 to $200,000	53	53	53
$200,000 to $300,000	54	54	54
$300,000 to $400,000	55	55	55
$400,000 to $500,000	56	56	56
$500,000 to $750,000	57	57	57
$750,000 to $1,000,000	58	58	58
Over $1,000,000	59	59	59

On amendments nos. 3, 4, 5, and 6: These make clerical changes in cross references; and the House recedes.

On amendment no. 7: This amendment is necessitated by amendments nos. 15 and 25; and the House recedes.

On amendment no. 8: This is a clerical change, and the House recedes.

On amendments nos. 9, 10, 11, and 12: These make clerical changes in cross references; and the House recedes.

On amendment no. 14: The House bill requires an annuitant to include in his gross income a portion of the annual receipts in an amount equal to 3 percent of the cost of the annuity. The Senate amendment excepts from the House change persons whose aggregate receipts from annuities in the year do not exceed $500, and makes some minor changes in phraseology. The House recedes with an amendment rejecting the $500 exception.

On amendments nos. 15 and 25: Under the House bill interest on obligations of the United States and of certain of its instrumentalities which under the acts authorizing their issue was exempt from normal tax but subject to surtax, was included in gross income in the case of an individual, but excluded in the case of a corporation. Senate amendment no. 15 includes all such interest in gross income in the case of corporations as well as individuals, and amendment no. 25 allows the amount thereof as a credit to corporations against net income for the purposes of the normal corporation tax. Thus the interest on such obligations remains in gross income and net income for the purpose of corporate surtaxes, such as sections 102 and 351 of the bill as passed by the Senate. The House recedes on both amendments.

On amendment no. 16: This is a clerical amendment; and the House recedes.

On amendment no. 17: Under existing law interest paid on indebtedness incurred or continued to purchase or carry obligations (other than obligations of the United States issued after Sept. 24, 1917, and originally subscribed for by the taxpayer) is not allowed as a deduction if the interest received on such obligations is wholly exempt from income taxes. The House bill also denies the deduction if the proceeds of such indebtedness were used to purchase or carry such obligations, regardless of the purpose of the taxpayer in incurring such indebtedness. The Senate amendment restores the provisions of existing law; and the House recedes.

On amendment no. 18: Under existing law a taxpayer is denied a deduction for interest paid or accrued on money borrowed to purchase an annuity. The House bill also denies the deduction if the money borrowed was actually used to purchase an annuity even though the indebtedness was not incurred for that purpose. The Senate amendment permits a deduction in both of such cases; and the House recedes.

On amendment no. 19: This amendment prohibits any deduction for contributions made to certain organizations, a substantial part of the activities of which is participation in partisan politics or is carrying on propaganda, or otherwise attempting, to influence legislation; and the House recedes with an amendment striking out the words " participation in partisan politics or is."

On amendment no. 20: The House bill disallows deductions allocable to tax-exempt income. The Senate amendment excepts from the House provision deductions allocable to tax-exempt interest; and the House recedes.

On amendment no. 21: The House bill disallowed deductions allocable to income wholly exempt to the taxpayer from the taxes imposed by title I. The Senate amendment makes the disallowance of the deduction depend on whether the income is wholly exempt from the taxes imposed by title I. The House recedes.

On amendment no. 22: Under the House bill no deduction is allowed for losses in the case of sales or exchanges of property between members of a family, or between a shareholder and a corporation in which such shareholder owns a majority of the voting stock. The Senate amendment makes a slight change with respect to transfers to a closely held corporation. Instead of making the test depend upon the ownership of a majority of the voting stock of such corporation, the standard is changed so that it depends upon the ownership of 50 percent in value of the outstanding stock. The House recedes.

On amendment no. 23: This amendment eliminates a cross-reference made unnecessary by amendment no. 77 eliminating the requirement of withholding of tax at the source in the case of tax-free covenant bonds; and the Senate recedes.

On amendment no. 24: This amendment increases the maximum earned net income allowed under the House bill from $8,000 to $20,000; and the House recedes with an amendment making the maximum $14,000.

On amendment no. 25: See amendment no. 15.

On amendment no. 26: This is a change in section number; and the Senate recedes.

On amendment no. 27: Under the House bill all items of income and deductions accrued up to the date of the death of the decedent were required to be reflected in the last return filed by the decedent, regardless of the fact that he may have kept his books on a cash basis. The Senate amendment makes a clarifying change to the effect that a credit of the accrued items, such as dividends and interest on partially tax-exempt securities, will also be permitted in such cases. The House recedes.

On amendment no. 28: This amendment makes it clear that where the profit on the sale or exchange of property is returned on the installment basis by spreading the profit over the period during which the installment obligations are satisfied or disposed of, such profit shall be taken into account under the brackets set forth in section 117 of the bill according to the period for which the original property sold was held rather than according to the period for which the installment obligations were held; and the House recedes.

On amendment no. 29: This amendment permits a taxpayer holding installment obligations on December 31, 1933 (which originally matured prior to January 1, 1934, but which were extended so as to mature after that date), the option of paying the tax on such installments when paid or otherwise disposed of at the 12½-percent capital-gain rate provided for in existing law. The Senate recedes.

On amendment no. 30: This is a clerical amendment; and the House recedes.

On amendment no. 31: This is a clerical amendment changing a section number; and the Senate recedes.

On amendment no. 32: This amendment is declaratory of existing law to the effect that the term " trade or business " includes the performance of the functions of a public office; and the House recedes.

On amendment no. 33: This is a clerical change in a section number; and the Senate recedes.

On amendment no. 34: This is a clerical amendment made necessary by amendment no. 36; and the House recedes.

On amendment no. 35: This amendment permits a corporate return to be sworn to by the chief accounting officer in lieu of the treasurer or assistant treasurer; and the House recedes.

On amendment no. 36: This amendment eliminates a cross-reference; and the House recedes.

On amendment no. 37: This is a clerical change in section numbers in a cross-reference; and the Senate recedes.

On amendment no. 38: This amendment provides that income-tax returns shall be open to public examination and inspection under regulations promulgated by the Secretary and approved by the President. Under the House bill (which is the same as existing law) the returns are open to public inspection only to the extent provided for by rules and regulations promulgated by the President. Subsections (b) and (c) of this amendment restate existing law. The House recedes with an amendment restoring the language of the House bill and adding a paragraph to the effect that every person required to file an income return shall file therewith a statement of the following items shown upon the return: (1) Name and address, (2) total gross income, (3) total deductions, (4) net income, (5) total credits against net income for purposes of normal tax, and (6) tax payable. Such statements or copies thereof are to be available to public examination and inspection in the office of the collector where filed for at least 3 years.

On amendment no. 39: This amendment is a clerical change in a section number; and the Senate recedes.

On amendment no. 40: This amendment is made necessary by Senate amendment no. 77 eliminating withholding at the source in the case of tax-free covenant bonds. The Senate recedes.

On amendments nos. 41 and 42: These amendments make clerical changes in section numbers; and the Senate recedes.

On amendment no. 43: This amendment provides that certain organizations, a substantial part of the activities of which is participation in partisan politics or is carrying on propaganda, or otherwise attempting to influence legislation, shall not be exempt from the income tax; and the House recedes with an amendment striking out the words "participation in partisan politics or is."

On amendment no. 44: This amendment provides that a farmers' cooperative marketing or purchasing association need only keep such records as will show the actual business done with nonmembers and the profits, if any, derived therefrom, and that exemption shall not be denied on the ground that the record of transactions between the association and nonmembers is not kept on ledger accounts. The amendment also provides that such an association shall be allowed to retain the profits, if any, derived from its business with nonmembers, subject to the right of any nonmember to use his share of such profits, if any, to qualify as a member of the association. Under the amendment, business done for the Federal Government or any of its agencies is not to be considered nonmember business. The House recedes with an amendment inserting in lieu of the matter proposed to be inserted by the Senate amendment a provision that business done for the United States or any of its agencies shall be disregarded in determining the right to exemption.

On amendments nos. 45 and 124: Amendment no. 45 strikes out the provision in the House bill providing for a tax on personal holding companies, and amendment no. 124 substitutes a surtax on personal holding companies for taxable years to which title I applies. The House bill proposed a tax of 35 percent on the undistributed adjusted net income of such companies. The Senate amendment proposes a surtax of 30 percent on the first $100,000 of such income plus 40 percent on the balance over $100,000. The House bill defined a personal holding company as a corporation 80 percent of whose gross income was derived from rents, royalties, dividends, interest, annuities and gains from the sale of stock or securities, and 50 percent in value of whose outstanding stock was owned by not more than five individuals. As used in the section, the term "royalty" is not intended to include overriding royalties received by an operating company. The House bill also exempted banks and insurance companies from the operation of this section. The Senate amendment omits the word "rents" from the House definition and changes the House exemption so that corporations exempt under section 101, banks or trust companies (a substantial part of whose business is the receipt of deposits) and life-insurance companies and surety companies shall be exempt from the operation of this section. The House bill provided for a deduction from adjusted net income in arriving at undistributed adjusted net income of 10 percent of the adjusted net income. The Senate amendment provides for a deduction of 20 percent of the excess of the adjusted net income over the amount of the dividend deduction allowed corporations for normal tax purposes.

The conference agreement changes this deduction to 20 percent of the excess of the adjusted net income over the amount of the dividends from personal holding companies which are allowable as a deduction for the purpose of the tax imposed by section 13 or 204. The Senate amendment provides for a further deduction from adjusted net income of a reasonable amount used or set aside to retire indebtedness incurred before January 1, 1934. Under the conference agreement the reasonableness of such amount is to be determined with reference to the size and terms of the indebtedness. The Senate amendment omits the provision of the House bill which provided for a deduction in arriving at the adjusted net income of the losses from sales or exchanges of capital assets disallowed as a deduction under section 117 (d). The conference agreement restores this provision of the House bill. The Senate amendment provides for a separate return for the purposes of this surtax on personal holding companies. All provisions of law in respect of the taxes imposed by title I are applicable to this return, except that the foreign-tax credit imposed by section 131 is not allowed. However, the deduction of foreign taxes under section 23 (c) is permitted for the purposes of the surtax even if for the purposes of the corporate tax imposed by title I a credit for such taxes is taken. The Senate amendment adds a provision permitting the corporation to avoid liability in respect of this surtax if all its shareholders include in their gross income their entire pro rata shares, whether distributed or not, of the adjusted net income of the corporation for the year. The House recedes on amendment no. 45. On amendment no. 124 the House recedes with the amendments described above as made by the conference agreement and with a further amendment defining adjusted net income to be net income computed without the allowance of the dividend deduction otherwise allowable minus certain taxes, contributions, and losses specified in the personal holding company section.

On amendment no. 46: This amendment strikes out the provision of the House bill providing for a tax on other corporations improperly accumulating surplus and substitutes a provision providing for a surtax on corporations improperly accumulating surplus. The House bill imposed a tax of 25 percent on the net income of the corporation. The Senate amendment provides for a surtax of 25 percent on so much of the adjusted net income of the corporation as is not in excess of $100,000, plus 35 percent on so much of the adjusted net income as is in excess of $100,000. The term "net income" for the purposes of the House provision was given a special definition. The "net income" as specifically defined in the House bill has the same legal effect as the "adjusted net income" defined in the Senate amendment. Both the tax proposed by the House bill and the surtax proposed by the Senate amendment are in addition to the corporation tax imposed in section 13. The Senate amendment adds to this provision a paragraph permitting the corporation to avoid liability in respect to the surtax if all of its shareholders include in their gross income their entire pro rata shares, whether distributed or not, of the "adjusted net income" of the corporation for the year. The Senate amendment also omits as surplusage the provision of the House bill as to computation, collection, and payment of tax. The House recedes with an amendment making a clarifying change.

On amendment no. 47: The House bill imposed upon citizens or subjects of a foreign country an additional income tax equal to 50 percent of the tax otherwise imposed, if the President finds and proclaims that such country subjects our citizens or corporations to discriminatory taxes. The Senate amendment, instead of imposing an additional tax, doubles the rate of normal and surtax of individuals, and the regular tax on corporations and insurance companies, with a limitation that the tax at such doubled rates shall not exceed 80 percent of the net income. The senate amendment also makes the section applicable in the case of extraterritorial as well as discriminatory taxes. The amendment also omits as surplusage the provisions of the House bill as to computation, collection, and payment of the tax. The House recedes.

On amendment no. 48: This amendment adds language found in existing law, in conformity with Senate amendment no. 62; and the House recedes.

On amendments nos. 49, 50, 51, and 52: These amendments broaden the scope of a reorganization (as defined in the House bill) in connection with which exchanges of property may be made without the recognition of gain or loss. The amendments, in addition to making it clear that mergers and consolidations, as those terms are used in the reorganization definition, are confined to statutory mergers

and consolidations, add to the definition of reorganizations the acquisition by one corporation for all or part of its voting stock of (1) 80 percent of the voting stock and at least 80 percent of the total number of shares of all other classes of stock of another corporation, or (2) substantially all the properties of another corporation. To conform to this addition, the definition of "a party to a reorganization" is extended to include both corporations in the type of cases just mentioned. The House recedes.

On amendment no. 53: This amendment makes it clear that if the property of the decedent is sold by the executor or other representative of the estate of the decedent, the basis for computing gain or loss from such sale is the fair market value at the date of death. The House recedes.

On amendments nos. 54, 55, 56, and 57: These are clerical amendments made necessary by the Senate amendments relating to consolidated returns; and the Senate recedes.

On amendments nos. 58 and 59: These are clerical amendments; and the House recedes.

On amendment no. 60: This amendment provides that the election of the taxpayer as between percentage depletion for coal mines, metal mines, and sulphur mines and deposits, and depletion otherwise computed, shall be binding in future taxable years on holders of the property who would under section 113 compute their gain from its sale by using the basis of such taxpayer. The House recedes.

On amendment no. 61: This amendment adds language found in existing law, in conformity with Senate amendment no. 62; and the House recedes.

On amendment no. 62: This amendment restores the provisions of existing law which exempt from taxation as ordinary dividends distributions of earnings or profits accumulated, or increase in value of property accrued, prior to March 1, 1913; and the House recedes.

On amendments nos. 63 and 64: These amendments add language found in existing law, in conformity with Senate amendment no. 62; and the House recedes.

On amendment no. 65: The House bill provided that (except in the case of corporations) only 40 percent of the recognized gain or loss from the sale or exchange of a capital asset should be taken into account in computing net income if the asset had been held for more than 5 years. The Senate amendment provides for 30 percent if the asset has been held for more than 10 years. The House recedes.

On amendment no. 66: The House bill excluded from the definition of "capital assets" property held primarily for sale in the course of the taxpayer's trade or business. The Senate amendment confines the exclusion to property held primarily for sale to customers in the ordinary course of the taxpayer's trade or business, thus making it impossible to contend that a stock speculator trading on his own account is not subject to the provisions of section 117. The House recedes.

On amendment no. 67: This amendment assures that losses from sales or exchanges of capital assets (to the extent that they are taken into account and are otherwise deductible) shall be allowed in the amount of $2,000, or, if the taxpayer has gains as well as losses from that source, in the amount of $2,000 plus such gains. The House recedes.

On amendment no. 68: This amendment modifies the limitation on capital losses contained in the House bill in the case of incorporated banks and trust companies a substantial part of whose business is the receipt of deposits as follows: If evidences of indebtedness with interest coupons or in registered form issued by a corporation or by a government are sold at a loss, such loss, to the extent represented by the excess of the par or face value of the obligation over the selling price, shall be deductible without regard to the limitation on capital losses, and shall not be taken into consideration either directly or indirectly in applying the capital loss limitation with respect to other capital losses. The House recedes.

On amendment no. 69: This amendment will preclude the contention that gains or losses from short sales of property are not capital gains and losses. Under the House bill the property so sold was in all cases deemed to have been held for 1 year or less, while under this amendment the period for which the property was held will depend in each case upon the actual holding period of the property which is used by the seller to cover his obligation to deliver. The amendment omits the provision of the House bill relative to the treatment of sales or exchanges of privileges or options, since the theatment of such transactions is amply covered by the general provisions applying to capital gains and losses. Finally, under the amendment it is the gains or losses attributable to "the failure to exercise" privileges or options to buy or sell property and not all gains or losses attributable to such privileges or options which are to be treated, as a matter of law and without regard to varying circumstances, as gains or losses from sales or exchanges of capital assets held for 1 year or less. The House recedes.

On amendment no. 70: This amendment provides that dividends from foreign corporations (50 percent or more of the gross income of which was derived from sources within the United States) shall be treated for purposes of section 131, relating to foreign-tax credits, as income from sources without the United States; and the House recedes.

On amendments nos. 71 and 72: The House bill reduced the foreign-tax credit allowed under existing law by limiting the amount of the credit to the proportion of the tax which one half the net income from each foreign source bears to the total income. The Senate amendments restore the provisions of existing law. The House recedes.

On amendment no. 73: This amendment eliminates section 141 of the House bill, permitting the filing of consolidated returns. The House recedes with an amendment restoring the privilege of making a consolidated return (granted by sec. 141 of the House bill) to any affiliated group of corporations each of which is either (A) a corporation whose principal business is that of a common carrier by railroad or (B) a corporation the assets of which consist principally of stock in such corporations and which does not itself operate a business other than that of a common carrier by railroad.

On amendment no. 74: This is a clerical change in a section number; and the Senate recedes.

On amendment no. 75: This is a clerical change; and the House recedes.

On amendment no. 76: This is a clerical change in a section number; and the Senate recedes.

On amendment no. 77: This amendment eliminates section 142 (a) of the House bill requiring withholding of tax at the source in the case of tax-free covenant bonds; and the Senate recedes.

On amendments nos. 78, 79, 80, 81, 82, and 83: These are clerical amendments made necessary by Senate amendment no. 77; and the Senate recedes.

On amendments nos. 84 and 85: These are clerical changes in section numbers; and the Senate recedes.

On amendment no. 86: This is an amendment made necessary by Senate amendment no. 77; and the Senate recedes.

On amendments nos. 87, 88, 89, 90, and 91: These are changes in section numbers; and the Senate recedes.

On amendment no. 92: This amendment provides that every corporation shall, in its return, submit a list of the names of all officers and employees to whom more than $15,000 was paid by the corporation during the taxable year by way of salary, commission, bonus, or other compensation for personal services rendered. The amendment also provides that the amounts paid to such individuals shall be reported, and that the Secretary of the Treasury shall submit an annual report to Congress showing the names of the individuals, the amount paid to each, and the name of the paying corporation. The House recedes.

On amendments nos. 93, 94, and 95: These amendments make clerical changes in section numbers; and the Senate recedes.

On amendments nos. 96 and 97: Under existing law, the income from a revocable trust is taxable to the grantor only where such grantor (or a person not having a substantial adverse interest in the trust) has the power within the taxable year to revest in the grantor title to any part of the

corpus of the trust. Under the terms of some trusts, the power to revoke cannot be exercised within the taxable year, except upon advance notice delivered to the trustee during the preceding taxable year. If this notice is not given within the preceding taxable year, the courts have held that the grantor is not required under existing law to include the trust income for the taxable year in his return. The Senate amendments require the income from trusts of this type to be reported by the grantor. The House recedes.

On amendments nos. 98, 99, 101, 102, 104, 105, 107, and 108: These amendments carry out in the case of insurance companies the same policy as do amendments nos. 15 and 25 in the case of other corporations. Interest excluded from gross income under section 22 (b) (4) but included in the gross income of an insurance company, is allowed as a deduction from gross income, while interest on partially exempt obligations is allowed as a credit against net income for the purpose of the tax imposed by sections 201 and 204, but not for purposes of surtax. The House recedes on amendments nos. 98, 99, 102, 104, 105, and 107, and recedes on amendments nos. 101 and 108 with amendments making corrections with respect to foreign corporations.

On amendment no. 100: This is a clerical change. The House recedes.

On amendments nos. 101 and 102: See amendment no. 98.

On amendment no. 103: This is a similar amendment to amendment no. 17. The House recedes.

On amendments nos. 104 and 105: See amendment no. 98.

On amendment no. 106: This is a clerical change. The House recedes.

On amendments nos. 107 and 108: See amendment no. 98.

On amendments nos. 109 and 109½: These amendments make changes in section numbers. The Senate recedes.

On amendments nos. 110 and 111: These are technical amendments made necessary by Senate amendment no. 73. The Senate recedes.

On amendment no. 112. This is a technical amendment made necessary by Senate amendment no. 25. The House recedes.

On amendment no. 113: This is a technical amendment made necessary by Senate amendment no. 73. The Senate recedes.

On amendment no. 114: This amendment mades a change in section number. The Senate recedes.

On amendment no. 115: This amendment provides that in computing the 90-day period for filing petitions with the Board of Tax Appeals, legal holidays in the District of Columbia shall not be counted as the ninetieth day. The House recedes.

On amendment no. 116: This is a clerical change. The House recedes.

On amendments nos. 117 and 121: The House bill provided that there should be no statute of limitations in case the taxpayer omits from gross income an amount properly includible therein which is in excess of 25 percent of the gross income stated in the return. Amendment no. 121 strikes out this provision and amendment no. 117 substitutes a period of limitation of 5 years after the filing of the return. The House recedes.

On amendments nos. 118, 119, and 120: These amendments make changes in subsection letters. The House recedes.

On amendment no. 121: See amendment no. 117.

On amendments nos. 122 and 123: These amendments make changes in section numbers. The Senate recedes.

On amendment no. 124: See amendment no. 45.

On amendment no. 125: This amendment makes a clerical change. The House recedes.

On amendment no. 126: This amendment excludes from the gross estate for estate-tax purposes real estate situated outside the United States. The House recedes.

On amendment no. 127: This amendment increases the rates of the additional estate tax imposed by the Revenue Act of 1932 in the case of decedents dying after the date of the enactment of the proposed bill. The House bill did not change existing law in this respect. The rates of existing law begin at 1 percent on net estates not in excess of $10,000 and are graduated by brackets until the portion of a net estate in excess of $10,000,000 is taxed at 45 percent. Under the Senate amendment the rates begin at 1 percent on net estates not in excess of $20,000 and are graduated by brackets until the portion of the net estate in excess of $10,000,000 is taxed at 60 percent. The Senate amendment also reduces the specific exemption of $50,000 allowed by existing law to $40,000. The House recedes with amendments fixing the specific exemption at $50,000 as in existing law, making the first bracket $10,000 instead of $20,000, and making such minor changes in the Senate rate schedule as is necessary because of these two amendments. The following table gives a comparison of the tax under existing law, under the Senate amendment, and under the conference report on net estates of various sizes before the specific exemption is deducted.

[Exemption, present law, $50,000; exemption, Senate amendment, $40,000; exemption, conference report $50,000]

Comparison of estate taxes

Net estate before exemption	Tax		
	Present law	Senate amendment	Conference report
$50,000		$100	
$75,000	$450	550	$450
$100,000	1,500	1,600	1,500
$150,000	5,000	6,000	5,600
$200,000	9,500	12,000	11,600
$300,000	19,500	26,400	25,600
$500,000	42,500	60,200	59,100
$1,000,000	117,500	170,800	169,100
$2,000,000	315,500	463,400	461,100
$5,000,000	1,149,500	1,696,600	1,692,600
$10,000,000	3,094,500	4,392,600	4,387,600
$20,000,000	7,593,500	10,391,800	10,386,600
$50,000,000	21,093,500	28,391,800	28,386,600

On amendment no. 128: This amendment denies a deduction, for the purposes of computing the net estate subject to the estate tax, for contributions made to organizations, a substantial part of whose activities is participation in partisan politics or is carrying on propaganda, or otherwise attempting to influence legislation; and the House recedes with an amendment striking out the words " participation in partisan politics or is ".

On amendment no. 129: This is a clerical change in a section heading; and the House recedes.

On amendment no. 130: This amendment makes this section of the bill, relating to the period for filing petitions with the Board of Tax Appeals, apply to gift and estate taxes, as well as the income tax imposed under prior acts; and the House recedes.

On amendments nos. 131 and 132: These amendments provide that a legal holiday in the District of Columbia shall not be counted as the ninetieth day in computing the period for filing petitions with the Board of Tax Appeals; and the House recedes.

On amendment no. 133: This amendment makes a technical correction. The House recedes.

On amendment no. 134: This amendment retains the substance of the House provision which authorized a credit or refund of overpayments of taxes paid under prior acts only when found by the Board of Tax Appeals to have been paid within 3 years before filing claim or petition, but rewrites the provision so that the period is 2 years in the case of income taxes and 3 years in the case of gift taxes. The House recedes.

On amendments nos. 135, 136, 137, and 138: These amendments make changes in subsection letters. The House recedes.

On amendments nos. 139 and 140: These are correcting clerical amendments. The House recedes.

On amendment no. 141: This amendment clarifies the House bill to make it plain (1) that, if the interest of the United States in the portion of the property to be discharged from the lien is without value, the collector may, if satisfactory to the Commissioner, release the lien without any

payment being made, and (2) that it is not the value of the taxpayer's equity in the property at the time of the discharge but rather the value of the interest of the United States at such time which controls the minimum amount of the payment to be made as a condition precedent to the discharge; and the House recedes.

On amendment no. 142: This amendment substitutes for the provision of the House bill which authorized the Secretary of the Treasury to appoint not to exceed six assistants general counsel in the Treasury a provision authorizing such appointment by the President by and with the advice and consent of the Senate. The amendment also subjects the delegation by the general counsel of his power to any such assistant general counsel to the approval of the Secretary. The House recedes with an amendment providing for the appointment by the President with Senate confirmation only in the case of the assistant general counsel for the Bureau of Internal Revenue and for appointment by the Secretary of the other assistant general counsel.

On amendment no. 143: This amendment substitutes for the House provision which authorized the Secretary of the Treasury to appoint 10 assistants in the Treasury, a provision authorizing appointment of 5 such assistants by the President by and with the advice and consent of the Senate. The House recedes with an amendment restoring the House provision but reducing the number of assistants to 5.

On amendment no. 144: This is a clerical change; and the Senate recedes.

On amendment no. 145: This amendment strikes out the provision of the House bill providing special additional penalties for failure to report income from illegally produced petroleum and providing awards for informers in such cases. The House recedes with an amendment restoring the matter stricken out but prohibiting employees of the United States from receiving rewards as informers.

On amendment no. 146: This is a clerical amendment changing a section number. The Senate recedes.

On amendment no. 147: This amendment provides that petitions filed with the Board of Tax Appeals shall be entitled "In re" followed by the name of the petitioner, and that no substitution of the name of a new commissioner shall be required in proceedings before any appellate court reviewing the action of the Board of Tax Appeals; and the House recedes with an amendment striking out the provision as to the title of petitions, and changing the section number.

On amendment no. 148: This amendment denies a deduction for the purpose of computing the net gifts subject to the gift tax for contributions made to organizations, a substantial part of whose activities is participation in partisan politics or is carrying on propaganda, or otherwise attempting, to influence legislation; and the House recedes with an amendment striking out the words "participation in partisan politics or is", and making a change in section number.

On amendment no. 149: This amendment limits the liability imposed by existing law upon any executor, administrator, assignee, or other person who pays debts of another or of an estate for which he acts before paying the claims of the United States against such estate or other person to the amount of the payment so made. The amendment applies only to payments made after June 6, 1932, and payments made on or before such date remain subject to existing law. There is no comparable provision in the House bill. The House recedes with an amendment changing the section number.

On amendment no. 150: Subsection (a) of this amendment amends the provisions of existing law which relate to venue of appeals from the Board of Tax Appeals to the Circuit Courts of Appeal or the Court of Appeals of the District of Columbia so as to provide for review in the circuit in which is located the collector's office in which the return was filed, or the Court of Appeals of the District of Columbia if no return was filed. It further specifically authorizes the Commissioner and the taxpayer to stipulate review by any Circuit Court of Appeals or to stipulate review by the Court of Appeals of the District.

The amendments explained above are applied to all decisions of the Board made on or after the date of the enactment of the act, but not to those rendered before such time, except that the provisions authorizing stipulation of court of review by the Commissioner and the taxpayer may be applied to decisions rendered prior to that time. The House recedes with an amendment changing the section number.

On amendment no. 151: This amendment increases the rates of the gift tax imposed by the Revenue Act of 1932 in the case of gifts made after December 31, 1934. The House bill did not change existing law in this respect. The rates of existing law begin at three fourths of 1 percent on net gifts not in excess of $10,000 and are graduated by brackets until the portion of the net gifts in excess of $10,000,000 is taxed at 33½ percent. Under the Senate amendment the rates begin at three fourths of 1 percent on net gifts not in excess of $20,000 and are graduated by brackets until the portion of the net gifts in excess of $10,000,000 is taxed at 45 percent. The Senate amendment also reduces the specific exemption of $50,000 allowed by existing law to $40,000. The Senate amendment applies the new schedule and exemption only to the taxation of gifts made in calendar years beginning with the calendar year 1935, but, since the gift tax is cumulative, in order to secure the fair result, it is obviously necessary to apply the new schedule and exemption in computing the tax for the years 1935 and following as if the new schedule and exemption had been in force since the time when the gift tax under the 1932 act went into effect. The House recedes with amendments fixing the specific exemption at $50,000 as in existing law, making the first bracket $10,000 instead of $20,000, and making such minor changes in the Senate rate schedule as are necessary because of these two amendments. The following table gives a comparison of the tax under existing law, under the Senate amendment, and under the conference report on net gifts of various sizes before the specific exemption is deducted:

Comparison of gift taxes

[Exemption, present law, $50,000; exemption, Senate amendment, $40,000; exemption, conference report, $50,000]

Net gifts before exemption	Tax		
	Present law	Senate bill	Conference report
$50,000		$75.00	
$75,000	$337.50	412.50	$337.50
$100,000	1,125.00	1,200.00	1,125.00
$150,000	3,625.00	4,500.00	4,200.00
$200,000	6,875.00	9,000.00	8,700.00
$300,000	14,125.00	19,800.00	19,200.00
$500,000	30,875.00	45,150.00	44,325.00
$1,000,000	85,875.00	128,100.00	126,825.00
$2,000,000	231,875.00	347,500.00	345,825.00
$5,000,000	849,875.00	1,272,450.00	1,269,450.00
$10,000,000	2,296,125.00	3,294,450.00	3,290,700.00
$20,000,000	5,645,375.00	7,793,850.00	7,789,950.00
$50,000,000	15,695,375.00	21,293,850.00	21,289,950.00

To illustrate the computation of the gift tax for calendar years beginning after December 31, 1934, assume that a taxpayer made gifts of $200,000 in 1932, $200,000 in 1933, $500,000 in 1934, and $150,000 in 1935. His gift tax for 1935 in this case would be computed as follows:

(1) Computation under clause (1) of section 502 of Revenue Act of 1932 (computed with schedule of rates and specific exemption provided in conference report) applying to aggregate of gifts made in years 1932 to 1935, inclusive

Total gifts (in 4 years)	$1,050,000
Specific exemption	50,000
Provisional tax (new rate schedule)	136,200
Net gifts	1,000,000

(2) Computation under clause (2) of section 502 of Revenue Act of 1932 (computed with schedule of rates and specific exemption provided in conference report) applying to aggregate of gifts made in years 1932 to 1934, inclusive

Total gifts (in 3 years prior to 1935)	$900,000
Specific exemption	50,000
Net gifts	850,000
Provisional tax (new rate schedule)	108,075

(3) Tax payable on 1935 gift	
Provisional tax on aggregate of gifts for 4 years (see par. (1) above)	136,200
Provisional tax on aggregate of gifts for 3 years prior to 1935 (see par. (2) above)	108,075
1935 gift tax (under conference report)	28,125

On amendment no. 152: This amendment strikes out the provision of the House bill which repeals the tax imposed by section 615 of the Revenue Act of 1932 on the sale or use of unfermented fruit juices and substitutes therefor a provision which terminates the entire tax on soft drinks, etc., under that section. The House recedes.

On amendment no. 153: The House bill imposed a tax of 5 cents per pound on the first domestic processing (defined as the first use in commercial manufacture or production) of coconut oil, sesame oil, or combinations or mixtures brought into the United States in chief value of either or both such oils.

This amendment reduces the rate of tax to 3 cents per pound. It also adds palm oil, palm-kernel oil, sunflower oil, perilla oil, imported whale oil, imported fish oil (except cod and cod-liver oil), and imported marine-animal oil to the taxable oils and taxes combinations of the oils enumerated in the section and mixtures containing substantial quantities of any one or more of such oils. Palm oil used in the manufacture of tin plate is exempted from the tax. All taxes collected under the subsection on products of the Philippines are to be held as a separate fund and paid into the treasury of the Philippines, but this provision is to be inoperative if the Philippine government by any law provides for any subsidy to be paid to producers of copra, coconut oil, or allied products.

The House recedes with an amendment which (1) taxes the oils enumerated in the Senate amendment, except sperm oil, perilla oil, and halibut-liver oil; (2) taxes combinations or mixtures containing substantial quantities of taxable oils with respect to which there has been no previous first domestic processing; (3) retains the rate of 3 cents per pound on all the articles taxable, except that an additional tax of 2 cents (making a total of 5 cents) per pound is imposed on coconut oil (and combinations or mixtures containing substantial quantities of coconut oil) unless the oil is the product of the Philippines or other possessions or produced from materials from the Philippines or other possessions, or was in the United States on or before the 30th day after the enactment of the act or produced from materials in the United States on or before the same day, or was contracted for, or produced from materials contracted for, before April 26, 1934; (4) changes the point of imposition of the tax in the case of imported whale oil, imported fish oil, and imported marine-animal oil to the importation instead of the first domestic processing; and (5) provides for payment to the Philippine treasury of taxes collected on coconut oil, and mixtures containing coconut oil, of Philippine origin or produced from Philippine materials.

On amendment no. 154: This is a clerical amendment. The House recedes.

On amendment no. 155: This amendment is a clarifying amendment making certain that the credit or refund of the vegetable-oil tax applies only when the article into which the oil has gone is to be used by the State or political subdivision in the exercise of an essential governmental function. The House recedes.

On amendment no. 156: This amendment corrects a clerical error. The House recedes.

On amendment no. 157: This amendment makes the subsection of the vegetable-oil tax providing for covering collections therefrom into the Treasury of the United States consistent with the policy of covering the proceeds of such taxes on Philippine products into the Philippine treasury in certain circumstances. (See amendment no. 153.) The House recedes.

On amendment no. 158: The House bill amended sections 601 (c) (1) and 617 of the Revenue Act of 1932 in the following respects:

(1) Manufacturers and producers of gasoline or lubricating oil were required to register and give bond.

(2) The provisions for tax-free sales between manufacturers or producers and to dealers for resale to manufacturers or producers or for resale to States or political subdivisions thereof, were made inapplicable to gasoline and lubricating oil, and the provision for tax-free sales of benzol for non-motor-fuel uses was eliminated. Provision was made for credit of tax paid on gasoline or lubricating oil upon a showing that the gasoline or lubricating oil had been used in the manufacture or production of an article on which tax was paid under title IV of the Revenue Act of 1932, and for credit of tax paid on benzol sold and used for a non-motor-fuel use.

(3) The sentence imposing the gasoline tax was amended by the express inclusion of sales by the producer as well as by the importer or any producer.

(4) The definition of producer of gasoline was narrowed by the elimination of dealers selling exclusively to producers.

(5) The definition of gasoline was broadened to include all naphtha and to include all liquids prepared, advertised, offered for sale, or sold for use as, or used as, fuel for the propulsion of motor vehicles, motor boats, or airplanes, regardless of the chief use.

The Senate amendment completely rewrites the section with the following effect:

(1) The provisions for registration and bond are retained, with an added provision empowering the Commissioner to revoke the registration (and right to buy tax-free) of any manufacturer or producer guilty of tax evasion.

(2) Tax-free sales of gasoline and lubricating oil are continued as under the present law.

(3) The amendment making it clear that the tax applies to all sales by the producer is retained and a further amendment is made to subsection (b) to provide that any person who has purchased gasoline tax-free by virtue of the exemption of sales to a producer shall be regarded as the producer of such gasoline.

(4) The present definition of producer of gasoline is retained.

(5) The definition of gasoline in the House bill is liberalized by the exemption of any product (not commonly or commercially known or sold as gasoline) specifically sold for a non-motor-fuel use.

(6) A provision is added authorizing inspection of records, returns, etc., with respect to Federal gasoline or lubricating oil tax by State officers and the furnishing of information therefrom to such officers.

The House recedes with an amendment which makes the change in the definition of gasoline and the requirements of registration and bond effective 30 days after the enactment of the act instead of the first day of the next month.

On amendment no. 159: The House bill imposed a tax on the production of crude petroleum at the rate of one tenth of 1 cent a barrel, payable by stamp. This amendment rewrites the section to provide for imposition of the tax on sale by the producer, the tax to be withheld or collected by the purchaser and paid over by him to the United States. In cases where the producer himself removes the petroleum from the place of production or disposes of it otherwise than by sale, the producer is required to return and pay the tax. The provision for transferring the buden of the tax in the case of existing contracts has been eliminated. An exemption is inserted excepting crude petroleum produced from any well which is not capable of producing more than 5 barrels per day. The effective date is made the thirtieth day after the date of the enactment of this act. The House recedes.

On amendment no. 160: This amendment inserts a provision requiring persons handling, transporting, storing, or dealing in crude petroleum to make returns required by regulations. The House recedes.

On amendment no. 161: This amendment strikes out the provision of the House bill requiring the vendee under contracts existing on the date of enactment of the act to pay

the petroleum refining tax instead of the vendor. The House recedes.

On amendments nos. 162, 163, 164, and 165: These amendments make changes in subsection letters. The House recedes.

On amendment no. 166: This amendment postpones the effective date of the section imposing tax on refining of petroleum to the thirtieth day after the enactment of the act. The House recedes.

On amendment no. 167: This amendment strikes out the provision of the House bill which advances the date of expiration of the check tax from July 1 to January 1, 1935. The Senate recedes.

On amendment no. 168: This amendment impresses taxes collected or withheld with a trust in favor of the United States and makes applicable for the enforcement of the Government's claim the administrative provisions applying to the assessment, collection, and payment of taxes. There is no comparable provision in the House bill. The House recedes with an amendment changing the section number.

On amendment no. 169: This amendment exempts articles sold for less than $75 by the manufacturer, producer, or importer after the date of the enactment of the act from the tax under section 604 of the Revenue Act of 1932 on articles made of fur on the hide or pelt, or of which such fur is the component element of chief value. There is no comparable provision in the House bill. The House recedes with an amendment changing the section number.

On amendment no. 170: This amendment exempts articles sold for less than $25 by the manufacturer, producer, or importer after the date of the enactment of the act from the tax under section 605 of the Revenue Act of 1932 on jewelry and similar articles. There is no comparable provision in the House bill. The House recedes with an amendment changing the section number.

On amendment no. 171: This amendment amends the provisions of existing law taxing cigarettes so that it will be certain that long cigarettes which are capable of being cut into several standard cigarettes may not pay tax as single cigarettes, by inserting a provision taxing at the rate of $3 per thousand cigarettes of more than 6½ inches in length, counting each 2¾ inches or fraction thereof as a single cigarette. There is no comparable provision in the House bill. The House recedes with an amendment changing the section number.

On amendment no. 172: This amendment increases the existing excise tax on fancy wooden matches and wooden matches having a stained, dyed, or colored stick or stem from 2 cents per thousand to 5 cents per thousand. There is no comparable provision in the House bill. The House recedes with an amendment changing the section number.

On amendment no. 173: This amendment reduces the existing stamp tax on contracts for future delivery of produce from 5 cents per $100 of value to 1 cent per $100. There is no comparable provision in the House bill. The House recedes with an amendment making the rate 3 cents per $100, and changing the section number.

On amendment no. 174: This amendment inserts a provision terminating on June 30, 1934, the tax on the use of both foreign- and domestic-built boats. The House recedes with an amendment changing the section number.

On amendment no. 175: This amendment amends the existing law imposing internal-revenue taxes on distilled spirits by authorizing a rebate or refund of tax of 90 cents per gallon when the spirits are used in industry or the arts in making articles not fit for intoxicating beverage purposes. There is no comparable provision in the House bill. The Senate recedes.

On amendment no. 176: This amendment inserts a provision which exempts from the tax under section 613 of the Revenue Act of 1932 candy sold by the manufacturer, producer, or importer after the date of the enactment of the act. The House recedes.

On amendment no. 177: This amendment provides for a capital stock tax, quite similar to the capital-stock tax temporarily imposed by the National Industrial Recovery Act. The tax is an excise tax for the privilege of carrying on or doing business as a corporation for each year ending on June 30. Insurance companies and corporations exempt from income taxes are exempt from the capital-stock tax. The first year to which the tax applies is the year ending June 30, 1934, the tax applying only to corporations carrying on or doing business during such year on or after the date of the enactment of the pending bill. For the first year the tax is measured by the value of the capital stock as declared by the corporation as of the close of its last taxable year ending on before June 30, 1934. The value of the capital stock having been declared for the first year, such value may not be subsequently amended. A reasonable original declared value is assured by means of the excess-profits tax which is based on the relation of the net income of the corporation to such declared value. The rate of the capital-stock tax is $1 per thousand dollars of the declared value.

The basis for the capital stock tax for subsequent years ending June 30 is arrived at by making certain adjustments to the original declared value. The adjusted declared value of the capital stock of a corporation for subsequent years is the original declared value plus (1) the cash and fair market value of property paid in for stock or shares, (2) paid-in surplus and contributions to capital, (3) its net income, and (4) the amount of the dividend deduction allowable for income-tax purposes, and minus (A) the value of property distributed in liquidation to shareholders, (B) distributions of earnings or profits, and (C) the excess of the deductions allowable for income-tax purposes over its gross income. These adjustments are to be made for each income-tax taxable year included in the period from the date as of which the original declared value was declared to the close of the taxpayer's last income-tax taxable year ending at or prior to the close of the year for which the capital stock is imposed. Each of these adjustments is to be computed on the basis of what a separate income-tax return (whether or not such a return was filed) should have shown for each of the taxable years included in the period mentioned.

In the case of a foreign corporation the capital-stock tax is for the privilege of carrying on or doing business as a corporation in the United States and is measured by the adjusted declared value of the capital employed by it in the transaction of business in the United States.

The House recedes with an amendment providing for the addition to the declared value of tax-exempt income.

On amendment no. 178: This amendment provides for an excess-profits tax on every corporation for each income-tax taxable year ending after the close of the first year in respect of which it is taxable under the capital-stock tax imposed by the pending bill. The primary purpose of this tax is to induce corporations automatically to declare a fair value for their corporate stock for capital stock purposes. The rate is 5 percent on the portion of the net income (computed as for income-tax purposes) in excess of 12½ percent of the adjusted declared value of the stock of the corporation as of the close of the preceding income-tax taxable year. The House recedes.

On amendment no. 179: This amendment has the effect of terminating the capital stock tax and excess-profits tax imposed by the National Industrial Recovery Act as to certain periods with respect to which the pending bill imposes similar taxes. The House recedes.

On amendments nos. 180 and 181: These are clerical amendments; and the House recedes.

On amendment no. 182: This is a change in the section number; and the Senate recedes.

On amendments nos. 183 and 184: These are changes in section numbers; and the House recedes.

DISAGREEMENTS

The committee of conference have not agreed on the following amendments of the Senate:

On no. 1: Being the table of contents of the bill.

On no. 13: Providing an increase in the rate of tax for 1934.

R. L. DOUGHTON,
SAMUEL B. HILL,
THOS. H. CULLEN,
Managers on the part of the House.

Mr. SAMUEL B. HILL. Mr. Speaker, in this revenue measure about 185 amendments were put on the House bill by the Senate. The conferees of the House and Senate have agreed upon all these amendments except Senate amendments nos. 1 and 13.

Amendment no. 1 is the table of contents and is purely more clerical.

Amendment no. 13 is the so-called "Couzens amendment", which imposes a 10-percent supertax upon the total normal and surtax which the individual taxpayer pays under the permanent tax set-up and is only for the year 1934. We are going to take up amendment no. 13 at a later time, but I simply wanted the House to understand that the supertax or the so-called "Couzens amendment" is not involved in the conference report. We will have separate discussion and separate consideration of amendment no. 13, which is in disagreement between the conferees of the House and the conferees of the Senate. So in voting upon the conference report you are not voting upon this provision seeking to impose this supertax of 10 percent.

As I have said, there were 185 amendments imposed on the House bill by the Senate. I may say that approximately 175 of these amendments are purely clerical or clarifying amendments that do not in any substantial way modify the provisions of the bill as it passed the House, and I feel that the Members of the House are not concerned with these clarifying and clerical amendments. There are a number of amendments, however, which are of concrete interest to you, and I shall briefly touch upon them.

The Senate amended the House bill as to surtaxes by imposing a greatly increased rate of surtax in the lower brackets. The House conferees refused to recede upon this amendment except upon the basis of a greatly reduced rate in lieu of the Senate rates.

The Senate amendment would have imposed upon the taxpayers an additional $28,000,000 over the House bill, through increased rates in the brackets from $10,000 to $25,000. The House conferees accepted the amendment with the modification that these rates be reduced more nearly to the level of the House rates, so that the lower brackets did not receive the shock of the increase and, as modified, will raise $9,000,000 additional to the House bill instead of $28,000,000.

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

Mr. SAMUEL B. HILL. I yield.

Mr. SNELL. Between what brackets does this $9,000,000 additional come?

Mr. SAMUEL B. HILL. The gentleman is speaking of the Senate rates?

Mr. SNELL. I mean in the final agreement.

Mr. SAMUEL B. HILL. The rates agreed upon which would produce $9,000,000 additional will get that money in the brackets above $50,000.

Mr. SNELL. Has there not been an increase all the way down to $4,000 in the final agreement; that is, there is an increase over the House rates all the way from $4,000 up?

Mr. SAMUEL B. HILL. The House rate commenced at 4 percent on the first $4,000 and the agreed rate commences at 4 percent on $4,000 to $6,000, the same as the House rate; that is, the House rate was from $4,000 to $8,000 at 4 percent, and the agreed rate is 4 percent from $4,000 to $6,000.

Mr. SNELL. So that all the lower brackets pay an increased income tax under the agreed bill.

Mr. SAMUEL B. HILL. No. The agreed rates are slightly higher than the House rates, but 2 percent lower than the Senate rates in the lower brackets, but the taxes in the lower brackets are not increased thereby for the reason that the limitation for earned-income deduction was raised from $8,000 to $14,000.

Mr. SNELL. But more than was in the House bill and more than was in the previous law?

Mr. SAMUEL B. HILL. The conference report up to $9,000 increases the amount of money collected under the House rates by $1 only.

Mr. SNELL. By 1 percent?

Mr. SAMUEL B. HILL. One dollar.

Mr. SNELL. As I look at the report, it increases them a good deal more than that.

Mr. SAMUEL B. HILL. Under the House bill on a $9,000 net income of a married man, with no dependents, the tax would be $328, and under the rates agreed to in conference the tax would be $329.

Mr. SNELL. But as I look over the report which was published there is practically 1 percent increase from $6,000 to $18,000 or $20,000 of income.

Mr. SAMUEL B. HILL. The gentleman will bear in mind that we also raised the limit on earned income from $8,000 to $14,000; that is, we agreed upon a $14,000 limitation on earned income in lieu of the $8,000 that the House bill carried.

Mr. SNELL. That may be, but I had special reference to the increases on regular incomes. They were increased about 1 percent in the medium brackets.

Mr. SAMUEL B. HILL. But the amount of money paid is not increased.

Mr. SNELL. Of course, that would depend upon where the income came from or whether it was earned income or other income.

Mr. TREADWAY. Will the gentleman from Washington allow me to read from the prepared table in answer to the gentleman from New York?

Mr. SAMUEL B. HILL. Yes; but I hope the gentleman will not take up too much time.

Mr. TREADWAY. I have the table before me and from $8,000 to $9,000 the amount paid under the act of 1932 was $232.35, as passed by the House it was $232.24, as passed by the Senate it was $250.54, and under the conference agreement it is $231.44. Therefore the conference agreement is 0.39 percent less at the $9,000 bracket than the present law, and the increase comes above $9,000.

Mr. SAMUEL B. HILL. Yes; that is according to the composite table.

Mr. TREADWAY. Yes; the experience table of the Treasury.

Mr. SAMUEL B. HILL. That answers the gentleman's question, I think.

Mr. GOSS. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. GOSS. On page 16, I read this in the report:

> The rates proposed in these lower brackets add 1 percent to the House rates, except in the first bracket covering surtax net incomes of $4,000 to $6,000, in which case the rate is 4 percent as in the House bill.

Mr. SAMUEL B. HILL. That is true.

Now, Mr. Speaker, the conferees on the part of the House accepted the Senate amendment as to increase of estate taxes with an amendment that the exemption be raised from $40,000 to $50,000. In other words, we restored the $50,000 as it stands in existing law.

Then the rate of estate taxes was graduated up to the maximum of 60 percent after we reach the $10,000,000 mark.

The gift-tax rate follows the course of the estate tax and lifts the exemption for the gift tax to $50,000, restoring it from $40,000 as it was lowered by the Senate amendment. The gift-tax rate starts at three quarters of 1 percent and reaches a maximum of 45 percent above $10,000,000.

The next important item is consolidated returns. You will recollect that the House passed a bill providing for consolidated returns, and with the provision that in the case of affiliated groups making consolidated returns they would pay an additional 2 percent on the net income, or 15¾ percent on the net income instead of 13¾ percent. The

conferees agreed to the Senate amendment abolishing consolidated returns with the exception that affiliated railroad corporations are still permitted to file consolidated returns.

Mr. SNELL. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. SNELL. Can the gentleman tell us in a word why railroad corporations should have that advantage over other corporations? Is there any reason why a railroad corporation should be excepted any more than telegraph and telephone companies?

Mr. SAMUEL B. HILL. A number of States require railroad corporations operating through the State to incorporate within that State, and railroads are obliged to comply with the State law. In addition to that we have Federal regulation of railroad corporations. With this combined handicap of affiliated railroad corporations in making separate returns, the conferees felt they ought to be exempted from the provisions requiring separate returns.

Mr. SNELL. There are many small banks or branches all owned by the same corporation, and they are regulated by the Federal Government.

Mr. SAMUEL B. HILL. I will say that most of the ordinary business corporations can, if they want to do so, reincorporate so as to include all their branches under one corporation and make returns as one corporation.

Mr. SNELL. Not as I understand this bill. I really cannot see any great difference.

Mr. McFARLANE. Will the gentleman yield?

Mr. SAMUEL B. HILL. I will.

Mr. McFARLANE. Section (b)—I am wondering if that clearly abolishes or leaves it to the discretion of the Secretary of the Treasury?

Mr. SAMUEL B. HILL. It abolishes them except in affiliated groups of railroads.

Mr. BAILEY. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield to the gentleman from Texas.

Mr. BAILEY. The gentleman will remember that the original House bill provided for a tax on crude oil. Have the conferees agreed to retain that in the bill?

Mr. SAMUEL B. HILL. They agreed to keep it in, but it is modified to some extent.

Mr. BAILEY. The idea is still there.

Mr. SAMUEL B. HILL. Yes.

Mr. BAILEY. You have agreed to it in conference?

Mr. SAMUEL B. HILL. Yes. It was only a question of a tax.

Mr. BAILEY. And there is no way to get it out except to vote down the conference report?

Mr. SAMUEL B. HILL. That is correct.

Mr. HASTINGS. The conference report does not increase the tax over the House provision?

Mr. SAMUEL B. HILL. No; it is the same amount of tax, but we do exempt wells which do not have a capacity of more than 5 barrels a day.

Publicity in tax returns is another important item that was involved in the conference. As a result of the conference upon the question of the publicity of tax returns, the Senate amendment was stricken out and the present law left intact, with an addition to the present law agreed upon by the conferees; and I shall read the explanation of that contained in the statement, which is probably a little more lucid than the language of the act itself. I read from page 19 of the statement of the conferees:

> This amendment provides that income-tax returns shall be open to public examination and inspection under regulations promulgated by the Secretary and approved by the President. Under the House bill (which is the same as existing law) the returns are open to public inspection only to the extent provided for by rules and regulations promulgated by the President. Subsections (b) and (c) of this amendment restate existing law. The House recedes with an amendment restoring the language of the House bill and adding a paragraph to the effect that every person required to file an income return shall file therewith a statement of the following items shown upon the return: (1) Name and address, (2) total gross income, (3) total deductions, (4) net income, (5) total credits against net income for purposes of normal tax, and (6) tax payable. Such statements or copies thereof are to be available to public examination and inspection in the office of the collector where filed for at least 3 years.

That is an addition to existing law; and existing law, as the Members of the House know, provides not for full publicity of tax returns but does provide that certain committees of Congress may have access to tax returns for examination and for report thereon back to Congress. For instance, the Committee on Ways and Means of the House or the Committee on Finance of the Senate, or a special committee of the House appointed for that purpose, or a special committee of the Senate appointed for that purpose, or a joint committee of the House and Senate, may have access to these returns, so the conferees felt that contrary to general opinion there is very ample opportunity now for inspection of these returns. But in addition to that we provided as indicated here, and as I have read from the statement.

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

Mr. SAMUEL B. HILL. Yes.

Mr. SNELL. There is no provision in the present law where the public in general can go to these tax returns and get them and publish them in a newspaper, is there?

Mr. SAMUEL B. HILL. No.

Mr. SNELL. Or anything of the kind?

Mr. SAMUEL B. HILL. No.

Mr. SNELL. But this lays everything wide open to the sordid-minded people in any community to go and look up your tax return and publish it.

Mr. SAMUEL B. HILL. They get only the totals.

Mr. SNELL. And that is really all that they care for.

Mr. SAMUEL B. HILL. That is all they get.

Mr. SNELL. And that is all they care about. They want to know how much you earn in your business, and so forth.

Mr. SAMUEL B. HILL. They do not get how much you earn in your business.

Mr. SNELL. They get the total amount; and if you are a lawyer, that is where you earn your money.

Mr. SAMUEL B. HILL. You get the gross income made from earnings and investments and otherwise.

Mr. GOSS. They get the net income.

Mr. SNELL. And they can find out how much you have, and that is all the sordid-minded people want to know.

Mr. SAMUEL B. HILL. I do not yield for a speech. I appreciate the gentleman's attitude.

Mr. SNELL. In a word, will the gentleman tell us what argument the Senate used to convert the House conferees to their position?

Mr. SAMUEL B. HILL. The gentleman knows that the Senate had a wide-open publicity clause; and we thought we had gained quite an advantage for the protection of the things that the gentleman is standing for, when we got this particular amendment to the Senate amendment, and we believe we have given the people what they may be entitled to know, and yet have not jeopardized the rights and the interests of the taxpayer.

Mr. SNELL. If the gentleman has the idea that the public is entitled to know all of that, that is all right, but a great many people disagree with that idea.

Mr. SAMUEL B. HILL. The Senate had that idea.

Mr. SNELL. I know, but I asked the gentleman what argument was offered to convert the House conferees.

Mr. SAMUEL B. HILL. Oh, we converted the Senate; they did not convert us to anything.

Mr. SNELL. Oh, the House conferees have given in to the Senate in almost everything, and everybody knows it.

Mr. SAMUEL B. HILL. Mr. Speaker, as I have said, the supertax comes up under a separate vote, and I do not want anyone to get that confused with this conference report. The Senate did impose amendments repealing certain excise taxes, including taxes on soft drinks, on candies, on furs up to $75, and on jewelry up to $25, and the House conferees concurred in those amendments, so that they go out of the tax bill.

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

Mr. SAMUEL B. HILL. Yes.

Mr. BLOOM. Will the gentleman please return to amendment numbered 38. I read:

Such statements or copies thereof shall, as soon as practicable, be made available to public examination.

Does that mean that the statements filed and also the copies are for public examination, or just the copies of those few items?

Mr. SAMUEL B. HILL. The statements; yes.

Mr. BLOOM. That is the entire tax return?

Mr. SAMUEL B. HILL. No. This little statement that is in amendment numbered 38 is open to public inspection, but not the tax return.

Mr. BLOOM. If the gentleman will kindly read the language, he will see that it provides for both the statement and the copies.

Mr. SAMUEL B. HILL. If you want to buy a copy of it, certainly you have a right to; but you can see the original statement.

Mr. BLOOM. The gentleman is saying "yes" and "no" to my question.

Mr. SAMUEL B. HILL. The gentleman is not confusing the statement with the tax return, is he?

Mr. BLOOM. I am not confusing anything. I am taking the language of the amendment with reference to amendment numbered 38, as asked for by the gentleman from New York [Mr. SNELL]. This says the statement and also the copy.

Mr. McFARLANE. Or copy.

Mr. BLOOM. And/or.

Mr. SAMUEL B. HILL. It may be that under that language the Treasury Department, with the approval of the President, may make a regulation that they may have the copies only, but you can have one or the other. If you do not get the original, you get a copy.

Mr. BLOOM. Will the gentleman answer this question? Can he have both?

Mr. SAMUEL B. HILL. It says "or."

Mr. COOPER of Tennessee. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. COOPER of Tennessee. I think if the gentleman will examine this a little more carefully, he will reach the conclusion that this is a fair statement of the situation created by this provision, that there is to be filed a statement, with the man's income-tax return, giving the information provided in this provision.

Mr. BLOOM. I understand that.

Mr. COOPER of Tennessee. Now, the statement referred to is what the copy refers to further in this same provision. In other words, in simple application it amounts to this: A man files a statement with his income tax, giving six items—his name, the total gross income, the total deductions, net income, total credits against net income for purposes of normal tax.

Mr. BLOOM. That is a specified thing that you are supposed to get in that report—those six things.

Mr. COOPER of Tennessee. That is true.

Mr. BLOOM. Now, is it permissible that any person can go further than that and look at the income-tax return of the individual as well as this?

Mr. COOPER of Tennessee. No. That is the very reason for providing this.

Mr. BLOOM. Then do you not think this report should be changed?

Mr. COOPER of Tennessee. No. There is no necessity for that. In its simple application it means this: When a man's income-tax return is filed, a statement accompanies that, giving those six items. I assume in the administration of the provision, the Treasury Department will simply tear off that statement or detach it from his tax return and will hold those statements available for inspection in some given part of the Treasury Department, and it is entirely separate from his income-tax return.

Mr. BLOOM. The last 3 lines do not say that and do not mean that, because the last 3 lines say that the statement or reports are available.

Mr. COOPER of Tennessee. The statement is what is available, not the tax return at all.

Mr. BLOOM. It reads:

Such statement or copies thereof are to be available for examination and inspection in the office of the collector where filed for at least 3 years.

Mr. COOPER of Tennessee. That simply means that a copy of this statement may be available for this purpose.

Mr. SAMUEL B. HILL. Mr. Speaker, I cannot yield further on this, but I now yield to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Amendment 169 exempts $75 worth of furs. Amendment 170 exempts $25 worth of jewelry. Why the difference?

Mr. SAMUEL B. HILL. That is all they asked for, I presume. Up in the northern countries furs is a matter of necessity, whereas jewelry may not be so considered.

Now, Mr. Speaker, I ask unanimous consent to extend my remarks by inserting in the RECORD a further statement explaining the conference report in detail.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. SAMUEL B. HILL. Let me call the attention of the House to certain details in explanation of the conference report. The Senate added 185 amendments to the House bill. This is a smaller number of amendments than was made in the Senate in connection with the Revenue Act of 1932, when the Senate amendments numbered 270. This is also in spite of the fact that the revenue bill of 1934 resulted from a complete analysis and study of the income-tax law with the object of closing all possible loopholes to tax avoidance. Out of the 185 amendments made by the Senate, approximately 135 may be termed as "clerical, perfecting, or minor amendments." Of these minor amendments, the House receded on 87; the Senate receded on 41; and the House receded with an amendment in 7 cases. It is, of course, inevitable that in the case of perfecting amendments the House would make more recessions than the Senate. There are about 50 amendments made by the Senate which are of substantial character or have a bearing on the more important provisions of the bill. Mathematically speaking, the House receded on 18 of these 50 amendments, although in 8 cases out of these 18 amendments the Senate changes are merely perfecting amendments to important new provisions made by the House in respect to existing law. The Senate completely receded on 5 important amendments. With reference to 25 of the amendments of a substantial character, a compromise was reached, or, technically speaking, the House receded with an amendment. In the case of 2 amendments the conference report is in disagreement. I will now take up what I consider to be the substantial amendments in order and make a few brief remarks in regard to each.

Amendment no. 1: This amendment covers the changes in the table of contents in the first part of the bill. This amendment is reported in disagreement, inasmuch as it cannot be correctly stated until disposition is made of the other amendment (no. 13), which is also in disagreement and which covers the proposed 10 percent to be added to the income tax for the year 1934.

Amendment no. 2: The House conferees refused to accept this Senate amendment, which increased the surtax upon all taxpayers with net incomes up to and including $32,000. The Senate amendment would have imposed an additional tax burden of $28,000,000 upon taxpayers. We prevailed upon the Senate conferees to accept a compromise by which this tax burden is increased by only $9,000,000 over that contained in the House bill. Under the compromise the surtax rates proposed by the Senate are decreased in the case of net incomes up to and including $18,000. The rates

in these lower brackets add 1 percent to the House rates, except that rate on incomes between $4,000 and $6,000 remains at 4 percent, the rate in the House bill. An example will show the effect of the conference rates. In the case of a married man with no dependents and with an earned income of $16,000, the tax under existing law amounts to $1,140; under the House bill, $993; under the Senate bill, with the 10-percent increase, $1,326.60; under the Senate bill, without the 10-percent increase, $1,206; and under the conference compromise, $1,044.

Amendment no. 13: This amendment increases everybody's tax for 1934 by 10 percent. We refused to accept this amendment, and it is now in disagreement.

Amendment no. 14: We persuaded the Senate conferees to agree to the provision of the House bill taxing annuities. They agreed to waive their amendment exempting annuities of $500 or less.

Amendment no. 19: We also obtained a substantial concession on this amendment. The Senate denied a deduction for contributions made to certain organizations, a substantial part of the activities of which was participation in partisan politics or carrying on propaganda or otherwise attempting to influence legislation. We were afraid this prohibition was too broad, and we succeeded in getting the Senate conferees to eliminate organizations, a substantial part of the activities of which was participation in partisan politics. Similar concessions were made in amendments nos. 43, 128, and 148, relating to corporations exempt from the income tax and to the allowance of deductions for contributions in the case of estate and gift taxes.

Amendments nos. 17 and 20: These amendments restore existing law, which permits banks to deduct from their gross income interest paid on deposits invested in tax-exempt securities. Your conferees came to the conclusion that the House provision, which denied a deduction in such cases, might seriously hamper the marketing of Government securities and be exceedingly difficult to administer. For the same reason, we agreed to Senate amendment no. 20, which allows to banks and other taxpayers deductions allocable to tax-exempt interest.

Amendment no. 24: The House bill provided a maximum earned income of $8,000. The Senate bill increased this to $20,000. We succeeded in getting a compromise of $14,000 as the maximum earned income.

Amendment no. 29: The Senate conferees tried to get us to agree to this amendment which reduced the tax on the transfer of certain installment obligations. We refused, and the Senate conferees finally agreed to withdraw this amendment.

Amendment no. 38 (publicity): We reached a compromise on publicity of income-tax returns. Under the Senate amendment the President was required to open all income-tax returns for public inspection. This would lead to serious abuses, as it would disclose trade secrets and weaken the value of returns as evidence in litigation, and in addition cause the Treasury considerable administrative difficulties and expense. We got the Senate conferees to accept a compromise provision which requires each taxpayer to file with his return a statement showing (1) his name and address, (2) his total gross income, (3) his total deductions, (4) his net income, (5) his total credits against net income for the purpose of normal tax, and (6) his tax payable. This statement is to be made available for public inspection in the collector's office.

Amendment no. 44: This amendment provided that farmers' cooperative marketing or purchasing associations (1) need not keep ledger accounts of transactions with nonmembers and (2) that the nonmembers may purchase memberships with profit from nonmember business and (3) business done with the Federal Government or its agencies shall not be considered nonmember business. The Senate withdrew the first two points upon advice from the Treasury that they were already covered by existing law. On the third point, we got the Senate conferees to agree to put in a provision to the effect that business done with the United States or any of its agencies shall be disregarded in determining whether the association is entitled to exemption from income taxes.

Amendments nos. 45 and 124: The Senate also accepted our provisions levying additional taxes upon personal holding companies, with slight modifications. It was thought unfair to compel real-estate companies with heavy mortgage indebtedness to distribute earnings accumulated to meet this indebtedness. The Senate excepted "rents" from this provision. The Senate also permitted a deduction for a reasonable reserve for indebtedness incurred prior to January 1, 1934. We agreed to these and other minor changes made by the Senate.

Amendment no. 46: This amendment deals with the additional penalty imposed upon corporations which accumulate surplus to avoid the payment of surtax by their shareholders. With the exception of certain technical amendments, this provision is in the same form as the provision in the House bill. We agreed to these technical changes.

Amendment no. 62: We could not get the Senate conferees to accept the provisions of the House bill taxing dividends paid out of pre-March 1, 1913, surplus and were forced to accept this amendment, which continues the exemption which is allowed under existing law.

Amendments nos. 65 and 67: The Senate also accepted the provisions of the House bill, providing for the treatment of capital gains and losses, except that an additional bracket was added in the case of assets held for more than 10 years. In such cases only 30 percent of the gain or loss is taken into account, instead of 40 percent as provided in the House bill. The Senate also provided for the allowance of capital losses up to $2,000, even though the taxpayer had no capital gains against which to offset them. This took care of the small taxpayer whose only capital transaction was an occasional sale of property. We thought these changes were fair and agreed to the Senate amendments.

Amendment no. 68: We accepted the Senate amendment allowing banks to deduct losses on bonds sold below par against their ordinary income. This is another amendment which it was thought necessary to insure the marketing of Government securities, which are purchased for the most part by banks.

Amendments nos. 71 and 72: The Senate conferees refused to accept the provisions of the House bill which cut the foreign tax credit allowed by existing law in half. It was pointed out that to do this at this time would seriously interfere with the development of American trade abroad and that, under existing law, the credit cannot reduce the tax on American income but only upon foreign income which is subject to heavy taxation abroad. We were forced to agree to these amendments, which restored existing law.

Amendment no. 73 (consolidated returns): The Senate abolished consolidated returns. We persuaded the Senate conferees to agree to an amendment permitting railroads to file consolidated returns. It was felt that an exception ought to be made in the case of railroads, as they are forced to incorporate separately in each State and are under Federal supervision.

Amendment no. 77: We also got the Senate conferees to withdraw this amendment, which eliminated the requirement of withholding at the source in the case of tax-free covenant bonds.

Amendment no. 92: This amendment requires corporations to submit with their returns a list of the names of all officers and employees who receive more than $15,000 a year, and requires the Secretary of the Treasury to report such information annually to Congress. We thought this was a good way to help protect the minority stockholders and agreed to the amendment.

Amendment no. 96: It was found that many taxpayers were avoiding surtaxes by creating trusts in favor of their families which trusts could only be revoked by an advance notice given to the trustee prior to the beginning of the taxable year. This amendment closes up this loophole by taxing such income to the grantor of the trust. We thought

this a good way to stop this sort of tax avoidance and agreed to the amendment.

Amendments nos. 117 and 121: Under the House bill, if a taxpayer omits more than 25 percent of his gross income from his return, the statute of limitations on assessments will remain open indefinitely. It was pointed out that this might be unfair in the case of a taxpayer who makes an honest mistake. For instance, he might report the income in a wrong year or he might fail to report a dividend because he was advised by the officers of the corporation that it was paid out of capital. Accordingly, your conferees agreed to the Senate amendment providing for a 5-year statute in such cases.

Amendment no. 126: Your conferees agreed to this amendment exempting from the estate tax real estate located abroad. It was pointed out that it is an established international principle to tax real estate only in the country where situated.

Amendment no. 127 (estate tax): The Senate bill increased the estate-tax rates on an average about 40 percent, and decreased the exemption from $50,000 to $40,000. We agreed with the rate increase but got the $50,000 exemption of existing law restored.

Amendments nos. 142 and 143: These amendments relate to the provisions in the House bill providing for the creating of a general counsel for the Treasury Department, assistant general counsel, and assistants to the Secretary of the Treasury. The Senate agreed substantially to the House provision except that the assistant general counsel for the Bureau of Internal Revenue is to be confirmed by the Senate and the number of assistants to the Secretary was reduced from 10 to 5 upon the advice of the Secretary of the Treasury that 5 would be sufficient. We agreed to these Senate changes.

Amendment no. 145: The hot-oil provision of the House bill providing for payment of rewards to informers, which was stricken out by the Senate, was restored at our insistence.

Amendment no. 151 (gift tax): The Senate increased the gift tax rates so that they were three fourths of the estate-tax rates and reduced the exemption from $50,000 to $40,000. We accepted the increase in rates but had the exemption restored to $50,000.

Amendment no. 152: The House bill repealed the tax on unfermented fruit juices. This amendment repeals all the taxes on soft drinks, which now have to compete with beer and other liquors. We agreed to this amendment, which will cost us about $5,000,000.

Amendment no. 153: On coconut oil we reached a compromise. The House bill levied a tax of 5 cents per pound upon the first domestic processing of coconut and sesame oil. The Senate reduced the rate of tax to 3 cents a pound and added palm oil, palm-kernel oil, sunflower oil, perilla oil, imported whale oil, imported fish oil (except cod and cod-liver oil), and imported marine-animal oil. Palm oil used in the manufacture of tin plate was exempt and the taxes on such products from the Philippines were paid into the Philippine Treasury instead of that of the Federal Government unless the Philippine Government provided a subsidy to producers of copra, coconut oil, or allied products.

The compromise (1) taxes the oils enumerated in the Senate amendment, except sperm oil, perilla oil, and halibut-liver oil; (2) taxes combinations or mixtures containing substantial quantities of taxable oils with respect to which there has been no previous first domestic processing; (3) retains the rate of 3 cents per pound on all the articles taxable, except that an additional tax of 2 cents (making a total of 5 cents) per pound is imposed on coconut oil (and combinations or mixtures containing substantial quantities of coconut oil) unless the oil is the product of the Philippines or other possessions or produced from materials from the Philippines or other possessions, or was in the United States on or before the 30th day after the enactment of the act or produced from materials in the United States on or before the same day, or was contracted for, or produced from materials contracted for, before April 26, 1934; (4) changes the point of imposition of the tax in the case of imported whale oil, imported fish oil, and imported marine-animal oil to the importation instead of the first domestic processing; and (5) provides for payment to the Philippine treasury of taxes collected on coconut oil, and mixtures containing coconut oil, of Philippine origin or produced from Philippine materials.

Amendment no. 167: The Senate struck out the provision of the House bill eliminating the check tax as of January 1, 1935. At our insistence, the Senate conferees agreed to restore this provision of the House bill.

Amendments nos. 169 to 174: On the excise taxes, we agreed to the following changes made by the Senate:

First. Exempting from the fur tax articles sold for less than $75.

Second. Exempting from the jewelry tax articles sold for less than $25.

Third. Increasing the tax on colored matches from 2 cents to 5 cents per thousand.

Fourth. Taxing long cigarettes of more than 6½ inches in length by counting each 2¾ inches or fraction thereof as a single cigarette.

Fifth. Restoring the capital-stock tax and excess-profits tax which were enacted under the National Industrial Recovery Act.

Sixth. Repealed the tax on the use of boats, which was bringing in very little revenue and raised certain treaty objections.

Amendment no. 173: The Senate wanted to reduce the tax on contracts for future delivery of produce from 5 cents per $100 of value to 1 cent. We compromised on this by reducing the tax to 3 cents.

Amendment no. 175: The Senate tried to put in a provision taxing distilled spirits for industrial purposes. We finally succeeded in getting the Senate conferees to abandon this amendment because of the many administrative difficulties involved.

Amendment no. 176: We agreed to this amendment repealing the tax on candy. This will cost us only about $4,000,000.

In conclusion, I wish to submit, without reading, a statement showing the estimated additional revenue from the bill for the fiscal year 1935 and for a full year of operation:

Estimated yield of tax bill as agreed upon by conference committee exclusive of Couzens' 10-percent horizontal increase

	Fiscal year 1935	Full year of operation
INCREASES		
Capital-stock tax	$15,000,000	$95,000,000
Estate tax	5,000,000	90,000,000
Gift tax	3,000,000	6,000,000
Changes in income-tax rates	15,000,000	25,000,000
Capital gains and losses	18,000,000	30,000,000
Personal holding companies	12,000,000	20,000,000
Reorganization	5,000,000	10,000,000
Consolidated returns	20,000,000	35,000,000
Partnerships	3,000,000	5,000,000
Administrative changes, gasoline, oil, and process	18,000,000	18,000,000
Miscellaneous	12,000,000	20,000,000
Total	126,000,000	354,000,000
Administration of depreciation allowances	85,000,000	85,000,000
Grand total	211,000,000	439,000,000
DEDUCTIONS		
Bank-check tax	22,000,000	
Soft drinks	5,000,000	5,000,000
Furs	8,000,000	8,000,000
Jewelry	2,000,000	2,000,000
Produce futures	3,000,000	3,000,000
Candy	4,000,000	4,000,000
Total	44,000,000	22,000,000
Net total	167,000,000	417,000,000

Mr. Speaker, I reserve the remainder of my time.

Mr. BOYLAN. Will the gentleman yield for a question first?

Mr. SAMUEL B. HILL. I yield for a question.

Mr. BOYLAN. I should like to ask about amendment no. 153. The House receded and agreed to it with an

amendment. Then follows an amendment that, in my opinion, it would take a Philadelphia lawyer to interpret.

Mr. SAMUEL B. HILL. What amendment does the gentleman refer to?

Mr. BOYLAN. Amendment 153, relative to the oil tax. Can the gentleman tell us something about that? There is an involved amendment there.

Mr. SAMUEL B. HILL. Well, we put a 3-cent tax on coconut oil—that is, on the first processing of coconut oil—that comes from the Philippine Islands and other possessions of the American Government. We put a 5-cent processing tax on coconut oil that comes from countries outside of American possessions and the Philippine Islands.

Mr. BOYLAN. Well, you go farther. You pay back to the Philippine treasury——

Mr. SAMUEL B. HILL. We pay to the Philippines the revenues that we get from the processing tax on the coconut oil imported from the Philippine Islands.

Mr. BOYLAN. That seems to me to be a most peculiar kind of amendment.

Mr. SAMUEL B. HILL. That is a law similar to the excise tax on cigars which come from the Philippine Islands. For 30 years that has been the law.

Mr. BOYLAN. We act as a collecting agent for the Philippines, and then we pay it over to them. Is that the procedure?

Mr. SAMUEL B. HILL. That is true. We collect the money and pay it back to the Philippine Government.

Mr. BOYLAN. It seems to me it would be very much involved. I think it should be simplified.

Mr. McDUFFIE. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. McDUFFIE. Does the gentleman not believe that under the 3-cent tax or the 5-cent tax there will be very little money paid into the Treasury as the result of this law?

Mr. SAMUEL B. HILL. That is probably true. That is the hope of the dairymen, I will say.

Mr. McDUFFIE. Does the gentleman realize that the Philippine Islands purchase more dairy products from our people than any other nation in the world. You are destroying their purchasing power.

Mr. SAMUEL B. HILL. I have no information on that.

Mr. SHALLENBERGER. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. SHALLENBERGER. The committee has so drafted this amendment that the coconut oil produced in the Philippine Islands will have a decided advantage over oil from the rest of the world. In other words, we give them a 4-cent per pound preferential duty in this bill. So far as the Philippine Islands are concerned, they are taken care of.

Mr. McDUFFIE. What is it selling for now? Is it not less than 3 cents?

Mr. SHALLENBERGER. We know that coconut oil will be consumed in this country to a certain extent and the Philippine oil will have that market.

Mr. McDUFFIE. We do not know that. Japan may take over this soap industry. This means a tariff embargo in the guise of a tax.

Mr. SAMUEL B. HILL. Mr. Speaker, I reserve the balance of my time.

Mr. SHALLENBERGER. Our Government, through the A.A.A., is levying a processing tax on our farm products, hogs, cotton goods, and thereby on the oils that come in competition with imported oils from the Philippines. We return the tax collected on coconut oil and manufactured tobacco to the Philippine treasury. This oil tax is not adverse to the Philippine people, but like all our legislation touching those islands gives to them an especial benefit by guaranteeing to them a protected American market.

Mr. BOYLAN. Mr. Speaker, will the gentleman yield for a question with regard to the tax on coconut oil?

Mr. SAMUEL B. HILL. I yield for a brief question.

Mr. BOYLAN. Instead of collecting the tax and then paying it over to the Philippine government, would it not be far better to exempt Philippine oil from duty?

Mr. SAMUEL B. HILL. That is, of course, a controversial question which we cannot decide here. I might have my opinion and the gentleman might have his opinion.

Mr. BOYLAN. That is the effect of the amendment, is it not?

Mr. SAMUEL B. HILL. We could not in conference make such a change as the gentleman from New York suggests.

Mr. Speaker, I yield 10 minutes to the gentleman from New Jersey [Mr. BACHARACH].

Mr. TREADWAY. Mr. Speaker, before the gentleman from New Jersey begins, may we not have an understanding with regard to time? The gentleman has consumed 30 minutes. Are we to have 30 minutes on the minority side?

Mr. SAMUEL B. HILL. I have used 30 minutes.

Mr. TREADWAY. I understood that we were to have 30 minutes on the minority side.

Mr. McCORMACK. Mr. Speaker, if the gentleman will yield, why would it not be a better proposition to ask unanimous consent that time for consideration of the conference report be extended to 2 or 3 hours?

Mr. SNELL. We tried to do that earlier in the day, but were not successful.

Mr. TREADWAY. We had an agreement with regard to time. I did not understand that the gentleman from Washington wanted to control the entire half hour on this side. I expected, of course, to have yielded to the gentleman from New Jersey exactly the time the gentleman from Washington has yielded to him.

Mr. Speaker, may I ask the gentleman from Washington whether, after the gentleman from New Jersey concludes his statement, I shall have 20 minutes under my control?

Mr. SAMUEL B. HILL. No; but I will yield 20 minutes to the gentleman from Massachusetts [Mr. TREADWAY] to be used by him, or I will yield a total of 20 minutes to such gentlemen on his side of the House as the gentleman from Massachusetts may designate. Let the gentleman from New Jersey proceed. The gentleman knows I wish to be fair.

Mr. TREADWAY. Certainly, I realize that; but it was my understanding that we would have 30 minutes on this side under my control.

Mr. BACHARACH. Mr. Speaker, I must refuse to yield until I finish my statement.

I call attention to the fact that the Chairman of the Ways and Means Committee, prior to our conference, stated that the conferees proposed to stick by the bill as it passed the House.

It has been my privilege to serve a number of times as a member of the conference committee on revenue legislation, but this is the first time that I have refused to sign the report of the conferees.

I have taken this attitude because I am not in sympathy with the provisions of the act as it comes from the conference committee, for it represents practically a complete surrender to the Senate on the part of the House. This is evidenced by the fact that the House receded on some twenty-odd of the more important amendments made by the Senate, while the Senate receded in not more than a half dozen, compromising on about 10 or 12 others.

You will remember that a special subcommittee of the Ways and Means Committee was appointed in the last session for the purpose of making a special study of our revenue laws, with a view to plugging up the leaks, and so forth. This committee labored over a period of 8 or 9 months and made a report to the full committee when we met in December, making certain recommendations and suggestions to be incorporated in the new revenue act, many of which were written into the bill as passed by the House.

We were told, and the country was assured, that there was not to be any increase in taxes or any new taxes, but instead additional and sufficient revenue would be raised by plugging up the holes through which the rich and the wealthy taxpayers were escaping payment of their just taxes.

As far as I can see, the holes which our special committee told us were in our tax laws and should be plugged up are still in the act as it comes back to us from the Senate and the conference committee. Our taxes have been substan-

tially increased in many instances, and practically no attention has been paid to the recommendations of the Ways and Means Committee as embodied in the House bill.

The bill as adopted by the House, which inflicted no new taxes other than the import tax on coconut oil, would provide additional revenue estimated at $258,000,000 in a full year of operation. Under the act as agreed to in conference, the estimated revenue, exclusive of the so-called "Couzens amendment" for an additional 10-percent super income tax, will be $417,000,000, and the difference between these two amounts represents new and additional taxes added by the Senate and agreed to in conference.

If the Couzens amendment, upon which you will be given an opportunity to vote today, is accepted by the House, it will add an additional $55,000,000 to our tax burden, bringing the total estimated revenue under the new bill up to $472,000,000. We were told by the Senate conferees that this additional revenue to be raised by new taxes was made necessary by reason of the passage of the independent offices appropriation bill over the President's veto, increasing Government salaries and increasing compensation and pension payments to our war veterans. Let us just analyze this for a moment: The independent offices bill, as enacted into law, carries increases to veterans in the amount of $76,712,000 and for wages for Government employees $90,000,000, a total of $166,712,500.

To meet that increase in current expenditures, the distinguished body at the other end of the Capitol increase our Federal tax burden by $214,000,000 over and above the increase in revenue under the House bill.

As a matter of fact, the bill as adopted by the House already provided approximately $100,000,000 over and above the cost of increasing veterans' allowances and Government salaries, not considering the savings that will accrue to the Government, estimated at $125,000,000, by the adoption of the independent offices bill.

The bill passed by the Senate was not the handiwork of the Senate Finance Committee; it was written on the floor of the Senate and bears little or no resemblance to the bill reported to the Senate by the Finance Committee. You of the majority party cannot claim this as a Democratic bill, and I am sure that when its provisions become known to the taxpayers you will be glad to deny its parentage. The Republican members of the conference committee, with the exception of one, have refused to sign the conference report. We voted consistently against most of the Senate amendments. Your conferees have signed this report, and your party must accept the responsibility for this legislation by reason of the action of your conferees.

I do not know if anyone will have the temerity to get up here and advocate the acceptance of the Couzens amendment; if so, no doubt it will be pointed out to you that this supertax of 10 percent is only a temporary proposition and is good only for 1 year. I have been here going on 20 years and have seen a number of bills come in here with vicious legislation disguised as 1-year propositions, and the RECORD will bear me out when I say that there has been very little legislation placed on our statute books for 1 year that has not been continued from year to year thereafter. We have a sample of this right in this bill; the capital-stock tax carried in the Industrial Recovery Act was to be repealed with the repeal of prohibition. The House did not incorporate that tax in the House bill, but lo and behold, we find it put back in the bill by the Senate because it is an easy tax to collect. It is easy to write new taxes into a law, but it is quite a different thing to repeal them.

I have not the time to go into all the important amendments added by the Senate and agreed to in conference, but I want to touch on a few of them.

You have heard much about consolidated returns. The House bill continued the filing of consolidated returns but increased the penalty from 1 percent to 2 percent for that privilege. The Senate amendment prohibited the filing of such returns; the conference committee in effect accepted the Senate amendment, reserving the privilege of filing consolidated returns to railroads but to none other.

Why an exception should be made only in the case of railroads is a little beyond my comprehension. The Treasury officials, who are charged with the responsibility of administering the law, are in favor of continuing the filing of consolidated returns, and asked for no change in the law in this respect. I prefer to follow the advice of the tax experts of the Treasury Department in matters of this sort and, therefore, opposed both the Senate amendment and the conference compromise.

Publicity of tax returns: I am unalterably opposed to the Senate amendment and the conference compromise. In my opinion, there is absolutely no need of this new legislation. Under the present law the President has authority to open tax returns for inspection to such an extent as he may deem advisable, and Congress has authority to review tax returns at any time.

The compromise agreed to by the conferees, in my opinion, is as bad as the amendment itself. Under it every taxpayer must file with his return a little card showing the total amount of gross income, total deductions, net income, total credits against net income, income subject to normal tax, total tax before credits against tax, and the tax payable.

It is practically a duplication of one's tax return; we know that few people are able to make out their own tax returns and they will have as much difficulty in making out the little card which must be attached to the return.

If the taxpayer fails to make out the card, the Government will do it for him, to make sure that his neighbor will have an opportunity to snoop around and find out all about one's private affairs, and for this assistance the Government will charge the taxpayer $5. It is a ridiculous proposition on the face of it, and I predict that it will come back to plague its sponsors.

Under the agreement reached by the conferees the lower brackets of the income-tax schedule have been increased beyond necessity, while the rates in the upper brackets and the estate tax are practically confiscatory.

Just when the country is supposedly starting to get on its feet and we have the assurance of the Democratic administration that prosperity is not just around the corner, but has definitely arrived, a monkey wrench is thrown into the machinery by bringing out a tax bill that, in spite of the assurances given to the country that there would be no increase in Federal taxes, substantially increases the general tax burden by putting additional levies not alone upon business and industry but also upon the masses of thrifty individuals who were hoping for relief.

I realize that there is little possibility of having this conference report voted down, but I hope that the House, at least, will sustain the action of its conferees in refusing to accept the Couzens amendment.

I am taking the time of the House merely to point out the fact that the Republican members of conference, with the exception of one of the Senate conferees, refused to concur in the more important amendments made by the Senate to the House bill and vote against their acceptance.

We lay the responsibility for this bill as it goes to the President for signature upon the doorstep of the Democratic administration, where it properly belongs.

ITEMS IN REVENUE BILL ON WHICH THE HOUSE AND SENATE, RESPECTIVELY, RECEDED, AND THOSE WHICH WERE COMPROMISED

House receded: Capital-stock tax, excess-profits tax, estate tax, gift tax, tax on colored matches, abolition of consolidated returns (except as to railroads), capital gains and losses (additional bracket), exemption of dividends out of pre March 1, 1913, earnings, restoration of full credit for foreign taxes, termination of soft-drink tax, fur tax (exemption of articles up to $75), jewelry tax (exemption of articles up to $25), termination of boat tax, termination of candy tax, allowance of capital net loss up to $2,000, exemption of bond losses of banks from capital-loss limitation, enlargement of tax-free reorganization provisions, report to Congress on compensation of corporate officers and employees, personal holding companies (revision), administration of gasoline and lubricating-oil taxes, revision of provisions relating to tax on production of crude petroleum.

Senate receded: Expiration of check tax, reduction of tax on nonbeverage alcohol (leaving rate at $2), withholding in case of tax-free covenant bonds, proposed exemption from tax of annuity payments up to $500, awards to informers ("hot oil").

Compromised: Income-tax rates, earned-income credit, publicity of returns, tax on oils and fats, tax on sales of produce on exchange, General Counsel for Treasury, assistants in Treasury, nondeduction of contributions to propaganda organizations, exemption of farmers' cooperatives (extension).

Mr. McFARLANE. Will the gentleman yield?

Mr. BACHARACH. I yield to the gentleman from Texas.

Mr. McFARLANE. I want to get straightened out on some of the statements the gentleman made, especially as to the vote. That was on the consolidated returns?

Mr. BACHARACH. I could not say whether it was on the consolidated returns or not.

Mr. McFARLANE. I think it was. They refused to reconsider that vote by a vote of 58 to 18.

Mr. BACHARACH. I understand from my colleague from California that that statement is not quite correct, but it is immaterial. The point is that the Ways and Means subcommittee worked here for 8 or 9 months, and they might just as well have stayed home for the amount of good that was done over there. [Applause.]

[Here the gavel fell.]

Mr. SAMUEL B. HILL. Mr. Speaker, I ask unanimous consent that the time for the discussion of this conference report may be extended 30 minutes beyond the original 1 hour.

Mr. TREADWAY. Mr. Speaker, reserving the right to object, I do not want to intrude on the gentleman's program here, but we asked for an extension of time and the gentleman declined our request before the session opened this morning and declined it during the session. I do not think it is fair now, after I have told the Republican Members that there was no time available, for the gentleman to come in with a last-minute request for an extension of time.

Mr. BEEDY. Mr. Speaker, I object.

Mr. SAMUEL B. HILL. How much time does the gentleman desire to be yielded?

Mr. TREADWAY. I presume I have all the rest of the time.

Mr. SAMUEL B. HILL. I yield the gentleman from Massachusetts [Mr. TREADWAY] 20 minutes.

Mr. TREADWAY. It is understood I may yield the 20 minutes to anyone I see fit?

Mr. SAMUEL B. HILL. It is not so understood.

Mr. TREADWAY. The gentleman is not willing that I should yield any part of the 20 minutes to Republican Members on this side?

Mr. SAMUEL B. HILL. I will yield to whomsoever the gentleman from Massachusetts designates.

Mr. TREADWAY. Will the gentleman yield 2 minutes to the gentleman from Wisconsin [Mr. FREAR]?

Mr. SAMUEL B. HILL. I yield 2 minutes to the gentleman from Wisconsin [Mr. FREAR].

Mr. FREAR. Mr. Speaker, it seems to me that time ought to be controlled by the leader of the minority on this side. However, I thank the gentleman from Washington for giving me this brief time to make a statement.

We have had a publicity law covering tax returns in the State of Wisconsin for many years. The belief there has been that it enables the people as a whole to determine whether certain taxpayers were trying to avoid payment of their taxes either as to amount or as to their general character. That question has been asked here. I do not know what influenced the conferees or what influenced the Members of the Senate, but I do know that publicity has had no adverse effect in Wisconsin. We find in Wisconsin that it has not been hurtful but helpful in tax enforcement. I offered an amendment to that effect in committee, which was defeated when this bill was before our committee.

So far as Wisconsin is concerned, I believe it has been a good thing, and publicity prevents tax evasion. It is framed here so that the restriction will not be harmful, and I do not think it will expose the taxpayers to the danger suggested in the inquiry. Based on the experience of Wisconsin, it is a good amendment and rightfully retained by the conferees.

Mr. TREADWAY. Will the gentleman yield 4 minutes to the gentleman from New York [Mr. FISH]?

Mr. SAMUEL B. HILL. Mr. Speaker, I yield 4 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, I do not know what can be said in 4 minutes on a bill as important as this huge tax bill. However, I desire to make just a few observations.

The State of New York pays about 33 percent of the Federal income tax, therefore we will pay about 33 percent of this bill, which further increases the burden of taxation. I presume that we will pay a good deal more, because the higher brackets have been raised, most of which come from the State of New York, and it may well be that we will pay 50 percent of this particular bill, owing to the heavy increases in the higher brackets of both the income- and estate-tax payers.

The reason for the bill, of course, is the gigantic expenditures by the Federal Government. May I point out that since 1929 the rich income-tax payer, the fellow in the higher brackets, has almost disappeared, and yet we are endeavoring to tax him more in this bill. I predict we will not get very much in the way of returns. In 1929 there were 38,889 people in this country who had taxable incomes of $50,000 or more a year.

In 1932 this had been reduced to 7,431.

In 1929 there were 513 people who had incomes of over $1,000,000.

In 1932 there were 20 people in the United States who had incomes of over $1,000,000.

I am not opposing estate-tax legislation, because it is a fair and equitable tax and cannot be dodged. Death is inevitable for both rich and poor alike. When the rich die they cannot take their money with them, and that is one time when you can levy taxes upon them that no loophole or lawyer can prevent. But you cannot levy taxes in the highest brackets on the big income-tax payers, because they are naturally going into tax-exempt securities, and until you pass a tax-exempt security amendment the men of great wealth in this country will put their fortunes in such securities and thus avoid paying a 60-percent tax to the Federal Government and 15 or 20 percent more to local governments, such as municipalities, counties, towns, and so forth. This bill amounts to confiscation of wealth and is a virtual capital levy. Everybody realizes it, and the bill will not bring in the returns you expect.

Today is May Day and all over this country in the industrial cities the communists and the socialists and the ultraradicals are denouncing our free institutions, both economic and political, and saying that everything is wrong and rotten and corrupt in America and that we are ruled by rich men and controlled by Wall Street.

I want to say in answer to this that there are very few rich men left today in the United States. I have just read the figures showing there are only 20 men who have a million-dollar income, whereas there were 513 in 1929. That indicates that the distribution of wealth has already been largely effected. When we get through with this legislation there will be none at all and our friends, the communists and the socialists, then will not have anything to talk about.

The main thing they say is wrong with America is that 57 rich men control the Congress and the Government and rule our industrial system. We know this is not a fact, but this being May Day I want to point out that we are increasing the taxes on the rich and we are also trying to pass a stock exchange bill, and when we do both of these things, then the communists and the socialists will not have anything left to talk about. [Applause.]

[Here the gavel fell.]

Mr. TREADWAY. Mr. Speaker, will the gentleman from Washington yield 4 minutes to the gentleman from Massachusetts [Mr. McCORMACK]?

Mr. SAMUEL B. HILL. Mr. Speaker, I yield 4 minutes to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Speaker, I am very sorry I cannot agree with the report of the conferees in some respects.

I consider that in a depression, when we are trying to get private business back into its normal stride, it is very unwise to impose unnecessarily high tax burdens which, instead of assisting and inspiring business, will have a

deflationary effect. If there is any time when Congress should be careful about the imposition of taxes, it is during conditions such as exist now.

We are putting through legislation for the purpose of increasing the price level—some call it inflation—and at the same time we are passing a tax measure which is purely deflationary in its effect and in its character. This is an inconsistent position.

Reference has been made to the publicity feature involved in this measure. It is nothing but a snooping proposition. The American public does not want publicity on tax returns that will prove harmful in its nature. We had it in 1861, when the first income-tax law was passed to raise revenue to help bear the burdens of the Civil War, and it was repealed in 1862. Public opinion demanded its repeal. Congress passed it again in 1909, and again an aroused public opinion compelled its repeal in 1910. In 1924 an amendment providing for publicity, much milder than the provision proposed by the conferees, was passed, and either in 1925 or 1926 an aroused public opinion again compelled Congress to repeal such legislation. It was simply used by business competitors, by stock salesmen, and others in an abusive way.

There is one State in the Union that has publicity so far as State income-tax returns are concerned—the State of Wisconsin. Every other State in the Union has a provision against publicity, against the activities and enterprises of business men being ascertained by competitors, against the results of unnecessary, unwise, or pitiless publicity. It is absolutely unnecessary on tax returns made by our citizens.

I am opposed to it because it is destructive. There is nothing progressive about such legislation. It is destructive in its character and in its effects.

The repeal of consolidated returns with the exception of railroads is unjustifiable. If it is justifiable to permit consolidated returns with respect to railroads, it is perfectly justifiable, in my opinion, to permit same with reference to other corporations. This is no time to disturb the efforts of private business in its return to normalcy by such legislation.

I realize this privilege has been abused, but we should curb and regulate and control the abuse. We should not undertake to try to remove the abuse by completely eliminating the proper and legitimate use of anything, and that is what the Senate undertook to do when they put this amendment in the bill on the floor of the Senate, and what we are undertaking to do today.

The conferees have had a difficult task, but as I look this report over, it is practically on all major propositions a complete surrender on the part of the House conferees to the amendments that were put on in the Senate, not by the Senate Finance Committee, but written into the bill on the floor of the Senate.

This bill started out as a bill to eliminate tax evasions. The Senate changed it into a bill providing for new taxes, deflationary and harmful, and I hope that the features I have referred to, if the conference report is defeated, will be eliminated. I realize, of course, the difficulty of defeating the conference report and the probability that it will be agreed to, but I cannot restrain myself from expressing my views on at least these two important matters. [Applause.]

Mr. SAMUEL B. HILL. Mr. Speaker, I yield the balance of the time to the gentleman from Massachusetts [Mr. TREADWAY].

Mr. TREADWAY. Mr. Speaker, my colleague, the gentleman from Massachusetts [Mr. MCCORMACK], has made a good deal better speech in opposition to the conference report than I am capable of making, and I congratulate him on his remarks. He is absolutely correct in saying that the House yielded to the Senate all down the line on important amendments. It is a Senate floor measure and not a Finance Committee measure. The important items were included in the bill on the floor of the Senate. I think it is important to have this fact in mind when Members come to vote on the conference report.

To prove that statement, let me call your attention to a few figures. We were extremely liberal in the House, and the bill left the House with an estimated yield of $258,000,000. It went to the Finance Committee of the Senate, and when reported by the Finance Committee of the Senate it called for a yield of $330,000,000.

It went from the hands of the Finance Committee to the floor of the Senate, and when the Senate got through with it, with all these various obnoxious amendments, it called for a yield of $480,000,000.

It is true that the bill before you today is estimated to produce $417,000,000. You can calculate for yourselves whether the House Ways and Means conferees rewrote the bill increasing it $160,000,000 or whether the Senate Finance Committee rewrote the bill increasing it over $80,000,000, or whether the men in control of the Senate—and I could name them if parliamentary procedure permitted—wrote this bill.

It is therefore absurd to claim that the House conferees were successful in their support of the House measure. I can see but one reason for the adoption of the conference report. I naturally am not in the confidence of the administration. If the majority of the conferees have been informed that the administration wants that amount of money taken from the taxpayers of the country, I assume that it will be adopted. But if that sum should be collected, the country is entitled to know it as well as the three House conferees on the part of the majority.

The only real merit in the bill is the fact that if the administration wants it, of course it will be adopted.

There has been very little in the open about this bill. It was extremely difficult for the House subcommittee to secure any information whatever, but eventually we were provided with the services of a very efficient gentleman from the Treasury Department in the person of Professor Magill.

A very different procedure was followed by the administration in the preparation of this bill from that adopted in the preparation of the so-called "reciprocal tariff bill." When that bill was under consideration we were flooded with professorial, doctrinaire opinions of departmental assistants, who endeavored to enlighten us with the theoretical views they hold. But when practical information was wanted about the needs of the Treasury it was not at our command.

I know of no time in our history when reduction of taxes would be more desirable than now, when we are endeavoring to put new life into industry. For those who have interests in industry to be confronted with additional burdens of taxation can have but one result, namely, the destruction of initiative and incentive.

In confirmation of this I quote the following editorial from the Berkshire Evening Eagle, of Pittsfield, Mass.:

KILLING THE GOOSE

A declaration is made in Washington that the new revenue bill will lay an additional burden of $200,000,000 on business—an alarming prospect. Here is something definite and tangible to think about. Already it is staggering beneath its load. From one of the most important companies in the country comes a dividend check of 19 cents! Up to now it has been $5. This is the tax story told by a service company nearer home: 1928, $56,266; 1929, $59,648; 1930, $62,671; 1931, $84,974; 1932, $94,170; 1933, $98,567. Upward, upward, ever upward. We have much to fear from the ever-increasing cost of government. There will have to be a showdown and an answer one of these fine days. Business ought to be encouraged, not throttled.

At this point let me quote an extract from a letter which I received this morning from a taxpayer in Massachusetts as emphasizing the effect which this legislation is bound to have on our citizens:

My own wonder is that there has not been a unanimous refusal, concerted, to pay any more taxes anywhere at any time. Such a taxpayers' strike is inevitable either by design or actual inability to pay anything and live, or both. Personally I prefer the direct method of refusal before pauperism forces the indirect way. The enclosed editorial from this morning's Boston Herald says the same thing in better but not less direct words. Government spending must stop and quickly. * * *

No "brain trust" can work anything diametrically opposed to natural phenomena. Old Mother Nature will run her business, equalizing things in her own inimitable way, and no "brain trust" will swerve her one iota from her course, which has been made sufficiently plain through the ages past.

The editorial referred to above follows:

[From the Boston Herald of Apr. 30, 1934]

A VICIOUS POLICY

Business, trade, and commerce must be brought into Boston from the outside and even from far beyond its boundaries and beyond the State and country as well. A vicious policy of waste, extravagance, and high taxes has driven people and business not only to other cities and towns but outside the State. The nonresidents doing business here would be forced out by the imposition of an occupational tax on nonresidents to Boston's great loss. (Mayor Mansfield.)

His honor could have gone a great deal further without overstating the truth. He could have said that most of the taxes proposed in citi hall, the statehouse, and the Capitol at Washington are plus propositions. That is, they do not usually offset other charges. They do not lighten the burden on real estate. They hit the poor as hard as the rich.

Our heavy State income tax, the poll tax which was utilized for a time to finance old-age pensions, the new revenue from liquor licenses, the gasoline taxes which were designed originally for highway building and improvement only—have these improved the condition of the wage earner who owns a home, or the corporation which has heavy realty holdings, or the merchants of Boston, or the thousands who are on their pay rolls?

The upward march of taxes is one answer. Increased borrowings are another. Default in payments of real estate taxes is another. Poverty appeals to Washington are another. Requests for a decrease in appraisals are another. The proposed occupation tax on non-Bostonians, which would add to the load which they are already carrying in their home communities, is still another. It is a grotesque suggestion. Unfortunately, ideas just as damaging have been put on the books. Once there, they usually remain. It is easy enough to legislate them on. It is almost impossible to get them off.

"Why, we Americans don't know what taxation is", say students of the problem and those who have been abroad. Well, we are learning. If the present trend continues, we shall go even beyond our foreign brethren. The figures issued recently by the national industrial conference board indicate this clearly enough. An article yesterday in the New York Times by P. W. Wilson, entitled "Our Tax Burden Nearly as Heavy as Britain's", makes the same point.

These records show that the ratio of taxation to national income has gone up in England from 23 to 25.7 percent; in Germany from 19.3 to 25.2 percent; in the United States, from 11 percent in 1926 to 20.3 percent in 1932. The new deal will accelerate the movement upward. "The comparisons", says Mr. Wilson, "upset important assumptions formerly taken for wranted. Britain is still the most heavily taxed country. But the difference in this respect between her and other countries, especially the United States, is not what it has been assumed to be. The United States on ratio to national income is almost as highly taxed as Germany and four fifths as highly taxed as Britain in 1931."

The remedy for the accumulating evil is discernible, but legislators fear to adopt it. They devise new exactions and authorize freak borrowings, but stubbornly refuse to economize to the extent necessary. What the mayor characterizes as a "vicious policy of waste and extravagance" continues in most places. Remove them, and improvement will be expedited. Go on with them, and the consequences will be disastrous.

Ultimately, taxpayers all over the country would strike in such numbers that the combined military forces of the Nation and the States would be powerless. That is the history of most popular uprisings. The motives which induced them are just as powerful under the new deal as ever before.

Mr. TREADWAY. The House bill was estimated to produce $258,000,000, which was several millions more than the administration asked for. The main object of the bill was to stop legal loopholes which had developed in the administration of the law. The Senate bill, which was the basis of the conference, goes far beyond these stopgaps and places an entirely unnecessary burden on the taxpayers. It is estimated to produce $480,000,000, or $222,000,000 more than the House bill. I see no reason for this tremendous tax levy when indications are pointing to business recovery.

Reference has been made to these various additions. I think they constitute ample reasons why the conference report should be voted down.

Another reason is the provision for publicity of returns. That has been tried under a previous law and found to be a dismal failure, and it was therefore repealed. There is no reason why every individual should see every other man's income-tax return unless it is for the purpose of blackmail or snooping around and getting information they are not entitled to. Congressional committees can secure them now. The Finance Committee of the Senate, the Ways and Means Committee of the House, or any authorized committee of Congress can have every tax return brought to their open door.

Now, the N.R.A. Act of last year had inserted in it a provision which I will read. Section 218 provides:

SEC. 218 (h) Section 55 of the Revenue Act of 1932 is amended by inserting before the period at the end thereof a semicolon and the following: "And all returns made under this act after the date of enactment of the National Industrial Recovery Act shall constitute public records and shall be open to public examination and inspection to such extent as shall be authorized in rules and regulations promulgated by the President."

By what more authority do you want the right to see tax returns than to get your permission from the President of the United States?

Reference has been made to the fact that the State of Wisconsin has a provision in its income tax law for publicity of returns. In this connection I wish to point out that the Wisconsin State Tax Commission, in its annual report for 1930, severely criticized this provision. The report states:

There have been no instances where public inspection has brought forth unreported income, and as to its anticipated effect in producing more correct returns experience has shown that it has had the opposite effect.

* * * * * * *

A survey shows that public examination is almost wholly without any public motive or significance but that advantage is taken of it to serve purely private and personal interests.

Consolidated returns is another subject of great interest. What are the facts in connection with it? The House committee and the House and the Finance Committee of the Senate, everybody, up to the time the vote was taken on the floor of the Senate, favored consolidated returns. The Treasury Department included, but the Senate was allowed to take out consolidated returns, and all that was saved from the wreck finally in the conference was permission for the railroads to file consolidated returns. Is there any good reason why railroads should not take their position alongside of any public-service corporation that is regulated by the laws of the State or the Nation? Why should not public utilities be granted the same rights as the railroads are? The whole subject matter is so unfair that this report should be voted down on that ground also.

I agree with numerous changes that the conferees made in some of these nuisance taxes. If I had supposed that there was any such tremendous sum going to be added to this conference report, I should have favored taking off further taxes of that nature. They reach directly to the people, and the people find great fault with taxes of that nature. If we had supposed that any such thing as this was to be added to this bill in this conference, certainly there would have been proposals to remove others, but we were hamstrung within the limits of the conference, and we could not make those changes.

The only item of any large sum that the House conferees accepted freely and without any discussion whatever was that of the capital-stock and excess-profits taxes, which will raise $95,000,000. I consider that was a breach of good faith. The excess-profits tax and the capital-stock tax were put in the National Industrial Recovery Act last year to finance the $3,300,000,000 public-works program, and it was distinctly agreed and provided in the law that when the eighteenth amendment was repealed those taxes should go off. Yet the very first opportunity to put them back on, they go back on. They were temporary taxes, purely temporary, but they now become permanent; and that is an indication of the method that we can expect to see carried out all through these so-called "temporary emergency propositions" in all of the legislation which we have passed within the last year. You will find a demand to make these features permanent not only in the tax bill but in all the so-called "recovery acts", and this is a good illustration of it.

The income-tax schedule I personally approve, and was very glad to find that we could reach an agreement whereby the lower brackets were given fair and just treatment.

They are increased above what I should like to see up to $20,000, but that was part of the general program of fair advancement, and so we can continue through all of these items.

The estate tax has been referred to. When you get up to 60 percent in an estate tax, where there is necessarily not available cash to pay such a tax, it practically means confiscation. Possibly that is a fair way to distribute the wealth of the country, but nevertheless it does bear the element of confiscation. I hope the conference report will be voted down.

Never was there less information available to Congress or to the public. I assert that the people are beginning to wake up to the fact that we cannot run a government on faith or through evolution or experimentation. It must be done on the basis of sound business and financial judgment.

Such a bill as this will shatter faith, deprive industry of confidence, and lead to chaotic conditions. Bear in mind in voting for this conference report that this is not the total amount of internal-revenue tax. This is a brand-new tax on top of that contained in existing law.

If the Democratic Party wants to assume the responsibility for taking $417,000,000 more out of the pockets of our citizens for the sake of paying for extravagant experiments in government, that is their look-out. As one elected Representative responsible to the voters of his district, I refuse to do so.

I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. TREADWAY. Now, let us examine a little into the details of the conference report. This measure was originally conceived as a bill to prevent avoidance of existing taxes. The Ways and Means Committee gave no thought to reporting out a general revenue bill. We advocated no new taxes but simply endeavored to get all that was coming to the Government under existing levies. As the bill comes back to the House from the conference, what do we find? We have what amounts to a general revenue revision. If the Ways and Means Committee had originally proposed a general revision, we no doubt would have given thought to the elimination of the existing nuisance taxes, if we had at the same time proposed increasing existing levies and imposing new ones. As it is, we have both.

INCOME TAXES

Under the House bill, we gave substantial relief to the smaller taxpayer having income from salaries and wages, and at the same time increased the tax somewhat on those having incomes from dividends and partially tax-exempt interest. The Senate felt that the smaller taxpayers were not entitled to the relief which we had given them and increased the tax in the lower and middle brackets. The conference rates are a compromise between the two views. Personally, I can see no justification for the increase over the House bill.

At this point I will include a table showing how the average taxpayer in each income bracket will be affected by the different schedules. This table is based upon the experience of the Treasury Department as regards the proportion of the net income of taxpayers in the various brackets, which is from salaries, wages, and so forth, and that which is from dividends and interest. Tables showing the tax applicable to earned incomes, or to income from dividends, do not present a true picture of the effect of the changes upon the average taxpayer.

The table is as follows:

Total normal tax and surtax after earned-income credit on average incomes as reported for 1932 by net incomes of $5,000 and over, under H.R. 7835 as passed by House and as passed by Senate (before 10-percent additional tax) and under proposal of Apr. 23, 1934, each as compared with total normal tax and surtax under 1932 act

Net-income classes (thousand dollars)	Normal tax and surtax				Percentage increase or decrease over 1932 act under H.R. 7835		
	1932 act	H.R. 7835					
		As passed by House	As passed by Senate (before 10-percent additional)	Conference agreement	As passed by House	As passed by Senate (before 10-percent additional)	Conference agreement
					Percent	*Percent*	*Percent*
5 to 6	$96.73	$75.93	$75.93	$75.93	−21.50	−21.50	−21.50
6 to 7	126.35	98.40	98.40	98.40	−22.12	−22.12	−22.12
7 to 8	174.70	169.28	177.99	169.28	−3.10	1.88	−3.10
8 to 9	232.35	232.24	250.54	231.44	−.05	7.83	−.39
9 to 10	292.15	298.64	343.48	304.52	2.22	17.57	4.23
10 to 11	354.02	364.46	440.64	380.52	2.95	24.47	7.49
11 to 12	423.19	440.10	543.68	463.16	4.00	28.47	9.44
12 to 13	485.81	510.32	641.86	541.10	5.05	32.12	11.38
13 to 14	564.79	597.36	757.02	635.38	5.77	34.04	12.50
14 to 15	643.00	679.30	865.40	724.00	5.65	34.59	12.60
15 to 20	886.97	946.48	1,212.65	1,019.47	6.71	36.72	14.94
20 to 25	1,470.65	1,591.88	1,943.60	1,715.60	8.24	32.16	16.66
25 to 30	2,175.92	2,453.24	2,854.52	2,626.52	12.74	31.19	20.71
30 to 40	3,300.73	3,781.26	4,251.19	4,023.19	14.56	28.80	21.89
40 to 50	5,329.36	6,155.96	6,627.96	6,399.96	15.51	24.37	20.09
50 to 60	7,492.21	8,720.28	9,192.28	8,964.28	16.39	22.69	19.65
60 to 70	10,350.38	11,998.10	12,470.10	12,242.10	15.92	20.48	18.28
70 to 80	13,728.79	15,713.88	16,185.88	15,957.88	14.46	17.90	16.24
80 to 90	17,407.04	19,804.57	20,276.57	20,048.57	13.77	16.48	15.18
90 to 100	21,081.06	23,803.44	24,275.44	24,047.44	12.91	15.15	14.07
100 to 150	32,827.48	36,346.28	36,818.28	36,590.28	10.72	12.16	11.46
150 to 200	54,841.96	60,255.83	60,727.83	60,499.83	9.87	10.73	10.32
200 to 250	77,668.78	84,562.98	85,034.98	84,806.98	8.88	9.48	9.19
250 to 300	96,630.49	104,627.96	105,099.96	104,871.96	8.28	8.76	8.53
300 to 400	133,041.94	144,467.49	144,939.49	144,711.49	8.59	8.94	8.77
400 to 500	177,267.69	190,473.11	190,945.11	190,717.11	7.45	7.72	7.59
500 to 750	237,127.95	256,406.32	256,878.32	256,650.32	8.13	8.33	8.23
750 to 1,000	344,873.82	366,995.57	367,467.57	367,239.57	6.41	6.55	6.49
1,000 to 1,500	591,103.91	637,298.22	637,770.22	637,542.22	7.81	7.89	7.86
1,500 to 2,000	568,523.33	614,424.32	614,924.32	614,684.32	8.07	8.16	8.12

ESTATE-TAX INCREASE

Mr. TREADWAY. The present estate tax imposes a maximum levy of 45 percent. This is increased to 60 percent under the conference agreement.

There are many who feel that the present estate tax is about as far as we ought to go in redistributing wealth through taxation. In many cases the property depreciates between the date of death, when the tax is imposed, and the time of distribution, and by the time the taxes are paid the heirs have very little left. Without some provision guaranteeing against virtual confiscation of estates, I cannot support the increased rates provided in the conference report.

CONSOLIDATED RETURNS

The conference agreement provides for the abolishment of consolidated returns except as to railroads. The House

bill provided for the continuation of the privilege of filing such returns but increased the penalty from 1 perecent to 2 percent. The Senate Finance Committee supported the House provision, but the entire section was stricken from the bill on the Senate floor.

The action of the conference committee in favoring the Senate action, except as it would affect the railroads, overrides the considered views of the Ways and Means Committee, the House of Representatives, the Senate Finance Committee, and the Treasury Department.

PUBLICITY OF RETURNS

The amendment relating to publicity of returns is also a Senate amendment which was inserted on the floor of that body, without consideration by the Finance Committee. The conference agreement is a modification of the Senate amendment and is intended to satisfy those who desire to snoop into their neighbor's affairs.

The Ways and Means Committee of the House, the Finance Committee of the Senate, and the Joint Committee on Taxation—all have the power under existing law to inspect income-tax returns, and there is absolutely no reason for throwing returns open to the inspection of persons who have no business with them.

DIVIDENDS OUT OF PRE-MARCH 1, 1913, EARNINGS

The House has several times included in revenue bills a provision removing the exemption in favor of dividends declared out of corporate earnings or profits accrued prior to March 1, 1913. The Senate has always eliminated the House provision, and the item has gone out of the bill in conference. There is absolutely no justification for the exemption, and the Supreme Court has upheld the power of Congress to tax such dividends. Therefore, I cannot agree with the majority conferees in yielding to the Senate on this provision.

FOREIGN-TAX CREDIT

The House bill reduced the credit for foreign taxes paid by citizens and domestic corporations doing business abroad to one half the present allowance. The Treasury Department, the State Department, and the Department of Commerce—all advocated the retention of the present law as a mean of encouraging our foreign trade. The conference agreement restores the full credit.

TAX ON CHECKS

Under existing law the tax on checks expires July 1, 1935, The House bill moved the expiration date up to January 1, but the Senate eliminated this provision. The conference agreement restores the earlier expiration date. This was one of the few items on which the Senate yielded.

I should have been glad to see this tax repealed at once, as it is one of the most objectionable of the nuisance taxes and doubtless has a tendency to discourage the use of checking accounts, thereby keeping money out of the banks.

TAXES ON SOFT DRINKS AND CANDY

The House bill repealed the tax on unfermented fruit juices, and the Senate struck out the entire soft-drinks tax, together with the tax on candy. The conference agreement retains both these Senate amendments, with which I am in hearty accord.

TAX ON JEWELRY

The conference agreement retains the Senate amendment exempting from the tax on jewelry all articles of jewelry (including clocks) sold by the manufacturer, producer, or importer for less than $25. While I should have been glad to see this tax repealed in its entirety, I am glad to support the Senate provision.

TAX ON FURS

The conference agreement also retains the Senate amendment exempting from the tax on furs all articles of which fur is the component material of chief value, sold by the manufacturer, producer, or importer for less than $75. This tax was particularly objectionable, because it applied to many low-priced garments which were simply trimmed with fur. As long as the fur on the garment was more valuable than any other component material, the article was subject to the tax. As most women's coats have some fur on them, the levy amounted to a tax on cheap clothing.

CONCLUSION

While I am in sympathy with many of the provisions of the bill, I am unable to vote for the adoption of the conference report. I have been a conferee in connection with a number of revenue bills, but this is the first time I have not signed a conference report. I realize that it is impossible to get a bill which is satisfactory to each of us, or which satisfies any one person in every particular, but the objectionable features of the present bill so far outweigh its good features that I cannot give it my support.

I voted for the bill as it was passed by the House, and I could even vote for the bill as it was reported to the Senate by the Finance Committee. The present bill, however, was written on the floor of the Senate by a handful of so-called "Progressives", and did not have consideration and study by either the Finance Committee or the Ways and Means Committee. If a general revenue bill is to be written, let it originate in the Ways and Means Committee in accordance with the constitutional injunction that all revenue bills must originate in the House of Representatives. Let the House have an opportunity to express itself directly upon the subject of new taxes.

Mr. SAMUEL B. HILL. Mr. Speaker, I move the previous question on the conference report.

Mr. McDUFFIE. Mr. Speaker, before the motion is put, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection?

Mr. SNELL. I reserve the right to object. On what subject?

Mr. McDUFFIE. Upon the conference report.

Mr. SNELL. I am sorry, but I shall have to object to that.

The SPEAKER. The question is on ordering the previous question.

The previous question was ordered.

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

The question was taken; and on a division (demanded by Mr. SNELL) there were—ayes 81, noes 62.

Mr. SNELL. Mr. Speaker, I object to the vote upon the ground that there is no quorum present, and I make the point of order that there is no quorum present.

The SPEAKER. Evidently there is not a quorum present. The roll call is automatic. The Doorkeeper will close the doors, and the Sergeant at Arms will notify absentees. The Clerk will call the roll.

The question was taken; and there were—yeas 253, nays 106, not voting 71, as follows:

[Roll No. 134]

YEAS—253

Adams	Carpenter, Kans.	Dockweiler	Green
Arens	Carpenter, Nebr.	Doughton	Greenway
Arnold	Cartwright	Dowell	Gregory
Ayers, Mont.	Castellow	Doxey	Griffin
Ayres, Kans.	Chapman	Drewry	Hancock, N.C.
Bailey	Chavez	Driver	Hart
Bankhead	Church	Duffey	Harter
Beiter	Clark, N.C.	Duncan, Mo.	Hastings
Berlin	Cochran, Mo.	Dunn	Healey
Biermann	Cochran, Pa.	Durgan, Ind.	Henney
Black	Colden	Eagle	Hildebrandt
Bland	Cole	Edmiston	Hill, Knute
Blanton	Collins, Miss.	Eicher	Hill, Samuel B.
Boehne	Colmer	Ellenbogen	Hoeppel
Boileau	Condon	Faddis	Hoidale
Boylan	Connery	Fernandez	Howard
Brennan	Cooper, Tenn.	Fiesinger	Hughes
Brooks	Cox	Fitzgibbons	Jacobsen
Brown, Ga.	Cravens	Fitzpatrick	James
Brown, Ky.	Cross, Tex.	Flannagan	Johnson, Minn.
Brown, Mich.	Crosser, Ohio	Fletcher	Johnson, Okla.
Buchanan	Cullen	Foulkes	Johnson, Tex.
Buck	Cummings	Frear	Johnson, W.Va.
Bulwinkle	Darden	Frey	Jones
Burch	Dear	Fuller	Kee
Burke, Nebr.	Deen	Fulmer	Keller
Byrns	Delaney	Gambrill	Kennedy, Md.
Cady	DeRouen	Gilchrist	Kenney
Caldwell	Dickinson	Gillespie	Kerr
Cannon, Mo.	Dies	Gillette	Kleberg
Cannon, Wis.	Dingell	Glover	Kloeb
Carden, Ky.	Disney	Goldsborough	Kniffin
Carmichael	Dobbins	Gray	Kvale

Lambeth	Miller	Rankin	Thomason
Lamneck	Milligan	Rayburn	Thurston
Lanham	Mitchell	Reilly	Truax
Larrabee	Monaghan, Mont.	Richards	Turner
Lea, Calif.	Montague	Robertson	Umstead
Lee, Mo.	Montet	Rogers, Okla.	Vinson, Ga.
Lehr	Moran	Romjue	Vinson, Ky.
Lemke	Morehead	Rudd	Wallgren
Lesinski	Mott	Ruffin	Warren
Lewis, Colo.	Murdock	Sabath	Wearin
Lewis, Md.	Musselwhite	Sanders	Weaver
Lindsay	Nesbit	Sandlin	Weideman
Lloyd	Norton	Scrugham	Werner
Lozier	O'Connell	Sears	West, Ohio
Ludlow	O'Malley	Secrest	West, Tex.
Lundeen	Oliver, N.Y.	Shallenberger	White
McCarthy	Owen	Shoemaker	Whittington
McFarlane	Palmisano	Sirovich	Wilcox
McGrath	Parker	Sisson	Williford
McGugin	Parks	Smith, Va.	Williams
McKeown	Parsons	Smith, Wash.	Wilson
McMillan	Patman	Snyder	Withrow
McReynolds	Peavey	Spence	Wolverton
Maloney, Conn.	Peterson	Steagall	Wood, Ga.
Maloney, La.	Pettengill	Strong, Tex.	Wood, Mo.
Mansfield	Peyser	Stubbs	Woodruff
Martin, Colo.	Pierce	Studley	Young
Martin, Oreg.	Polk	Tarver	Zioncheck
May	Ramsay	Taylor, Colo.	
Mead	Ramspeck	Terry, Ark.	
Meeks	Randolph	Thom	

NAYS—106

Adair	Eaton	Kocialkowski	Rogers, N.H.
Allen	Edmonds	Kopplemann	Schuetz
Andrew, Mass.	Englebright	Lanzetta	Seger
Andrews, N.Y.	Evans	Lehlbach	Shannon
Bacharach	Fish	Luce	Sinclair
Bacon	Focht	McCormack	Snell
Bakewell	Ford	McDuffie	Somers, N.Y.
Beedy	Foss	McFadden	Stokes
Blanchard	Gavagan	McLean	Strong, Pa.
Bloom	Gifford	McLeod	Sutphin
Bolton	Goodwin	Mapes	Swick
Britten	Goss	Marshall	Taylor, Tenn.
Brunner	Granfield	Martin, Mass.	Terrell, Tex.
Carter, Wyo.	Haines	Merritt	Thomas
Chase	Hancock, N.Y.	Millard	Thompson, Ill.
Christianson	Harlan	Moynihan, Ill.	Tinkham
Claiborne	Hartley	O'Brien	Traeger
Clarke, N.Y.	Higgins	O'Connor	Treadway
Coffin	Hollister	Perkins	Utterback
Connolly	Holmes	Plumley	Walter
Cooper, Ohio	Hope	Powers	Welch
Crowther	Jenkins, Ohio	Ransley	Whitley
Culkin	Kahn	Reece	Wigglesworth
Darrow	Kelly, Ill.	Reed, N.Y.	Wolcott
De Priest	Kennedy, N.Y.	Rich	Wolfenden
Dirksen	Kinzer	Richardson	
Dondero	Knutson	Rogers, Mass.	

NOT VOTING—71

Abernethy	Corning	Huddleston	Schulte
Allgood	Crosby	Imhoff	Simpson
Auf der Heide	Crowe	Jeffers	Smith, W.Va.
Beam	Crump	Jenckes, Ind.	Stalker
Beck	Dickstein	Kelly, Pa.	Sullivan
Boland	Ditter	Kramer	Sumners, Tex.
Browning	Douglass	Kurtz	Swank
Brumm	Doutrich	Lambertson	Sweeney
Buckbee	Ellzey, Miss.	McClintic	Taber
Burke, Calif.	Eltse, Calif.	McSwain	Taylor, S.C.
Burnham	Farley	Marland	Thompson, Tex.
Busby	Gasque	Muldowney	Tobey
Carley, N.Y.	Greenwood	Oliver, Ala.	Turpin
Carter, Calif.	Griswold	Prall	Underwood
Cary	Guyer	Reid, Ill.	Wadsworth
Cavicchia	Hamilton	Robinson	Waldron
Celler	Hess	Sadowski	Woodrum
Collins, Calif.	Hill, Ala.	Schaefer	

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Woodrum (for) with Mr. Hess (against).
Mr. Sullivan (for) with Mr. Ditter (against).
Mr. Farley (for) with Mr. Muldowney (against).
Mr. Celler (for) with Mr. Cavicchia (against).
Mrs. Jenckes of Indiana (for) with Mr. Doutrich (against).
Mr. Corning (for) with Mr. Wadsworth (against).
Mr. Crowe (for) with Mr. Brumm (against).
Mr. Kramer (for) with Mr. Taber (against).
Mr. Carley of New York (for) with Mr. Buckbee (against).
Mr. Swank (for) with Mr. Tobey (against).
Mr. Browning (for) with Mr. Waldron (against).
Mr. Prall (for) with Mr. Kurtz (against).
Mr. Gasque (for) with Mr. Turpin (against).

General pairs:

Mr. Dickstein with Mr. Beck.
Mr. Underwood with Mr. Guyer.
Mr. McSwain with Mr. Simpson.
Mr. Huddleston with Mr. Eltse of California.
Mr. McClintic with Mr. Lambertson.
Mr. Busby with Mr. Burnham.
Mr. Douglass with Mr. Kelly of Pennsylvania.
Mr. Greenwood with Mr. Stalker.
Mr. Sumners of Texas with Mr. Carter of California.
Mr. Oliver of Alabama with Mr. Reid of Illinois.
Mr. Auf der Heide with Mr. Collins of California.
Mr. Jeffers with Mr. Shoemaker.
Mr. Crosby with Mr. Marland.
Mr. Schulte with Mr. Schaefer.
Mr. Ellzey of Mississippi with Mr. Cary.
Mr. Sweeney with Mr. Hamilton.
Mr. Allgood with Mr. Imhof.
Mr. Smith of West Virginia with Mr. Thompson of Texas.
Mr. Griswold with Mr. Robinson.
Mr. Beam with Mr. Burke of California.
Mr. Crump with Mr. Sadowski.
Mr. Hill of Alabama with Mr. Taylor of South Carolina.
Mr. Abernethy with Mr. Boland.

The result of the vote was announced as above recorded.

A motion to reconsider the vote by which the conference report was agreed to was laid on the table.

THE TAX BILL

Mr. SAMUEL B. HILL. Mr. Speaker, I ask unanimous consent that Senate amendment no. 13 be now considered.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The Clerk read as follows:

On page 2, line 13 of the bill, insert the following:

"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. SAMUEL B. HILL. Mr. Speaker, I move that the House insist upon its disagreement to the Senate amendment no. 13.

Mr. O'MALLEY. Mr. Speaker, I offer a preferential motion. I move to recede and concur in the Senate amendment no. 13.

Mr. SAMUEL B. HILL. Mr. Speaker, this is the so-called "Couzens amendment." It imposes a tax of 10 percent upon the total amount of the normal and the surtax of a particular individual for the year 1934. In other words, after you have calculated your tax, both normal and surtax, under the rates as shall be established in the tax structure, you will then add 10 percent of that total amount to your tax for the year 1934. It applies only to individuals and not to corporations; and it applies to estates in trust.

The conferees of the House are in agreement in resisting this Senate amendment. We feel it was absolutely without warrant or justification. We have not been requested by the administration to levy the tax or to raise more revenues from a general tax revision bill.

Mr. O'MALLEY. Will the gentleman yield?

Mr. SAMUEL B. HILL. In just a moment. It imposes one of the greatest burdens upon the taxpayers that has ever been imposed either in war time or in peace time; and certainly now, when there is no such thing, generally speaking, as profiteering in business, when tax sources have almost dried up, I feel very strongly that we should not impose this additional burden upon the taxpayer.

I now yield to the gentleman from Wisconsin.

Mr. O'MALLEY. The gentleman stated that the administration had not made any indication that it wanted this additional 10 percent to carry on the expenses of recovery. The administration has not made any opposition to it, as far as I know, nor have I seen in the papers that the administration is opposed to a 10-percent emergency tax to help pay the cost of recovery.

Mr. SAMUEL B. HILL. Mr. Speaker, I hope the House will vote to support the motion to disagree to this Senate amendment.

Mr. JOHNSON of Texas. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. JOHNSON of Texas. Does this amendment apply to the small income tax as well as to the large income tax?

Mr. SAMUEL B. HILL. It applies to every individual taxpayer. It does not apply to corporations, but it applies to the individual taxpayer, small and large.

Mr. Speaker, I yield 5 minutes to the gentleman from Alabama [Mr. McDUFFIE].

Mr. McDUFFIE. Mr. Speaker, I have not risen for the purpose of discussing the matter under immediate consideration but with the hope that I may call the attention of the House to the coconut-oil provision of the conference report which has just been adopted, in the hope that before this Congress adjourns some measure may be adopted that will at least relieve the Congress, the American people, and the President of the United States from the attitude of failing to keep faith with the Filipino people.

Some weeks ago the President of the United States and others in authority, both in this country and in the Philippine Islands, including all factions in the islands, entered into a solemn agreement which was finally enacted into law by the Congress, under which processes were laid down for the accomplishment of the independence of the Philippine Islands. This is a "consummation devoutly to be wished" both here and in the islands. Under the terms of that Act, importations from the islands are to remain as they are until the Commonwealth government is established, which will be done within 12 months. Automatically, upon the establishment of the Commonwealth government, the free importation of Philippine goods is curtailed 40 percent, and at the end of 5 years an export tax is applied on all Philippine products.

When the tax bill was under consideration in the Senate the President of the United States, moved by his solemn agreement with the Filipino people, suggested in a letter to Senator HARRISON, the Chairman of the Finance Committee of the Senate, that the tax on coconut oil would be a violation of the spirit of the Independence Act which had just been passed. May I read to you from the CONGRESSIONAL RECORD of April 10 at page 6317 the statement of Senator HARRISON at the time the letter to him from President Roosevelt was read to the Senate, and I should like also to quote the President's letter in this regard:

Senator HARRISON said:

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 review 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 Congress."

From the letter of the President you can readily see the embarrassment that must come to the President, as well as to the legislative branch of the Government, by the passage of this act, which, even before the ink is hardly dry upon the Independence Act, and which, I take it, is at least in the nature of a contract entered into between this Government and our dependent peoples in the Far East, violates the letter and the spirit of our solemn agreement on the question of independence for the Filipino people.

Today, the first day of May in America, but yesterday, the first day of May over there, and on the thirty-sixth anniversary of Admiral Dewey's victory at Manila Bay, a new nation was born in the Orient. It so happened that some of us, marvelous as it may seem, heard over the radio at 10 o'clock last night the proceedings of the joint session of the Philippine Legislature as it unanimously accepted the Independence Act recently passed by Congress. This means, I am sure, since all major political factions of the islands are seemingly united in support of the act, that the first great step leading to ultimate and complete independence will be approved by the Filipino people and a constitution similar to ours will be set up for them within a year from this day. These 14,000,000 people, who have progressed as no other people of the Orient have done, due to American influence and the fine cooperation of the people of the islands, have set in motion the machinery that will soon permit them to take their place in the world as an independent nation. Congratulations are in order, both to our Nation and the Filipino people. They are a fine, progressive race who have demonstrated their ability to manage their own affairs and take their place in the great family of nations with all the responsibilities of a self-governing people.

How unfortunate it is that we, the guardians of these people, are seemingly misled by propaganda and such legislative farmers as Mr. Loomis, Mr. Gray, and other farm representatives into the belief that Philippine oil or coconut oil from the Philippine Islands vitally and seriously competes with farm products in this country. The limitations of this hour will not permit me to go into a detailed discussion of that competition. I call your attention to the facts set forth in the statement I shall insert in the RECORD. Many of our own people believe that it competes in an appreciable degree with cottonseed oil, but I have never found a man who knew to just what extent that competition extends. The producer in the livestock business or the raiser of a steer weighing 1,000 pounds would have, as a benefit of this bill, the value of that steer advanced only 5 cents. The joker in this bill is that there is no tax to be applied on tallow. The benefits, small as they are, if there be any for any American industry, to come from this tax which is an embargo tariff in the guise of an excise tax, will go to the packers and rendering plants of this country. Certainly I have no objection to the prosperity of any industry in America. Indeed, I long to see all industry make fair and reasonable returns, but I do object to taxing one bloc of people under the American flag for the exclusive benefit of another bloc under the same flag. Tallow has already increased in price as a result of this legislation. The rendering plants that make tallow from refuse of kitchens, restaurants, and so forth, are having much prosperity. Here today we are making a law that will add to the cost of the users of soap, curtailing the means of livelihood of 3,000,000 of people, small operators, and bring little to our Treasury.

The small amount of benefit accruing to the farmer from this bill is not commensurate with the great principle involved. Mr. Speaker, in the name of 14,000,000 dependent people—as many as there are in the Republic of Mexico—who are under our flag not of their own volition, who have free trade with us not of their own volition, who are wards, if you please, I protest against the tax on coconut oil. These people buy more dairy products from this country than any other nation in the world buys, yet we are today curtailing that buying power. These people buy much of our cotton, and they are our eighth best customer. Nearly 3,000,000 of these people will be unable, as a result of this legislation, to continue to buy the very things our farmers sell them. By the imposition of this tax you are destroying the second largest industry of these people; you are doing it in the face of a promise, or contract, which they in good faith have already carried through.

They have been benefited, it is true, by the influence of American ideals in the Orient. It should be said to our credit and theirs that no colonization in the world can compare with the colonization by the American people in the Philippine Islands. They have reached that status, socially and economically, where they can now take their place in the sun as a great nation. It is unfortunate, I say, that representatives of the American people, at both ends of the Capitol, have seen fit to impose this tax against

them immediately upon the passage of the bill initiating their complete independence. [Applause.]

Not only the President of the United States, but the Secretary of War, the Secretary of Agriculture, the Chief of the Bureau of Insular Affairs, the Governor General of the Philippine Islands have repeatedly urged against this tax. I wish to include under leave granted, as a part of these remarks the statement of the Secretary of War, made before the Senate Finance Committee, also other letters and statements.

STATEMENT OF HON. GEORGE H. DERN, SECRETARY OF WAR, BEFORE THE COMMITTEE ON FINANCE, UNITED STATES SENATE, RELATIVE TO THE REVENUE BILL (H.R. 7835), MARCH 16, 1934

Mr. Chairman, on February 15, 1934, I sent you a letter for the consideration of your committee which I presume has been made a part of the record of these hearings. In this letter I expressed briefly my views relative to the provision contained in section 602 of H.R. 7835 which imposes an excise tax of 5 cents per pound on coconut oil.

With the approval of the President, I now desire to supplement my statement contained in that letter, and to reiterate my recommendations that this provision be eliminated from the bill.

Our trade relations with the Philippine Islands are governed by provisions contained in successive tariff laws relating to this trade. Prior to 1909 there was a tariff of 75 percent on Philippine products entering the United States. The provision of the Treaty of Peace with Spain that permitted Spanish ships and goods free entry into the Islands for a period of 10 years was an obstacle to free trade. At the expiration of this 10-year period, however, free trade, with certain limitations or quotas on sugar, tobacco, and rice, was established under the Tariff Act of 1909.

The Tariff Act of 1913 removed all of the limitations imposed by the Tariff Act of 1909 and provided practically for free trade between the Islands and the United States. The provisions of the 1913 act are contained in subsequent tariff acts and have remained continuously in force as an apparently settled national policy in dealing with the Philippine Islands. Under that policy trade between the Philippine Islands and the United States has been greatly stimulated to the mutual advantage of both peoples.

The history of our occupation of the Philippine Islands during the past 35 years constitutes a brilliant chapter in the accomplishments of the United States. The administration of the islands under the United States has been of immeasurable benefit to the Filipino people. It presents to the world an entirely new philosophy in dealing with overseas dependencies. The great progress made in their general economic development has been largely due to the policy of free and unrestricted trade between the islands and the United States. This trade has been the principal means of developing the present standard of life in the islands above that of the surrounding areas. For example, according to the statement of a former Governor General of the Philippine Islands, "the standard of living of the Filipino laborer is at least 300 percent higher than that of his neighbor in China. It is much higher than that of any similar labor in the other surrounding countries like Java or Singapore."

The coconut industry is one of the vital factors of Philippine life. Coconut oil and copra from which the oil is made in the United States are products of the second industry of the Philippine Islands. Coconut oil produced in the Philippine Islands and coconut oil produced in the United States from Philippine copra constitute about 68 percent of the coconut oil consumed in the United States, the remainder being made from copra brought in from foreign countries duty free. The proposed excise tax, if collected in full on the amount of coconut oil received from the Philippine Islands in 1933, would amount to about $29,732,000, which is as much as the entire revenues received by the insular government for 10 months of the same year ($29,685,767). This would certainly be a heavy burden to place upon a single industry in any part of our country. The imposition of such a tax would not be in keeping with the policy which Congress up to now has uniformly followed in the enactment of legislation affecting the vital interests of the islands. The proposed tax will impose a burden on several million Filipinos far out of line with the benefits that may be expected to accrue to the people of the United States. It is contrary to the principle of reciprocal trade. I do not believe the situation in the United States demands undue sacrifices on the part of any of our overseas dependencies except insofar as the principle of fair and equal treatment to all areas under the American flag may demand sacrifices.

Due to the existence of free trade between the United States and the Philippine Islands, the bulk of the external trade of the islands is with the United States (total of about 72 percent). Over 81 percent (5-year average) of the Philippine exports are sent to the United States and about 63 percent of the external purchases of the Philippine Islands are made in the United States, thus showing a good reciprocal trade relationship.

The Philippine Islands stand first as purchasers of United States dairy products with which coconut oil is alleged to compete. Our dairy industry should not overlook this fact when it advocates an excise tax which presumably will adversely affect our export market for dairy products. The Philippines also stand first in the purchase of United States cotton textiles. Other items of importance are tobacco products, paper, rubber, iron and steel, electrical and sugar-mill machinery, automobiles, chemicals, drugs, books, etc. A complete list of the articles imported into the Philippine Islands from the United States would embrace almost the entire list of articles raised and produced in this country. All of these goods are admitted to the Philippine Islands free of duty while imports from other countries are forced to pay an average of approximately 20 percent ad valorem. I repeat that any restriction in the use of coconut oil in the United States would have a correspondingly adverse effect on Philippine purchases from the United States. Coconut oil ranks second in value of Philippine products sent to the United States.

On March 2 the President sent a message to Congress relative to Public, No. 311, Seventy-second Congress (Philippine Independence Act), which has again been introduced in the Congress with certain proposed amendments (S. 2935 and H.R. 8424). With reference to the economic provisions of that act the President said:

"To change, at this time, the economic provisions of the previous law would reflect discredit on ourselves."

Section 6 (a) thereof authorizes an annual quota of 200,000 tons of coconut oil to be shipped to the United States, and, of course, contemplates that this oil shall have free access to our markets except as provided in the act. Imposing an excise tax on this product of the Philippine Islands and on duty-free copra from foreign countries is equivalent to levying a tariff thereon. Such action would, in effect, change the agreement implied in section 6 (a) of Public, No. 311, Seventy-second Congress, to the detriment of the Filipino people. When accepted the terms of this act presumably become a sort of contract between the two countries, which should not be changed without mutual agreement. This fact would seem of itself to be a firm objection to placing an excise tax on coconut oil at this time.

A careful study of this subject leads to the following conclusions:

1. The following interests would thereby be adversely affected:

(a) Several million Filipinos who are dependent on this industry for a livelihood. Eight Provinces of the Philippine Islands depend almost exclusively on coconuts. Thirty out of the forty-nine Provinces of the islands would be crippled in their first or second industry. Obviously, the property-tax revenues of the Philippine government and of its subdivisions would be seriously affected, causing embarrassing fiscal problems. Schools would probably have to be closed and other public services discontinued or curtailed.

(b) The American shipping interests would suffer. The round trip of oil tankers carrying mineral and other oils to the Orient return loaded with coconut oil, which makes these trips profitable. Other cargoes help to fill ships, resulting from purchases made in the United States from the proceeds of coconut oil and copra.

2. Whatever benefits might accrue to the United States from this tax would be at a burdensome cost to the Filipino people. Have we the moral right to try to build up one group of our producers by tearing down another group which also lives under the American flag?

3. In view of the declared purposes of this Government as regards Philippine independence, the Filipino people have the right to expect of us fair and considerate legislation that will enable them to work out the formula for the establishment of a free and independent government under which their economic, political, and social institutions as developed under American guidance shall have a reasonable chance to survive. We have the responsibility of helping them to work out this formula of independence. In the meantime the Filipinos are under American sovereignty and are entitled to fair trade relations. The enactment of this provision relative to coconut oil would be out of line with the policy which Congress has uniformly followed, namely, that of according fair and equal treatment to all areas under our flag.

I have here a number of radiograms received from the Governor General of the Philippine Islands which, if they have not already been included, I recommend be made a part of the record of these hearings.

In conclusion I desire to quote the following extracts from a radiogram (no. 57, Feb. 9, 1934) received from the Governor General of the Philippine Islands:

"The proposed tax is equal to 200 percent of the current price of the product and is more likely to destroy the Philippine coconut industry than to produce any substantial revenue. * * *

"Financially this means the bankruptcy of 8 important provinces mainly dependent on the coconut industry and the questionable success of 10 others. The resulting decline in revenues will imperil essential government services and interest payments on provincial bonds in the area affected. * * * Socially it will entail wide-spread distress and dissatisfaction among the people. It is suggested that any benefit that may accrue to domestic interests from such a measure cannot outweigh or equalize the wholesale harm and distress that it will cause here." * * *

In another message (No. 83, Feb. 24, 1934) the Governor General states:

"Intimate contact with the situation locally forces on me the conclusion that the unlimited application of the tax will provoke a near disaster in the economy of the Philippines."

Mr. McDUFFIE. We have tried for 30 years without success to use cottonseed oil in the making of soap. The only competition with cottonseed oil by coconut oil is its use in the manufacture of oleomargarine and some of the table oils. More than 70 percent of the coconut oil imported into America goes into the manufacture of the finer soaps and we have

been unable to find a successful substitute for coconut oil for this industry. Less than 19 percent of the coconut oil imported competes in edible products. As proof that coconut oil does not appreciably compete with cottonseed oil, figures of the Department of Commerce show that when cottonseed oil was selling at a cheaper price than coconut oil, the consumption of coconut oil greatly increased. Only 3 percent of the total oils and fats used in America is coconut oil; and yet if we believe the legislative farmers referred to, and on whose pay roll I know not, nor have I personally inquired, we are led to believe that the farmers of the country, especially the dairy farmers, are to be greatly benefited as a result of this tax.

The fact that the conferees have placed a 5-cent tax on coconut oil imported from all other countries, and a 3-cent tax on that imported from the Philippine Islands, was, of course, all the conferees could do. The House passed the 5-cent tax under a rule, as you recall, which permitted no amendments and we were not privileged to try to eliminate this item from the bill. The Senate made the tax 3 cents and provided also that all moneys collected from this tax would be returned to the Philippine government. Unfortunately there will be little money collected from a tax on coconut oil coming into America from the Philippine Islands. This oil sells for 3 cents a pound and less today, and, of course, it will find a market in other countries, probably Canada, and most likely Japan.

This tax is a blow to the manufacturers of soap in America. It is a blow to American labor engaged in those plants. In my judgment, I repeat, it is unjustified and unworthy of the American people, whose policy with the Philippine Islands has very properly been a generous and fair one. This provision of the bill, in my judgment, would fully justify the President in exercising his veto power in order that a great nation might live up to its pledged word. As Commissioner GUEVARA well said today, "With one hand we hand them independence, and with the other hand we strike a severe blow at their economic welfare." No nation in the world can regard this as fair treatment. This Congress should retrace its steps by a resolution in sofe form, either permitting the Agricultural Administration to levy a tax, if necessary, which it doubtless now has the power to do, or to give the President discretionary power in dealing with the tax, or provide the fair and just thing, which would be language that complies with section 6 of the independence act relative to importations from the Philippine Islands.

I should like to include here a letter written by Commissioner GUEVARA to the President which has my entire approval, and which I think fairly sets forth the effect of this bill, as well as the attitude of the Filipino people.

The letter follows:

APRIL 16, 1934.

The PRESIDENT,
The White House,
Washington, D.C.
(Through the Secretary of War.)

DEAR MR. PRESIDENT: Following my conference today with the Secretary of War on the excise tax on Philippine coconut oil, I am leaving this letter with him with the request that he be good enough to submit it to your distinguished consideration.

I desire to associate myself with Your Excellency, the Secretary of War and various Members of Congress in declaring that the excise tax in question is a violation of the terms, the spirit, and the plan of the Tydings-McDuffie Act, which the American Government has just offered the Filipino people as their new organic law, and as the covenant that shall govern the political and economic relations between the United States and the Philippines before complete Philippine independence is achieved.

If such violation is permitted to stand, I am afraid it would set a precedent for similar violations respecting other Philippine products, and that would simply mean inaugurating in the Philippines while still under the American Flag, the reign of poverty and penury, chaos and confusion, uncertainty and more uncertainty.

Philippine industries would be destroyed before they could even start an orderly readjustment, which in itself is a mighty difficult operation, from the present tariff-protected to the unprotected basis during the 10-year transition period contemplated in the Tydings-McDuffie Act.

Mr. President, as the CONGRESSIONAL RECORD will show, the coconut oil excise tax has been posed as a question of the American farmer versus the Filipino farmer, and Members of Congress were frank in saying that they were for the former. As the Philippines have no vote in Congress and not even a voice in the Senate, it was to be expected that a more judicial attitude would be taken on questions affecting the Philippines.

There are proofs overwhelming that between American agriculture and the Philippines there are infinitely more points of harmony and mutual benefit than competition and conflict. What is needed is a calm examination of their mutual interests.

In the debate in the Senate it was repeatedly stated that taxing the Philippine coconut oil is merely placing the Filipino copra producer on a comparable basis with the American farmer with respect to the processing tax under the A.A.A. May I point out the difference between the two cases by saying that the processing tax accrues directly to the American farmer while the coconut oil excise tax goes to the Philippine government, which, under the Norris amendment, is prohibited from subsidizing the coconut industry under penalty of forfeiting the tax.

The provision to give the tax that may be collected to the Philippine government does nothing but raise false hopes for more revenue. The rate of 5 cents a pound is equivalent to 130 percent ad valorem. The steep price increase would inevitably force the consumption of coconut oil in American industries to the very minimum. We have the word of the proponents of the tax that coconut oil is not indispensable except in certain industries which use perhaps less than 5 percent of the coconut oil now consumed.

The net effect of the tax would be to reduce the coconut oil and copra exports of the Philippines to the United States to a very small proportion of the present amounts and the corresponding increase of copra surplus in the Philippines for disposal at depressed prices in the markets of the world.

The Filipino copra producer would get less from his product than he is getting now, which is already near the starvation basis, and the Philippine government would not get the revenue, but instead would probably be the loser as its present substantial income from the sales' tax on copra and coconut oil suffers considerable diminution.

I am, therefore, urging you to take the necessary action not only to save a major industry in the Philippines but also to save the Tydings-McDuffie Act from virtual disintegration.

Faithfully yours,

PEDRO GUEVARA,
Resident Commissioner from the Philippine Islands.

Enclosure: New York Times Editorial, April 13, 1934.

Mr. McDUFFIE. I also set out below a letter from former Commissioner Quezon, now president of the Philippine Senate, to the Secretary of War.

WASHINGTON, D.C., *April 3, 1934.*

Hon. GEORGE H. DERN,
Secretary of War, Washington, D.C.

MY DEAR MR. SECRETARY: It has come to my attention that there is talk of a compromise whereby the excise taxes in section 602 of the 1934 revenue bill would be placed in line, according to the proponents of the idea, with the Tydings-McDuffie bill, by allowing the importation into the United States excise tax free of 200,000 long tons of coconut oil from the Philippines, 100,000 of which will enter in the form of copra and the other 100,000 tons in the form of oil.

Let me point out that this would be a most serious violation of the terms of the Tydings-McDuffie bill. The Tydings-McDuffie bill provides for the duty-free entry into the United States of 200,000 long tons of coconut oil in the form of oil and there is no question of a limitation on the amount of copra which can be shipped from the Philippines to the United States. I desire, first, to point out that if there is any such compromise made the Filipino should be allowed to ship in such oil as he supplies the United States with in the form of coconut oil. In other words, the Philippine mills must be allowed to produce this oil, thereby providing employment for Philippine labor and giving the Filipino the profit and the Philippine government the revenue from taxation, which will accrue from crushing the oil in the islands.

If the bill is so altered that we must ship both copra and oil into the United States, then the amount of business which can be done by our oil mills in the Philippines will be so small that they will not be able to carry on. The total amount of oil which we could ship to the United States under the Tydings-McDuffie bill would be 448,000,000 pounds. If this be cut in half, we could then ship only 224,000,000 pounds of oil, whereas our Philippine mills actually shipped to the United States last year in the form of oil 316,000,000 pounds.

We cannot agree to any limitation of the amount of copra which we can ship from the Philippines. The bill provides no such limitation, and it would be suicide for the Philippine copra producers if the amount which they could ship were limited to a quantity necessary to supply 100,000 long tons of oil to the United States in the form of copra.

I cannot too strongly impress upon you that, so long as the Filipino is producing more than 200,000 long tons of coconut oil per annum, or more than enough copra to supply this amount of oil, there is no means whereby the price of coconut oil to the Filipino can be increased to the point whereby he can collect any increase in price of Philippine coconut oil, even if 200,000 tons of Philippine coconut oil were exempted from the excise tax. This would be because the Filipino would be in no position to exact a higher price for his oil from the American buyer than he would from the buyer in other international markets. Before he would be in a position to exact this higher price he would

have to cut down sufficient of his trees so that he would be producing only 200,000 long tons of coconut oil per annum; and we cannot do this, as the farmers in our copra-producing provinces have no other means of earning their livelihood.

Last year the Philippines shipped to the United States alone in the form of coconut oil and oil in the form of copra, 600,000,000 pounds of oil. In addition to this we sold 30 percent of our copra in international markets. It is our surplus above the 200,000 long tons, which would set the price of our oil, and on the basis of United States importations alone you can see that for 1933 we had a surplus of 112,000,000 pounds of oil, and to this we would be obliged to add the oil in the copra exported to Europe and other copra-crushing regions.

Very respectfully,

MANUEL L. QUEZON.

Also a cablegram from American Chamber of Commerce at Manila:

SIGNAL CORPS, UNITED STATES ARMY,
Manila, April 4, 1934.

NLT SECRETARY WAR,
Washington, D.C.:

We cannot emphasize too strongly our conviction that excise tax coconut oil and copra will result in serious economic difficulties here and will be reflected not only through Filipino distress and actual suffering but in all American trade and activities. We feel this tax is unfair to islands, and its projected advantages are far outweighed by serious consequences involved. We rely on sense of justice of the Senate to prevent this discriminatory legislation against American soil.

AMERICAN CHAMBER OF COMMERCE.

The Governor General, Frank Murphy, on April 10, cabled the Secretary of War as follows:

APRIL 10.

SECRETARY WAR,
Washington, D.C.:

Reference your 161. Press dispatches indicate serious attention being given to an amendment exempting from the proposed excise tax 520,000,000 pounds or 232,100 long tons of Philippine coconut oil and/or equivalent Philippine copra. This low exemption would create a distinctly difficult situation in the Philippines due to the fact that we exported to the United States in 1933 155,019 long tons of oil and 204,713 long tons of copra, which at the accepted rate of extraction of 65 percent is equivalent to 133,063 long tons of oil, giving a total in terms of oil of 288,082 long tons. From the foregoing it will be seen that there will be a forced reduction of about 20 percent. I suggest the following be considered by the Secretary of War and by others to whom he wishes to refer the matter: The Philippine government's position is taken in consonance with the Tydings-McDuffie Act, which the Philippine government interprets as containing an implied guaranty that the Philippines will not suffer for the period of the act any greater economic restriction than those therein imposed. In respect to the coconut industry the Tydings-McDuffie Act is interpreted as guaranteeing the duty-free admission into the United States of 200,000 long tons of Philippine coconut oil and no limitation whatsoever on Philippine copra. The modification of the economic terms of this act by means of excise or other taxes either directly or indirectly will be interpreted as an infringement of the implied guaranties and will cause a concussion of economic and political motives which is highly undesirable. I believe that this viewpoint of the situation cannot be too strongly emphasized.

MURPHY.

I also quote the following letter to Senator HARRISON from the Secretary of War:

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.*

The New York Times said editorially of this provision of the tax bill:

The effect upon the Filipinos, if this breach of good faith is allowed to stand, will certainly be harmful. * * * Our Congress is indifferent to what may truthfully be called the "plighted word" of the United States Government.

The San Francisco Chronicle said of the plan to return to the Philippine government proceeds from the tax:

It does not in any way touch the evils that would flow from the levy. It would not save the Pacific coast coconut-oil-refining industry or the steamship lines between the islands and the United States or help the soap and cosmetic manufacturers that use coconut oil. Nor would it cure the injustice to the Philippines, which is its pretense, for it would do no good to the island coconut-oil producers put out of business. In the face of the opposition of the whole administration, from the President down, and of Secretary of Agriculture Wallace's considered statement that this prohibitive tax on coconut oil is not the answer to the dairyman's problem, the determination in Congress to jam this measure through becomes a very strange thing.

The South Bend Tribune had this to say:

From the Federal revenue viewpoint, there would be no material benefit in that taxation. The benefit promised to American agriculture is grossly exaggerated.

The New York Herald Tribune, in referring to the injustice of the act, said:

The iniquity of this act lies not only in its injustice, but in its cynicism. The ink is scarcely dry on the signature of the new independence bill, which specifically safeguards the Filipinos against the arbitrary closing of the American markets for Philippine products when the Senate passes this measure, which violates the basic principle underlying the independence bill. Its effect on the Filipino people may well be imagined. With one hand Congress offers independence in a form not desired by the Filipinos and with the other it destines them to ruin. The coconut industry has been built up on the American market, to which coconut oil has always had free entry.

I have quoted these statements, and let me say that there is no soap-manufacturing industry in my district, and most of my constituents are farmers, in an effort to call attention of the Congress and the country to the attitude in which we have placed ourselves, not only in the opinion of those of us in Congress who have given some thought and study to this problem, but it appears that many fair-minded citizens outside of the Congress believe that we are doing an un-American thing in an un-American way.

Mr. SAMUEL B. HILL. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, as I pointed out a few minutes ago when we had the conference report before us, that it was the largest tax measure in the peace-time history of our country and that we were, very largely, soaking the rich, and that as a result, there being so few rich people left, we will not receive the returns anticipated.

I think it is only fair, however, in discussing tax measures to let the people back home know the truth, and that is that while we are trying to raise money by soaking the rich we are at the same time soaking the poor, and even the unemployed. We are actually helping to destroy productive industry and retarding recovery. I present as my main witness the speech of Franklin D. Roosevelt made at Pittsburgh on October 19, 1932:

Taxes are paid in the sweat of every man who labors, because they are a burden on production and can be paid only by production. If excessive, they are reflected in idle factories, tax-sold farms, and hence in hordes of the hungry tramping the streets and seeking jobs in vain. Our workers may never see a tax bill, but they pay in deductions from wages, in increased cost of what they buy, or (as now) in broad cessation of employment. There is not an unemployed man, there is not a struggling farmer whose interest in this subject is not direct and vital. * * *

* * * If, like a spendthrift, it (the Government) throws discretion to the winds, is willing to make no sacrifice at all in spending, extends its taxing to the limit of the people's power to pay, and continues to pile up deficits, it is on the road to bankruptcy. * * *

This statement was made by Franklin D. Roosevelt as a candidate for the Presidency; and he goes on to say:

I shall approach the problem of carrying out the plain precept of our party, which is to reduce the cost of the current Federal Government operations by 25 percent. Of course, that means a complete realignment of the unprecedented bureaucracy that has assembled in Washington in the past 4 years.

* * * Now, I am going to disclose to you a definite personal conclusion which I adopted the day after I was nominated in Chicago. Here it is: Before any man enters my Cabinet he must give me a twofold pledge of—

(1) Absolute loyalty to the Democratic platform and especially to its economy plank.

(2) Complete cooperation with me, looking to economy and reorganization in his Department.

I regard reduction in Federal spending as one of the most important issues of this campaign. In my opinion, it is the most direct and effective contribution that Government can make to business.

That, of course, was a campaign speech. After he was elected to office, however, the President of the United States, instead of reducing Federal expenditures increased the national debt by $10,000,000,000, and has established 37 new Commissions, and employed some 40,000 more officeholders. This administration has entered upon an orgy of waste and extravagance, and the spending of billions of dollars on socialistic experiments without any knowledge or apparent care where the money was coming from to pay the bills. The American taxpayers have already been bled white and most sources of revenue have been exhausted. The only tax left is a 2-percent sales tax, and that is inevitable, although it will not come anywhere near balancing the Budget. The only way to balance the Budget is to stop the huge congressional appropriations to plow under and destroy crops and the birth control of pigs and other unsound experiments. This is what Governor Ely, of Massachusetts, has to say with regard to solving the problem we are now discussing—the way to reduce taxes, to encourage business, to employ those who are unemployed. The Governor of Massachusetts, an outstanding Democrat, said, only a few days ago:

If a rather complete abandonment of the very expensive measures for recovery were announced to the American people tomorrow, we would shortly see a return to normal conditions.

I submit that the Governor of Massachusetts is a fairly reputable and competent witness to present to this House. My argument is simply that we are not going to accomplish anything by soaking the rich. We are just driving them into tax-exempt securities by such a program. Yesterday the distinguished gentleman from Missouri [Mr. DICKINSON] reported unfavorably a resolution from his committee in which I had asked that the names of all those who have over $100,000 in tax-exempt securities should be made known. That resolution was reported adversely by the Ways and Means Committee; but, I submit, that if you want some kind of constructive action, pass a resolution providing for a constitutional amendment before we adjourn doing away with tax-exempt securities. [Applause.]

Mr. SAMUEL B. HILL. Mr. Speaker, I yield 5 minutes to the gentleman from Wisconsin [Mr. O'MALLEY].

Mr. O'MALLEY. Mr. Speaker, I offered my preferential motion to recede and concur in the Senate amendment because I believe the American people cannot be fooled by political byplay on the tax question.

This Congress has obligated the American people to pay millions and millions of dollars for the recovery program. Any man or woman in this country who objects to paying 10 percent additional on his or her income tax for a year or two when they are fortunate enough in these times to have an income on which to pay a tax is not patriotically in support of the recovery program.

The political thing to do, of course, is to tell the voters back home in the coming campaign, "I spent all kinds of money for you; I gave you everything for which you asked, and then I refused to make sufficient provision for paying the bills."

It is the duty of the Congress to levy taxes in sufficient amount to pay not only the ordinary and necessary expenses of government but also the extraordinary and emergency expenses such as the cost of the depression and our legislative attempts to overcome it. Likewise, it is the duty of the Congress to be fair with the American people and not put them in the position of contracting debts and then refusing to raise the money to pay them. I believe that the people of this country want to pay for the things they get from government as they go along and not live beyond their means. Naturally, it is a nice thing to vote huge appropriations for C.W.A., P.W.A., A.A.A., and all other activities designed to give employment and take us out of the depression. It is a difficult thing in the face of a campaign, after 2 years of appropriation making, to turn around and render the bill, but the bill must be rendered and no fair-minded person, in my opinion, objects to paying a small additional tax for the benefits the recovery program has brought about so far.

Of course, the political thing to do is to vote for all appropriations and against all taxes, but that is not the practical, the honest, the courageous, or the fair thing to do if the American people hope to be kept a solvent Nation and the Budget is to be balanced and stay balanced.

Mr. TRUAX. Will the gentleman yield?

Mr. O'MALLEY. I yield to the gentleman from Ohio for a question.

Mr. TRUAX. Does the gentleman realize that 95 percent of the people of this country pay no income tax? The gentleman from New York says that this is a plan to soak the rich. If so, 95 percent of the men on this side ought to vote for it and a good many on that side.

Mr. O'MALLEY. This question of soaking the rich is entirely aside from the question of taxing the people who have the income. If we do not tax the people who have money, who are we going to tax? Where are we to get the money? How are we going to pay our way as we go along? Are we going to adopt the honest policy of paying our way as we go, or are we going to continue to make political thunder out of tax bills by authorizing all sorts of expenditures on one hand but on the other hand tell the citizens of this Nation that these expenditures do not have to be met by taxes?

I cannot imagine anyone unwilling to contribute 10 percent additional on any income they are fortunate enough to be able to pay in the next 2 years in order to help the American people get back on their feet. I think every man in this Congress would be willing to do that part to help meet our national burden. If we want to go into a campaign and say that we prevented higher taxes, that would make a very nice campaign talk, but in the face of our huge expenditures we would be insincere and not accepting our constitutional duty to keep our country a solvent nation. I do not think we could go to the American people on that kind of an issue and get reelected, if it is reelection we are seeking by defeating this 10-percent emergency tax. If at any time this emergency tax provides too much revenue, the Congress meets again next January and it can be taken from the bill. If the revenues under the bill justify it, and the Director of the Budget so advises, this tax can be eliminated only 8 months or so from now. But in the meantime, with this emergency tax provision we are playing fair with the people and providing some of the means to pay our way as we go along and pay the interest on these billions of dollars of bonds that have been issued to bring about recovery and employment. I do not believe there is anyone in this country who is not willing to pay 10 percent added income tax when they have a job and an income sufficient to pay taxes on at all. If anyone is unwilling to do that much to continue our remarkable progress toward the day when every man is employed, then we are indeed a nation of selfish individuals.

If a man is fortunate enough, with 10,000,000 unemployed still walking the streets of this country, to have an income sufficiently large to pay $25 taxes to the Government under the ordinary rates of this bill, I cannot conceive of his objection to paying $2.50 additional for a year or two to help continue a program that will mean the eventual employment of these still jobless 10,000,000 of our fellow Ameri-

cans. Of course, 10-percent additional tax on a man who pays a tax of a million dollars is $100,000 more than he will pay if this amendment is defeated; but $100,000 additional taxes, if distributed in C.W.A. or P.W.A. work, would employ 100 heads of dependent families for 1 year at $1,000. This is twice as much wages as is enjoyed by 50 percent of even the workers now employed in this country, if statistics are worth anything.

Mr. BOYLAN. Will the gentleman yield?

Mr. O'MALLEY. I yield to the gentleman from New York.

Mr. BOYLAN. The gentleman knows that the bill before us contains an increase of approximately 50 percent over the bill which passed the House.

Mr. O'MALLEY. I hope it will amount to a 50-percent increase in revenue when the taxes are finally collected, because if it does not we will certainly have a badly unbalanced Budget.

Mr. BOYLAN. Is that not enough, without adding another 10 percent? There is added 50 percent to the bill as it passed the House.

Mr. O'MALLEY. The gentleman does not object to contributing 10 percent additional to his taxes in order to pay for the various things which we have obligated the American people to pay for?

Mr. BOYLAN. The gentleman is contributing 50 percent in comparison to the bill passed by the House.

Mr. O'MALLEY. I cannot agree with the gentleman.

Mr. BOYLAN. If the gentleman will compare the bills, he will see that that is true.

Mr. O'MALLEY. The bill as passed by the House did not provide enough to pay for the ordinary expenses of running the Government.

Mr. BOYLAN. We had a very competent subcommittee of our Ways and Means Committee working on the matter, and they said it was sufficient.

Mr. O'MALLEY. We have a better bill now than when it left the House. As it originally came before us under the gag rule, it lowered taxes on incomes in which our own salaries are involved. This emergency tax would, of course, nullify in part that reduction.

Mr. BOYLAN. Does the gentleman think it is correct to write a revenue bill on the floor?

Mr. O'MALLEY. That is where it should be written—on the floor—if the intent and purpose of the Constitution giving the whole Congress the right to express itself on taxes is to be preserved without gag rules preventing all the Representatives of all the people expressing themselves directly on the vital proposition of taxation.

Mr. SAMUEL B. HILL. Mr. Speaker, I yield 5 minutes to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. Mr. Speaker, of course, it is always unpopular to vote for a tax bill, but the taxes which are being levied in this bill are not being placed upon the American people today when we pass the bill. They are placed upon the shoulders of the American people when Congress, time without number, continued to pass appropriation bills without regard to how the money was to be obtained. It is very easy to pass appropriation bills because we can always find people who want money from the Treasury of the United States, but it is exceedingly difficult to pass a tax bill because we cannot find anyone who wants to pay taxes.

The Couzens amendment in the Senate puts an unbearable tax burden upon the American people, but forget not the fact it is not a starter of the tax burden that is going to be put upon the backs of the American people in order to pay off the debts which this Congress has already incurred. [Applause.] Talk about this being a high tax bill! The total amount of new revenue is $480,000,000, even with the Couzens amendment; yet this Congress has increased the expenditures of government more than $480,000,000 during this session, and when we came here the Government was running behind.

We hear much talk about the evil of tax-exempt securities. It is not the man or the woman who buys the tax-exempt securities who is responsible for the tax-exempt securities. It is the Congress that will make appropriations and then not provide the revenue with which to meet the appropriations. Congress is responsible for the tax-exempt securities. The tax-exempt securities in this country today are held by people who are not meeting their responsibility in government, and that is a responsibility that is upon the shoulders of every Member of Congress who has sat here and made appropriations without providing the revenue with which to meet them. Every dollar of deficit must of necessity mean a dollar of tax-exempt securities. Today somewhere between 25 and 30 percent of the property of this country is tax exempt, and the percentage is increasing day by day, because Congress insists upon making appropriations without providing the revenue with which to meet them. This bill does not meet all of our appropriations; however, it helps toward paying our way.

I am going to vote for this amendment, not because I like to but because it is on the way to a balanced Budget. With the appropriations already made, remember this, the day is never coming when America is going to collect enough money from the income tax to liquidate. The sales tax is already ordained and there is no way to escape it, because Congress has made appropriations and has not provided revenue with which to meet them.

England has balanced her budget and is on her way to prosperity, and this country will never be on its way to prosperity until America balances its Budget. The unemployed are never going to be put back to work until the Government of the United States is a solvent institution, and before that day comes some Congress is going to have the courage to pass a tax bill much greater than this one.

We should not turn down even the Couzens amendment, because it points the way, at least, to sound finance, and sound finance alone points the way to a return to prosperity in this country of yours and mine; and if this be not true, then all the wisdom of the ages has been repudiated overnight. [Applause.] I thank you.

Mr. SAMUEL B. HILL. Mr. Speaker, I yield 5 minutes to the gentleman from Maryland [Mr. LEWIS].

Mr. LEWIS of Maryland. Mr. Speaker, I do not rise with the thought that I have any special information to contribute to this discussion. Indeed, I am claiming your attention for only a moment to speak through the voice of duty on this occasion.

Let us not forget that we, more responsible than any other body under the flag for the success of our institutions, have duties to perform; and one of the duties—it ought not to be an unpleasant duty—is to match the revenue for payment with obligations we, ourselves, have contracted. Within a month a vote was taken in this body by which some $200,000,000 was added to the obligations of the Treasury. We promised to pay that much more to our former soldiers and to the servants of the Republic. If this Couzens amendment prevails, it can add not more than some $50,000,000 to the revenues in discharge of the duty we then imposed upon the Treasury. Are we going to discharge that duty?

Let us not forget a most important thing. This country is hanging now from a single thread, the thread of confidence, which still holds, in the credit of the Government of the United States. If that thread breaks, God only knows what may become of us.

This factor of confidence I know is an invisible one, like the blessed atmosphere that sustains our lives. It is invisible, yes, but it is factual and indispensable and anything we may do to build up that confidence will contribute to the restoration for which we are striving and praying. Meanwhile the duty we fail to discharge which weakens that confidence is but applying a sharp blade to the thread of Government credit which still sustains our hopes.

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. LEWIS of Maryland. I do not have time. I thank the gentleman instead for his most courageous and timely address.

Now, with respect to the burden—let us speak sincerely about the burden—this alleged burden upon the small taxpayer. Take the case of a married couple in the United

States, with no children, having a net income of $3,000. Their tax under existing law is but $20 and in this conference report it is reduced to $8. In Great Britain the same couple would pay, not $8 or $20, but $318. The flag that flies over the Empire of Great Britain does not fly over a chancelry its House of Commons has consigned to the "red." Let that House of Commons be an example for this House of Commons this very day. [Applause.]

Mr. SAMUEL B. HILL. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. TRUAX].

Mr. TRUAX. Mr. Speaker, I was interested in the remarks made by the distinguished gentleman from Maryland when he spoke about the enormous debt burden hanging on the people of this country. This burden hangs most heavily on the man or the woman who has not income sufficient to pay Federal income taxes.

I can take you into 80 counties in my State of Ohio, and you cannot find a dozen men or women in those counties who have incomes of $3,000 a year. You probably noted the headlines in this afternoon's paper, the Wall Street brokers make $2,000,000,000 while the investors lose $65,000,000. This is the sword of Damocles that is hanging over our heads today. They did not pay taxes on that $2,000,000,000 which they made. J. P. Morgan did not pay his taxes, Kuhn-Loeb did not pay their taxes, nor did the Lamonts and the rest of the multimillionaire racketeers and pirates of Wall Street. I say to you if you go on much longer, if you leave this enormous debt load on the shoulders of the farmer whom we seek to relieve by the passage of the Frazier bill, if you leave this tremendous debt load on the shoulders of laboring men and of small business men who have their life savings tied up in closed banks, whom we seek to relieve with the McLeod bill, which is opposed in this House you will meet disaster. Whenever you get down to the crux of this problem and give the people the kind of money they formerly had and that they want now—silver—whenever you tax every fortune over $1,000,000, 95 percent and whenever you take a fortune like Richard Mellon's, who died with $200,000,000, and authorize the Government to take $190,000,000 of that fortune and leave $10,000,000 to his offspring who never earned a dollar of it, then you will be getting to the base of the tax problem of this great country of ours.

And when I hear gentlemen on this floor whose incomes I have no doubt run away up beyond $100,000 making complaints and crying about a little, lousy, measly increase of 10 percent on their enormous incomes, it reminds me of the time when I used to feed hogs on my farm—you always found a few who had longer snouts, more drive and push, guzzling all the swill in the trough. [Laughter.]

That is the situation of the aristocratic wealth in this country today. They oppose the Frazier-Lemke bill, they oppose the McLeod bill, they oppose all labor bills, and ask you to deliver hog-tied, gagged, and bound the 120,000,000 people to the tender mercies of the Wall Street crowd for all time to come.

That is not my idea of a tax bill. Who opposes this? Not the farmer, not the wage earners, but it is opposed by some insidious lobby down here trying to pull the teeth and clip the claws of the Fletcher-Rayburn stock bill. I want to compliment SAM RAYBURN for his courage and tenacity in framing the language of his bill so that it will pull the teeth and clip the wings of the Wall Street pirates. [Applause.]

That same group, my friends, are today opposing the petition to discharge the committee on the McLeod bill.

Personally I am a poor man wholly dependent upon my salary to keep my family and myself. I have always had to work for a living. Despite this, I am willing to pay the extra 10 percent that the Senate amendment will cost me, if by so doing I can relieve to that humble extent the tax burden that has crushed some poor devil to the ground. I am willing to pay my 10 percent if by so doing I can extract 10 percent more of the huge fortunes of the idle rich.

Back in 1870 Mr. Carlyle said there were only two classes of people—first, the idle holders of idle capital and, second, the struggling masses who create all of the wealth, and in the final analysis, pay all of the taxes. I belong to the struggling masses. I am not attempting to fool myself as to what class I belong to. I know what hardship is. I know what poverty is, and I know what it is to lie awake at night worrying and racking my brain how to pay interest, and how to meet notes of the money lenders and Shylocks the next day.

Therefore, in this fight, I am speaking for the struggling masses. I am championing the rights of the broken-down farmer, the unemployed wageworker, the bankrupted small business man, the veterans of the Spanish-American War, the veterans of the World War. I am speaking for the 8,000,000 or 10,000,000 men who are yet unemployed, and who must depend on Government doles or charity to support themselves and their families.

It is with extreme regret that I must add that at the present moment these struggling masses still lie stricken before the mailed fists of the money kings of Wall Street, of the big bank racketeers in your State and in my State, and of the most offensive, the most ruthless, the most indefensible of all, the international banking racketeers, who now seek to regain the special privilege and right to rob and plunder the masses which was lost to them by legislation passed by this Congress under the leadership, and upon the insistence of that great friend of the common people, President Franklin D. Roosevelt.

Today we are confronted in glaring headlines of the nawspapers by the astounding information that the stock brokers of Wall Street made $833,000,000, while the investing public, known to these buccaneers on the high seas of finance as "lambs" and "suckers", lost more than $65,000,000 from 1928–33, the same period during which the Wall Street brokers made gross profits of more than $2,000,000,000 on the stock exchange.

Gross receipts of some exchange houses during that period would include that effervescent boom years of 1925–29, and the tail-spin that followed totaled $2,153,218,671. Expenses were $1,262,007,668, leaving a net profit to the Wall Street dealers of $891,211,003. Deducting $102,838,240 in bad accounts, the actual net earnings were $788,372,763. If the $44,794,923 net profits of the odd-lot firms are added, the total would be $833,167,686.

All of these figures are given by that fearless and courageous investigator, Ferdinand Pecora.

During this period of debauchery of the public purse these Wall Street crooks spent $1,000,000 on what they called public relations. I would call it public bribes and hush money. This enormous amount of ill-gotten money was accumulated by the brokers through their commissions on the sale of stock. These amounted to nearly one billion five hundred and three million. Then like the Shylocks of old they collected usurious interest amounting to nearly $320,000,000.

In addition to that, New York Stock Exchange members operating as individuals obtained gross profits of $92,723,731. Their net profits were $72,885,461. These are some of the vulgar buzzards who have been lobbying for weeks against the Fletcher-Rayburn bill. They infest the National Capitol like a horde of Egyptian locusts. To be approached by one of these vampires is tantamount to an insult to your intelligence, integrity, and honesty. Personally, if one of them should approach me, instead of playing the Good Samaritan act and turning the other cheek to be smacked, I would make these smackers think they had been "smuck" with a Florida hurricane.

This crowd of modern John Silvers are still looking for more treasure, more loot, more plunder. They oppose this amendment to levy 10 percent more taxes on their stolen fortunes. They organized the National Economy League to rob the soldier, slander his memory, and debauch his widow and orphan. They oppose the soldiers' bonus. They oppose the McLeod bill, which proposes to pay off depositors in

closed banks. They oppose my bill which is based on the principles of the McLeod bill, but which limits pay-offs in full to $2,500 and includes all banks, including State banks and other member banks of the Federal Reserve System. This would be helping the common people, so they oppose it.

They confidently boast that there will be no inflation or expansion of the currency in this session of Congress. Hence they can go ahead with their legalized economic murder and slaughter of distressed farmers and unemployed workmen.

They are confiscating and stealing the homes of these worthy people at the rate of 3,000 each time the sun rises and sets. That is why they oppose all inflationary measures, and all measures that will plant money down at the grass roots of agricultural and industrial production. [Applause.]

[Here the gavel fell.]

Mr. SAMUEL B. HILL. Mr. Speaker, a parliamentary inquiry. The question is on receding and concurring in amendment no. 13 on the motion of the gentleman from Wisconsin.

The SPEAKER. That is right.

Mr. SAMUEL B. HILL. If that motion should be voted down, then the question would recur on my motion to insist on the disagreement.

The SPEAKER. That is correct.

Mr. SAMUEL B. HILL. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the motion of the gentleman from Wisconsin [Mr. O'MALLEY] to recede and concur.

The question was taken; and on a division (demanded by Mr. O'MALLEY) there were 45 ayes and 167 noes.

Mr. O'MALLEY. Mr. Speaker, I ask for the yeas and nays.

The question of ordering the yeas and nays was taken, and 32 Members arose.

The SPEAKER. Not a sufficient number, and the yeas and nays are refused.

So the motion of Mr. O'MALLEY was rejected.

Mr. SAMUEL B. HILL. Mr. Speaker, I move that the House insist on its disagreement to amendment no. 13, and on that I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. BOYLAN. A parliamentary inquiry, Mr. Speaker.

The SPEAKER. The gentleman will state it.

Mr. BOYLAN. As I understand, the question recurs on the motion that the House insist on its disagreement to amendment 13.

The SPEAKER. That is correct.

Mr. O'MALLEY. And an "aye" vote is to insist upon the disagreement.

The SPEAKER. The gentleman is correct.

The question was taken; and there were—yeas 283, nays 77, not voting 70, as follows:

[Roll No. 135]

YEAS—283

Adair	Brown, Ga.	Coffin	Doughton
Adams	Brown, Mich.	Colden	Doxey
Allen	Brunner	Cole	Drewry
Andrew, Mass.	Buchanan	Collins, Miss.	Driver
Andrews, N.Y.	Buck	Colmer	Duffey
Arnold	Bulwinkle	Condon	Duncan, Mo.
Ayres, Kans.	Burnham	Connery	Durgan, Ind.
Bacharach	Byrns	Connolly	Eagle
Bacon	Cady	Cooper, Ohio	Eaton
Bailey	Caldwell	Cooper, Tenn.	Edmiston
Bakewell	Carden, Ky.	Cox	Edmonds
Bankhead	Carmichael	Cross, Tex.	Eicher
Beedy	Carpenter, Kans.	Crowther	Ellenbogen
Beiter	Carter, Calif.	Culkin	Ellzey, Miss.
Berlin	Carter, Wyo.	Cullen	Eltse, Calif.
Biermann	Cartwright	Cummings	Englebright
Black	Castellow	Darden	Evans
Blanchard	Chapman	Darrow	Faddis
Bland	Chase	Dear	Fernandez
Blanton	Chavez	Deen	Fiesinger
Bloom	Christianson	Delaney	Fish
Boehne	Church	De Priest	Fitzgibbons
Bolton	Claiborne	DeRouen	Fitzpatrick
Boylan	Clark, N.C.	Dies	Flannagan
Brennan	Clarke, N.Y.	Dirksen	Focht
Britten	Cochran, Mo.	Dobbins	Ford
Brooks	Cochran, Pa.	Dockweiler	Foss
Foulkes	Knutson	O'Connell	Spence
Frey	Kocialkowski	O'Connor	Steagall
Fuller	Kopplemann	Oliver, N.Y.	Stokes
Gambrill	Lamneck	Owen	Strong, Pa.
Gavagan	Lanham	Palmisano	Stubbs
Gifford	Lanzetta	Parker	Studley
Gillespie	Larrabee	Parks	Sumners, Tex.
Gillette	Lea, Calif.	Parsons	Sutphin
Glover	Lehlbach	Patman	Swick
Goldsborough	Lehr	Perkins	Tarver
Goodwin	Lewis, Colo.	Peterson	Taylor, Colo.
Goss	Lindsay	Pettengill	Terrell, Tex.
Granfield	Luce	Peyser	Terry, Ark.
Gregory	Ludlow	Plumley	Thom
Griffin	McCarthy	Powers	Thomas
Haines	McCormack	Ramsay	Thomason
Hancock, N.Y.	McDuffie	Ramspeck	Thompson, Ill.
Hancock, N.C.	McFadden	Randolph	Tinkham
Hart	McGrath	Rankin	Traeger
Harter	McKeown	Ransley	Treadway
Hartley	McLean	Rayburn	Umstead
Hastings	McLeod	Reece	Utterback
Healey	McReynolds	Reed, N.Y.	Vinson, Ga.
Higgins	Maloney, Conn.	Rich	Vinson, Ky.
Hill, Samuel B.	Maloney, La.	Richards	Walter
Hoeppel	Mansfield	Richardson	Warren
Holdale	Marshall	Robertson	Wearin
Hollister	Martin, Mass.	Robinson	Weaver
Holmes	Martin, Oreg.	Rogers, Mass.	Werner
Howard	May	Rogers, N.H.	West, Ohio
Jacobsen	Mead	Rudd	West, Tex.
Jenkins, Ohio	Meeks	Sabath	White
Johnson, Tex.	Merritt	Sanders	Whitley
Johnson, W.Va.	Millard	Sandlin	Whittington
Jones	Milligan	Schulte	Wigglesworth
Kahn	Montague	Sears	Wilcox
Kee	Montet	Seger	Williford
Kelly, Ill.	Moran	Shallenberger	Wilson
Kennedy, Md.	Morehead	Shannon	Wolcott
Kennedy, N.Y.	Moynihan, Ill.	Sisson	Wolfenden
Kenney	Musselwhite	Smith, Va.	Wolverton
Kinzer	Nesbit	Snell	Wood, Ga.
Kleberg	Norton	Snyder	Wood, Mo.
Kloeb	O'Brien	Somers, N.Y.	

NAYS—77

Arens	Greenway	McClintic	Secrest
Ayers, Mont.	Harlan	McFarlane	Shoemaker
Boileau	Henney	McGugin	Sinclair
Brown, Ky.	Hildebrandt	Mapes	Sirovich
Burke, Nebr.	Hill, Knute	Martin, Colo.	Smith, Wash.
Cannon, Mo.	Hope	Miller	Strong, Tex.
Cannon, Wis.	Hughes	Mitchell	Taylor, Tenn.
Carpenter, Nebr.	Imhoff	Monaghan, Mont.	Thurston
Cravens	James	Mott	Truax
Crosser, Ohio	Johnson, Minn.	Murdock	Turner
Dickinson	Johnson, Okla.	O'Malley	Wallgren
Dingell	Kniffin	Peavey	Weideman
Dondero	Kvale	Pierce	Williams
Dowell	Lambeth	Polk	Withrow
Dunn	Lee, Mo.	Reilly	Woodruff
Fletcher	Lemke	Rogers, Okla.	Young
Frear	Lesinski	Romjue	Zioncheck
Gilchrist	Lewis, Md.	Ruffin	
Gray	Lozier	Sadowski	
Green	Lundeen	Schuetz	

NOT VOTING—71

Abernethy	Crosby	Jeffers	Simpson
Allgood	Crowe	Jenckes, Ind.	Smith, W.Va.
Auf der Heide	Crump	Keller	Stalker
Beam	Dickstein	Kelly, Pa.	Sullivan
Beck	Disney	Kerr	Swank
Boland	Ditter	Kramer	Sweeney
Browning	Douglass	Kurtz	Taber
Brumm	Doutrich	Lambertson	Taylor, S.C.
Buckbee	Farley	Lloyd	Thompson, Tex.
Burch	Fulmer	McMillan	Tobey
Burke, Calif.	Gasque	McSwain	Turpin
Busby	Greenwood	Marland	Underwood
Carley, N.Y.	Griswold	Muldowney	Wadsworth
Cary	Guyer	Oliver, Ala.	Waldron
Cavicchia	Hamilton	Prall	Welch
Celler	Hess	Reid, Ill.	Woodrum
Collins, Calif.	Hill, Ala.	Schaefer	
Corning	Huddleston	Scrugham	

So the motion to further insist on the disagreement of the House to Senate amendment no. 13 was agreed to.

The Clerk announced the following pairs:

Additional general pairs:

Mr. Corning with Mr. Wadsworth.
Mr. Woodrum with Mr. Hess.
Mr. Sullivan with Mr. Ditter.
Mr. Farley with Mr. Muldowney.
Mr. Celler with Mr. Cavicchia.
Mrs. Jenckes of Indiana with Mr. Doutrich.
Mr. Crowe with Mr. Brumm.
Mr. Kramer with Mr. Taber.
Mr. Carley of New York with Mr. Buckbee.
Mr. Swank with Mr. Tobey.
Mr. Browning with Mr. Waldron.
Mr. Prall with Mr. Kurtz.
Mr. Gasque with Mr. Turpin.
Mr. Taylor of South Carolina with Mr. Beck.

Mr. Auf der Heide with Mr. Collins of California.
Mr. Douglass with Mr. Kelly of Pennsylvania.
Mr. Underwood with Mr. Guyer.
Mr. Montague with Mr. Lambertson.
Mr. McSwain with Mr. Simpson.
Mr. Oliver of Alabama with Mr. Reid of Illinois.
Mr. Greenwood with Mr. Stalker.
Mr. McMillan with Mr. Welch.
Mr. Burch with Mr. Scrugham.
Mr. Keller with Mr. Kerr.
Mr. Disney with Mr. Lloyd.
Mr. Fulmer with Mr. Schaefer.
Mr. Sweeney with Mr. Thompson of Texas.
Mr. Griswold with Mr. Marland.
Mr. Busby with Mr. Smith of West Virginia.
Mr. Abernethy with Mr. Allgood.
Mr. Jeffers with Mr. Beam.
Mr. Huddleston with Mr. Cary.
Mr. Dickstein with Mr. Hamilton.
Mr. Boland with Mr. Crosby.
Mr. Hill of Alabama with Mr. Burke of California.

Mr. DONDERO changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

Mr. JOHNSON of Oklahoma. Mr. Speaker, my colleague from Oklahoma [Mr. SWANK] is unavoidably detained on account of illness.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Page 1, after line 5, strike out the table of contents as follows:

"TABLE OF CONTENTS

"TITLE I. INCOME TAX

"*Subtitle A. Introductory provisions*

"Section 1. Application of title.
"Section 2. Cross-references.
"Section 3. Classification of provisions.
"Section 4. Special classes of taxpayers.

"*Subtitle B. General provisions*

"Part I. Rates of tax

"Section 11. Normal tax on individuals.
"Section 12. Surtax on individuals.
"Section 13. Tax on corporations.

"Part II. Computation of net income

"Section 21. Net income.
"Section 22. Gross income.
"Section 23. Deductions from gross income.
"Section 24. Items not deductible.
"Section 25. Credits of individual against net income.

"Part III. Credits against tax

"Section 31. Taxes of foreign countries and possessions of United States.
"Section 32. Taxes withheld at source.
"Section 33. Credit for overpayments.

"Part IV. Accounting periods and methods of accounting

"Section 41. General rule.
"Section 42. Period in which items of gross income included.
"Section 43. Period for which deductions and credits taken.
"Section 44. Installment basis.
"Section 45. Allocation of income and deductions.
"Section 46. Change of accounting period.
"Section 47. Returns for a period of less than 12 months.
"Section 48. Definitions.

"Part V. Returns and payment of tax

"Section 51. Individual returns.
"Section 52. Corporation returns.
"Section 53. Time and place for filing returns.
"Section 54. Records and special returns.
"Section 55. Publicity of returns.
"Section 56. Payment of tax.
"Section 57. Examination of return and determination of tax.
"Section 58. Additions to tax and penalties.
"Section 59. Administrative proceedings.

"Part VI. Miscellaneous provisions

"Section 61. Laws made applicable.
"Section 62. Rules and regulations.
"Section 63. Taxes in lieu of taxes under 1932 act.
"Section 64. Short title.

"*Subtitle C. Supplemental provisions*

"Supplement A. Rates of tax

"Section 101. Exemptions from tax on corporations.
"Section 102. Tax on personal holding companies.
"Section 103. Tax on other corporations improperly accumulating surplus.
"Section 104. Tax on citizens and corporations of certain foreign countries.

"Supplement B. Computation of net income

"Section 111. Determination of amount of, and recognition of, gain or loss.
"Section 112. Recognition of gain or loss.
"Section 113. Adjusted basis for determining gain or loss.
"Section 114. Basis for depreciation and depletion.
"Section 115. Distributions by corporations.
"Section 116. Exclusions from gross income.
"Section 117. Capital gains and losses.
"Section 118. Loss from wash sales of stock or securities.
"Section 119. Income from sources within United States.
"Section 120. Unlimited deduction from charitable and other contributions.

"Supplement C. Credits against tax

"Section 131. Taxes of foreign countries and possessions of United States.

"Supplement D. Returns and payment of tax

"Section 141. Consolidated returns of corporations.
"Section 142. Fiduciary returns.
"Section 143. Withholding of tax at source.
"Section 144. Payment of corporation income tax at source.
"Section 145. Penalties.
"Section 146. Closing by Commissioner of taxable year.
"Section 147. Information at source.
"Section 148. Information by corporations.
"Section 149. Returns of brokers.
"Section 150. Collection of foreign items.

"Supplement E. Estates and trusts

"Section 161. Imposition of tax.
"Section 162. Net income.
"Section 163. Credits against net income.
"Section 164. Different taxable years.
"Section 165. Employees' trusts.
"Section 166. Revocable trusts.
"Section 167. Income for benefit of grantor.
"Section 168. Taxes of foreign countries and possessions of United States.

"Supplement F. Partnerships

"Section 181. Partnership not taxable.
"Section 182. Tax of partners.
"Section 183. Computation of partnership income.
"Section 184. Credits against net income.
"Section 185. Earned income.
"Section 186. Taxes of foreign countries and possessions of United States.
"Section 187. Partnership returns.
"Section 188. Different taxable years of partner and partnership.

"Supplement G. Insurance companies

"Section 201. Tax on life-insurance companies.
"Section 202. Gross income of life-insurance companies.
"Section 203. Net income of life-insurance companies.
"Section 204. Insurance companies other than life or mutual.
"Section 205. Taxes of foreign countries and possessions of United States.
"Section 206. Computation of gross income.
"Section 207. Mutual insurance companies other than life.

"Supplement H. Nonresident alien individuals

"Section 211. Gross income.
"Section 212. Deductions.
"Section 213. Credits against net income.
"Section 214. Allowance or deductions and credits.
"Section 215. Credits against tax.
"Section 216. Returns.
"Section 217. Payment of tax.

"Supplement I. Foreign corporations

"Section 231. Gross income.
"Section 232. Deductions.
"Section 233. Allowance of deductions and credits.
"Section 234. Credits against tax.
"Section 235. Returns.
"Section 236. Payment of tax.
"Section 237. Foreign insurance companies.
"Section 238. Affiliation.

"Supplement J. Possessions of the United States

"Section 251. Income from sources within possessions of United States.
"Section 252. Citizens of possessions of United States.

"Supplement K. China Trade Act corporations

"Section 261. Credit against net income.
"Section 262. Credits against the tax.
"Section 263. Affiliation.
"Section 264. Income of shareholders.

"Supplement L. Assessment and collection of deficiencies

"Section 271. Definition of deficiency.
"Section 272. Procedure in general.
"Section 273. Jeopardy assessments.
"Section 274. Bankruptcy and receiverships.
"Section 275. Period of limitation upon assessment and collection.
"Section 276. Same; exceptions.
"Section 277. Suspension of running of statute.

"Supplement M. Interest and additions to the tax

"Section 291. Failure to file return.
"Section 292. Interest on deficiencies.
"Section 293. Additions to the tax in case of deficiency.
"Section 294. Additions to the tax in case of nonpayment.

"Section 295. Time extended for payment of tax shown on return.
"Section 296. Time extended for payment of deficiency.
"Section 297. Interest in case of jeopardy assessments.
"Section 298. Bankruptcy and receiverships.
"Section 299. Removal of property or departure from United States.
"Supplement N. Claims against transferees and fiduciaries
"Section 311. Transferred assets.
"Section 312. Notice of fiduciary relationship.
"Supplement O. Overpayments
"Section 321. Overpayment of installment.
"Section 322. Refunds and credits.
"TITLE II. AMENDMENTS TO ESTATE TAX
"Section 401. Revocable trusts.
"Section 402. Prior taxed property.
"Section 403. Citizenship and residence of decedents.
"TITLE III. AMENDMENTS TO PRIOR ACTS AND MISCELLANEOUS
"Section 501. Period for petition to board under prior acts.
"Section 502. Recovery of amounts erroneously refunded.
"Section 503. Statute of limitations on suits for refund.
"Section 504. Overpayments found by the Board of Tax Appeals.
"Section 505. Bankruptcy and receiverships.
"Section 506. Retroactivity of regulations, rulings, etc.
"Section 507. Examination of books and witnesses.
"Section 508. Sale of personal property under distraint.
"Section 509. Discharge of liens.
"Section 510. Jeopardy assessments.
"Section 511. Gifts of property subject to power.
"Section 512. General counsel for the Treasury.
"Section 513. Assistants in the Treasury.
"Section 514. Penalties and awards to informers with respect to illegally produced petroleum.
"Section 515. Postal rates.
"TITLE IV. EXCISE TAXES
"Section 601. Fruit-juice tax.
"Section 602. Tax on certain oils.
"Section 603. Taxes on lubricating oil and gasoline.
"Section 604. Tax on production of crude petroleum.
"Section 605. Tax on refining of crude petroleum.
"Section 606. Termination of bank-check tax.
"TITLE V. GENERAL PROVISIONS
"Section 701. Definitions.
"Section 702. Separability clause.
"Section 703. Effective date of act."

and insert in lieu thereof the following:

"TABLE OF CONTENTS

"TITLE I. INCOME TAX

"*Subtitle A. Introductory provisions*

"Section 1. Application of title.
"Section 2. Cross-references.
"Section 3. Classification of provisions.
"Section 4. Special classes of taxpayers.

"*Subtitle B. General provisions*

"Part I. Rates of tax

"Section 11. Normal tax on individuals.
"Section 12. Surtax on individuals.
"Section 13. Tax on corporations.
"Section 14. Increase of tax for 1934.

"Part II. Computation of net income

"Section 21. Net income.
"Section 22. Gross income.
"Section 23. Deductions from gross income.
"Section 24. Items not deductible.
"Section 25. Credits of individual against net income.
"Section 26. Credits of corporation against net income.

"Part III. Credits against tax

"Section 31. Taxes of foreign countries and possessions of United States.
"Section 32. Taxes withheld at source.
"Section 33. Credit for overpayments.

"Part IV. Accounting periods and methods of accounting

"Section 41. General rule.
"Section 42. Period in which items of gross income included.
"Section 43. Period for which deductions and credits taken.
"Section 44. Installment basis.
"Section 45. Allocation of income and deductions.
"Section 46. Change of accounting period.
"Section 47. Returns for a period of less than 12 months.
"Section 48. Definitions.

"Part V. Returns and payment of tax

"Section 51. Individual returns.
"Section 52. Corporation returns.
"Section 53. Time and place for filing returns.
"Section 54. Records and special returns.
"Section 55. Publicity of returns.
"Section 56. Payment of tax.
"Section 57. Examination of return and determination of tax.
"Section 58. Additions to tax and penalties.
"Section 59. Administrative proceedings.

"Part VI. Miscellaneous provisions

"Section 61. Laws made applicable.
"Section 62. Rules and regulations.
"Section 63. Taxes in lieu of taxes under 1932 act.
"Section 64. Short title.

"*Subtitle C. Supplemental provisions*

"Supplement A. Rates of tax

"Section 101. Exemptions from tax on corporations.
"Section 102. Surtax on corporations improperly accumulating surplus.
"Section 103. Rates of tax on citizens and corporations of certain foreign countries.

"Supplement B. Computation of net income

"Section 111. Determination of amount of, and recognition of, gain or loss.
"Section 112. Recognition of gain or loss.
"Section 113. Adjusted basis for determining gain or loss.
"Section 114. Basis for depreciation and depletion.
"Section 115. Distributions by corporations.
"Section 116. Exclusions from gross income.
"Section 117. Capital gains and losses.
"Section 118. Loss from wash sales of stock or securities.
"Section 119. Income from sources within United States.
"Section 120. Unlimited deduction for charitable and other contributions.

"Supplement C. Credits against tax

"Section 131. Taxes of foreign countries and possessions of United States.

"Supplement D. Returns and payment of tax

"Section 141. Fiduciary returns.
"Section 142. Withholding of tax at source.
"Section 143. Payment of corporation income tax at source.
"Section 144. Penalties.
"Section 145. Closing by Commissioner of taxable year.
"Section 146. Information at source.
"Section 147. Information by corporations.
"Section 148. Returns by brokers.
"Section 149. Collection of foreign items.

"Supplement E. Estates and trusts

"Section 161. Imposition of tax.
"Section 162. Net income.
"Section 163. Credits against net income.
"Section 164. Different taxable years.
"Section 165. Employees' trusts.
"Section 166. Revocable trusts.
"Section 167. Income for benefit of grantor.
"Section 168. Taxes of foreign countries and possessions of United States.

"Supplement F. Partnerships

"Section 181. Partnership not taxable.
"Section 182. Tax of partners.
"Section 183. Computation of partnership income.
"Section 184. Credits against net income.
"Section 185. Earned income.
"Section 186. Taxes of foreign countries and possessions of United States.
"Section 187. Partnership returns.
"Section 188. Different taxable years of partner and partnership.

"Supplement G. Insurance companies

"Section 201. Tax on life-insurance companies.
"Section 202. Gross income of life-insurance companies.
"Section 203. Net income of life-insurance companies.
"Section 204. Insurance companies other than life or mutual.
"SECTION 205. Taxes of foreign countries and possessions of United States.
"Section 206. Computation of gross income.
"Section 207. Mutual insurance companies other than life.

"Supplement H. Nonresident alien individuals

"Section 211. Gross income.
"Section 212. Deductions.
"Section 213. Credits against net income.
"Section 214. Allowance of deductions and credits.
"Section 215. Credits against tax.
"Section 216. Returns.
"Section 217. Payment of tax.

"Supplement I. Foreign corporations

"Section 231. Gross income.
"Section 232. Deductions.
"Section 233. Allowance of deductions and credits.
"Section 234. Credits against tax.
"Section 235. Returns.
"Section 236. Payment of tax.
"Section 237. Foreign insurance companies.

"Supplement J. Possessions of the United States

"Section 251. Income from sources within possessions of United States.
"Section 252. Citizens of possessions of United States.

"Supplement K. China Trade Act corporations

"Section 261. Credit against net income.
"Section 262. Credits against the tax.
"Section 263. Income of shareholders.

Mr. SAMUEL B. HILL. Mr. Speaker, this has to do solely with the table of contents and is made necessary by the action of the House with reference to the amendment just voted on.

I move that the House recede from its disagreement to the amendment of the Senate numbered 1 and concur in the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment, insert:

Section 167. Income for benefit of grantor.
Section 168. Taxes of foreign countries and possessions of United States.

Supplement F. Partnerships

Section 181. Partnership not taxable.
Section 182. Tax of partners.
Section 183. Computation of partnership income.
Section 184. Credits against net income.
Section 185. Earned income.
Section 186. Taxes of foreign countries and possessions of United States.
Section 187. Partnership returns.
Section 188. Different taxable years of partner and partnership.

Supplement G. Insurance companies

Section 201. Tax on life insurance companies.
Section 202. Gross income of life insurance companies.
Section 203. Net income of life insurance companies.
Section 204. Insurance companies other than life or mutual.
Section 205. Taxes of foreign countries and possessions of United States.
Section 206. Computation of gross income.
Section 207. Mutual insurance companies other than life.

Supplement H. Nonresident alien individuals

Section 211. Gross income.
Section 212. Deductions.
Section 213. Credits against net income.
Section 214. Allowance of deductions and credits.
Section 215. Credits against tax.
Section 216. Returns.
Section 217. Payment of tax.

Supplement I. Foreign corporations

Section 231. Gross income.
Section 232. Deductions.
Section 233. Allowance of deductions and credits.
Section 234. Credits against tax.
Section 235. Returns.
Section 236. Payment of tax.
Section 237. Foreign insurance companies.
Section 238. Affiliation.

Supplement J. Possessions of the United States

Section 251. Income from sources within possessions of United States.
Section 252. Citizens of possessions of United States.

Supplement K. China Trade Act corporations

Section 261. Credit against net income.
Section 262. Credits against the tax.
Section 263. Affiliation.
Section 264. Income of shareholders.

Supplement L. Assessment and collection of deficiencies

Section 271. Definition of deficiency.
Section 272. Procedure in general.
Section 273. Jeopardy assessments.
Section 274. Bankruptcy and receiverships.
Section 275. Period of limitation upon assessment and collection.
Section 276. Same—Exceptions.
Section 277. Suspension of running of statute.

Supplement M. Interest and additions to the tax

Section 291. Failure to file return.
Section 292. Interest on deficiencies.
Section 293. Additions to the tax in case of deficiency.
Section 294. Additions to the tax in case of nonpayment.
Section 295. Time extended for payment of tax shown on return.
Section 296. Time extended for payment of deficiency.
Section 297. Interest in case of jeopardy assessments.
Section 298. Bankruptcy and receiverships.
Section 299. Removal of property or departure from United States.

Supplement N. Claims against transferees and fiduciaries

Section 311. Transferred assets.
Section 312. Notice of fiduciary relationship.

Supplement O. Overpayments

Section 321. Overpayment of installment.
Section 322. Refunds and credits.

TITLE IA. ADDITIONAL INCOME TAXES

Section 351. Surtax on personal holding companies.

TITLE II. AMENDMENTS TO ESTATE TAX

Section 401. Revocable trusts.
Section 402. Prior taxed property.
Section 403. Citizenship and residence of decedents.
Section 404. Real estate situated outside the United States.
Section 405. Estate-tax rates.
Section 406. Nondeductibility of certain transfers.

TITLE III. AMENDMENTS TO PRIOR ACTS AND MISCELLANEOUS

Section 501. Period for petition to board under prior acts.
Section 502. Recovery of amounts erroneously refunded.
Section 503. Statute of limitations on suits for refund.
Section 504. Overpayments found by the Board of Tax Appeals.
Section 505. Bankruptcy and receiverships.
Section 506. Retroactivity of regulations, rulings, etc.
Section 507. Examination of books and witnesses.
Section 508. Sale of personal property under distraint.
Section 509. Discharge of liens.
Section 510. Jeopardy assessments.
Section 511. Gifts of property subject to power.
Section 512. General counsel for the Treasury.
Section 513. Assistants in the Treasury.
Section 514. Penalties and awards to informers with respect to illegally produced petroleum.
Section 515. Postal rates.
Section 516. Commissioner as party to suit.
Section 517. Nondeductibility of certain gifts.
Section 518. Liability of fiduciary.
Section 519. Venue of appeals from Board of Tax Appeals.
Section 520. Gift tax rates.

TITLE IV. EXCISE TAXES

Section 601. Termination of soft-drink tax.
Section 602. Tax on certain oils.
Section 602½. Processing tax on certain oils.
Section 603. Taxes on lubricating oil and gasoline.
Section 604. Producers' tax on crude petroleum.
Section 605. Tax on refining of crude petroleum.
Section 606. Termination of bank-check tax.
Section 607. Enforcement of liability for taxes collected.
Section 608. Tax on furs.
Section 609. Tax on jewelry, etc.
Section 610. Tax on cigarettes.
Section 611. Tax on matches.
Section 612. Stamp tax on sales of produce for future delivery.
Section 613. Termination of tax on use of boats.
Section 614. Termination of tax on candy.

TITLE V. CAPITAL-STOCK AND EXCESS-PROFITS TAXES

Section 701. Capital-stock tax.
Section 702. Excess-profits tax.
Section 703. Capital-stock tax and excess-profits tax imposed by National Industrial Recovery Act.

TITLE VI. GENERAL PROVISIONS

Section 801. Definitions.
Section 802. Separability clause.
Section 803. Effective date of act.

The SPEAKER. The question is on the motion of the gentleman from Washington to recede and concur with an amendment.

The motion was agreed to.

H.R. 7835—EXTENSION OF REMARKS

Mr. SAMUEL B. HILL. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to extend their remarks in the RECORD on the conference report and the amendments in disagreement.

The SPEAKER. Is there objection?

There was no objection.

Mr. SMITH of Washington. Mr. Speaker, I desire to state briefly my views in favor of Federal old-age pension and insurance legislation in this country. I deplore the fact that the United States has to share with China and India the national ignominy and disgrace of providing no system of pensions or insurance for its aged indigent citizens.

State old-age pension laws, fostered by a noble fraternal organization, the Fraternal Order of Eagles, are a right step toward a national system, the same as exists in all the other great civilized nations of the world.

OLD-AGE PENSIONS AND INSURANCE IN FOREIGN COUNTRIES

I desire to describe briefly the measures adopted in foreign countries to provide a competence for old age, together with data, where obtainable, of the actual operation of the various systems. The descriptive reports for these countries were prepared by the consular representatives of the United States Department of State in the several countries concerned, in accordance with an outline and a memorandum of instructions prepared by the Bureau of Labor Statistics. This study may therefore be regarded as substantially complete, except as regards the Soviet Union, for which country the Bureau has no first-hand information.

The data show that in 39 countries (exclusive of the Soviet Union) one or more systems of pensions or insurance for old age have been established. These countries are enumerated below.

Argentina, Australia, Austria, Belgium, Bolivia, Brazil, Bulgaria, Canada, Chile, Cuba, Czechoslovakia, Denmark, France, Germany, Great Britain, Greece, Greenland, Guernsey (Isle of), Hungary, Iceland, Irish Free State, Italy, Japan, Lithuania (Memel Territory), Luxemburg, Netherlands, Newfoundland, New Zealand, Norway, Paraguay, Poland, Portugal, Rumania, South Africa (Union of), Spain, Sweden, Switzerland, Uruguay, Yugoslavia.

TYPES OF PLANS

The systems of old-age care are of three main types as regards contribution and benefit:

First. Voluntary insurance: In essence this is merely a system under which the Government sells annuities under more favorable rates than the private insurance companies.

Second. Compulsory insurance: Under this system contributions to a general insurance fund are made by two or all the three parties concerned—the State, the employers, and the employees. Usually, all three parties contribute, as in Great Britain, Germany, and in France. This fund is managed by public authority, and out of it determined benefits are paid to each employee under the system when he attains a certain age.

Third. Public pensions: Here the cost of the system is borne wholly by the public, and pensions are paid to citizens reaching a certain age, without other means of support, and without regard to whether they are or have been employed workers.

Of these three types of systems, the first, voluntary insurance, needs least comment. It has been introduced in only five countries (Canada, France, Italy, Netherlands, and Switzerland), and it has not succeeded, as a rule, in obtaining any large coverage.

As already indicated, the method of approach to the problem of old-age dependency is very different under compulsory insurance and under the public pension. The following points of difference may be emphasized as of particular importance: Under a public-pension system aid is given only in case of actual dependency, and then only in accordance with the need of the individual as established to the satisfaction of the administrative agency. The theory under the compulsory-insurance system is quite different. Under such a system the aim is to accumulate, for all working citizens, against their retirement from industry, an insurance fund which will support them in their old age. The old-age benefits thus received by a retired worker are therefore not dependent upon the degree of dependency or upon proof of need. On the other hand, this system provides only for persons who are or have been workers; it does not cover dependent persons who, for various reasons, may have reached old age without ever having had employment within the meaning of the law.

The compulsory-insurance principle has at present by far the greatest acceptance. In general, the public pension system is favored by the British dominions and the Scandinavian countries and dependencies (except Sweden). The compulsory-insurance system is now in force in the principal industrial countries of Europe, such as France, Germany, Great Britain, and Italy; of these, France and Great Britain also have a pension system.

COVERAGE OF SYSTEM

Not all the systems adopted are complete in their coverage. Thus, in Switzerland only certain cantons have adopted such systems, and in Brazil such legislation applies only to employees of public utilities. Also it is to be noted that in a few instances systems of different character and coverage are in effect in the same country.

In the great majority of countries, however (including the principal industrial countries of Europe, such as England, Germany, and France), the systems in effect cover either the whole population or the whole working population, subject to certain requirements of income, residence, and so forth.

Public old-age insurance or pensions are intended for and applied to the economically lowest groups of the population, principally wage earners and low-salaried employees but may include independent workers, including small employers, employing up to five or six workers. In order to determine these insurable or pensionable groups, the laws set certain economic limits on the basis of earnings, income, or value of property owned. These economic limits vary from country to country even more widely than the age limits.

However, a number of countries, having introduced a public compulsory-insurance system for the low-income groups of the population, have established a secondary, higher-income limit for voluntary insurance; that is, persons whose earnings or incomes are above the limit for compulsory insurance and below the secondary higher limit may come under the compulsory-insurance act if they so desire. Experience shows that these classes do, to some extent, take advantage of such a provision.

AGE LIMIT

There is no generally accepted age limit at which old-age pensions or benefits shall become payable. Not only does the age limit vary from country to country, but often within the same country different age limits are set for the sexes and for different occupational groups; in some insurance systems the age of retirement is dependent on years of service and amount of contributions made.

In general, it may be said that the age limits in European countries vary from 50 to 70 years, the prevailing limits being from 60 to 65 years. In the non-European countries the age limits, on the whole, appear to be somewhat lower than in Europe.

The age limit for women is in many cases fixed 5 years lower than for men.

For more hazardous occupations, such as transport and mining, often a lower age limit is set than for other less hazardous occupations.

In general, the lowest age limits occur under voluntary-insurance systems and the highest under straight-pension systems, while the compulsory-insurance systems occupy a middle position in this respect.

The recent legislative tendency in regard to the age limit seems to be toward flexibility, a certain amount of discretion being left to the administrative authorities to fix age standards within the upper and lower limits set by the law.

CONTRIBUTIONS AND BENEFITS

In case of compulsory insurance the contributions are made either as a certain percentage of wages or salaries or as a definite sum of money to be contributed either weekly or monthly. Public contributions to insurance funds are either proportioned to the contribution shares of the insured and their employers, or are in the form of grants representing definite sums of money either per insured or per beneficiary, or lump sums transferred periodically to the insurance fund.

Some foreign countries have resorted to special taxation and other special means of raising money for the benefit of the insurance or pension funds. The European countries, however, seem to avoid special taxation for public-insurance funds.

Old-age benefits or pensions are usually established at a point which will provide merely the bare necessaries of life or a minimum of comfortable subsistence. As this minimum varies from country to country, from time to time, and even as between economic groups in the same country, the amount of benefit or pensions paid in different countries and for different groups of persons in the same country varies greatly.

With a few exceptions, the benefits and pensions are considerably lower than the wages or salaries earned before old-age retirement. As a rule, in the case of insurance systems the amount of benefit is based upon the amount of contributions made in behalf of the insured, while the amount of contribution is based upon a certain percentage of wages or salary, or of income in the case of independent workers.

In order closely to relate earning ability with contributions, varying numbers of graded wage or income classes are often set up. As, however, minute classification complicates administrative work, there is a tendency either to decrease the wage classes to a smaller number or to do away with them entirely, leaving only the upper insurable or pensionable income limits.

In a number of European countries the ordinary or regular benefits or pensions are rather small, especially in view of the increasing cost of living and depreciation of money value, in post-war years. Various increases and additional benefits have therefore been introduced, usually termed "bonuses", "allowances", "supplementary benefits", "special grants", and so forth.

SURVIVORS' BENEFITS

Most of the old-age insurance or pension systems made provision for dependent survivors, such as widow or widower, orphans, parents, and so forth.

Usually the amount of the widow's benefit is one half of the benefit of her deceased husband.

Almost all insurance systems provide that the total benefit for survivors may not exceed the benefit of the deceased.

STATISTICS OF OPERATION

The table following shows, for each country for which data are available, the number of persons covered by the various systems, the number of beneficiaries, and the average benefit:

Extent of coverage and benefits of old-age pension and insurance systems in specified countries

Country and system	Population	Year to which figures apply	Number of persons covered by system	Number of beneficiaries		Average yearly old-age and invalidity benefit
				Insured	Survivors	
Argentina:						
Railway employees	10,904,022	1929	143,843	[1] 22,408	[2]	[1] $440
Bank employees		1929	9,205	[1] 410	[2]	[1] 291
Public-utility-company employees		1929	41,908	[3]	[3]	[3]
Australia: Pensions	5,495,734	1930	5,495,734	155,196	----------	242
Austria: Salaried employees	6,675,283	1929	228,882	9,543	10,741	354
Brazil: Public-utility-company employees	40,272,650	[4]	140,435	6,930	3,867	366
Canada:						
Pensions	9,934,500	1931	[3]	57,930	----------	200
Voluntary insurance		1930	10,183	[3]	----------	[3]
Chile:						
Wage earners	4,364,395	1931	1,203,500	663	[3]	21
Salaried employees		1930	80,220	----------	----------	----------
Cuba:						
Maritime employees	3,607,919	1929	50,000	877	----------	[3]
Railway employees		1931	45,000	2,569	787	[3]
Czechoslovakia:						
Salaried employees	14,523,186	1930	359,374	14,314	17,608	
Wage earners		1929	2,305,959	605	2,451	14
State railway employees		1929	132,888	62,773	[3]	98
Miners		1929	129,644	84,760	[3]	57
Denmark: Pensions	3,434,555	1929	3,434,555	99,461	----------	160
France:						
Seamen	40,745,874	1930	170,000	59,800	7,500	129
Ship's cooks, stewards, etc.		1930	36,000	[3]	[3]	[3]
Voluntary insurance		1930	[3]	800,000	[3]	13
Railway employees		1928	446,000	170,000	[3]	168
Miners		1929	425,000	[3]	[3]	[3]
Noncontributory pensions		1929	566,000	[3]	[3]	[3]
General insurance scheme		1930	8,217,636	----------	----------	----------
Germany:						
Wage earners	62,348,782	1929	18,000,000	[5] 2,049,000	1,178,000	[1] 85
Salaried employees		1930	3,500,000	125,576	100,790	[1] 185
Bank employees		1930	66,067	[1] 11,042	[3]	[1] 190
Miners		1930	676,383	205,447	167,905	[6] 130 [7] 317
Great Britain:						
Noncontributory pensions	44,173,704	1930	[3]	1,373,331	----------	113
Contributory insurance		1928	[8] 16,500,000	[8] 587,772	[3]	[8] 127
Greece: Wage earners and salaried employees	6,204,468	1927–28	191,925	22,676	[3]	[9]
Greenland: Eskimos' pensions	[9] 10,000	1929	[3]	500	----------	27
Guernsey, Isle of: Pensions	40,529	[4]	[3]	500	----------	73
Hungary: Wage earners and salaried employees	8,603,922	1929	[5] 669,471	----------	----------	----------
Irish Free State: Pensions	2,972,802	1928	[3]	[c] 114,709	----------	107
Italy: Compulsory insurance	41,168,000	1929	5,500,000	174,588	11,284	33
Japan: Voluntary insurance	62,938,200	1928–29	178,036	[3]	----------	[3]
Lithuania (Memel Territory): Compulsory insurance	141,645	1929	[8] 25,148	416	[3]	27
Luxemburg: Wage earners	285,524	1928	[10] 50,000	3,830	951	[1] 20
Netherlands:						
Compulsory insurance	7,625,938	1930	2,547,099	133,257	25,769	61
Voluntary insurance		1929	[8] 179,264	223,080	----------	60
Newfoundland: Pensions	264,089	[4]	3,200	3,000	----------	50
New Zealand: Pensions	1,407,165	1931	[3]	[8] 26,909	----------	200
Paraguay: Railway employees	791,469	[4]	916	95	[3]	364
Poland:						
Salaried employees	30,212,962	1928	225,081	1,854	3,245	[1] 147
Manual workers (former German territory)		1928	926,000	70,066	45,909	[1] 19
Railroad workers (former German territory)		1928	86,586	5,211	9,080	[1] 36
Miners (former Austrian territory)		1928	11,325	3,687	927	[1] 20
Portugal: Wage earners and salaried employees	5,628,610	[4]	[11] 2,000,000	----------	----------	----------
South Africa, Union of: Pensions	6,933,652	1930	[3]	[12] 36,167 [13] 16,551	----------	[12] 139 [13] 86
Spain: Compulsory insurance	22,760,854	1930	3,395,212	----------	----------	----------
Sweden: Compulsory insurance	6,120,080	1929	3,728,000	318,000	[3]	43
Switzerland:						
Canton of Neuchatel	[3]	1929	11,523	884	[3]	103
Canton of Vaud	[3]	1929	52,503	297	----------	40
Canton of Glarus	[3]	1929	19,055	209	----------	31
Canton of Appenzell a/Rh.	[3]	1928	38,604	----------	----------	----------
Uruguay:						
General system	1,850,129	1930	[3]	33,828	----------	[14] 124 [15] 99
Public-service employees		1930	51,500	2,746	688	594
Bank employees		1929	1,787	71	33	[3]
Limited-liability-company employees		1930	157,900	215	51	1,141
Journalists		1930	4,100	11	3	428

[1] Includes those receiving survivors' benefits also.
[2] Included with insured.
[3] *No data.*
[4] "Present."
[5] Data are for 1930.
[6] Wage earners.
[7] Salaried employees.
[8] Under health insurance acts; figures for old-age insurance slightly less.
[9] Estimated Eskimo population.
[10] Under social insurance.
[11] Estimated.
[12] White.
[13] Colored.
[14] Natives or Uruguay.
[15] Foreign born.
[b] Includes 41,504 miners.
[c] Includes 2,650 blind.

NOTE.—Foregoing data quoted from Bulletin No. 561 of the United States Bureau of Labor Statistics.

Mr. Speaker and Members of the House, I hope that the day is not far distant when we will have a nationalized old-age pension and insurance system in America, so that no American citizen will ever be compelled to eat the bitter bread of charity or enter a charitable institution.

Mr. O'CONNOR. Mr. Speaker, today I reluctantly voted against the conference report on the tax bill. Almost invariably have I supported the action and judgment of our committees of the House, but in this instance I found it impossible to follow my usual course. Of course, a vote against the adoption of the conference report was not a vote against the tax bill as adopted in the House, or as finally adopted. I voted for the tax bill as it passed the House. A vote against the adoption of the conference report was merely a vote to send the bill back to conference for further consideration of the differences between the two Houses.

I was impelled to vote as I did for the reason that I believe that the House conferees were too liberal in yielding to certain amendments adopted on the floor of the Senate, and especially those pertaining to the elimination of consolidated returns, which elimination I understand the administration opposed, and the publicity of income-tax returns, and the tariff on coconut oil, and so forth.

While the bill itself as finally agreed upon in conference will compel the American people to pay practically twice as much in taxes as the administration or the House committee or the House itself felt was necessary at this time, I could have tolerated the increase as well as the increases in the inheritance taxes which I feel are somewhat unreasonable, if it were not for the amendment pertaining to the publicity of income-tax returns. I have heretofore voted against any such an un-American provision. The fact that the publication of how much our citizens pay in income taxes may give rise to blackmail, suckers' lists, or kidnapers' lists does not influence me as much as the firm conviction I have that such a public announcement violates the personal privacy of our citizens. Surely there must be some small right of privacy which should be retained for our citizens. While the Government is entitled to know how much we earn or receive as income, such information should not be public property of every Wall Street confidence man or every racketeer.

If it were only because of the amendment providing for the publicity of income-tax returns, I would feel amply justified in the action I took in voting against the adoption of the conference report in the hope that the conferees and the managers on the part of the Senate might reconsider this proposal and relieve our citizens from this gross un-American invasion of their private affairs.

EXTENSION OF REMARKS

Mr. McDUFFIE. Mr. Speaker, I ask unanimous consent to extend the remarks I made today in the RECORD by including therein a letter from the President, written to Senator HARRISON, together with a radiogram from the Philippine Islands to the Secretary of War and communications from other people who have made a study of this problem.

The SPEAKER. Is there objection?

There was no objection.

THE COUZENS AMENDMENT

Mr. MARTIN of Colorado. Mr. Speaker, I ask unanimous consent to extend my own remarks upon the tax bill.

The SPEAKER. Is there objection?

There was no objection.

Mr. MARTIN of Colorado. Mr. Speaker, the main object of the income tax bill, according to its framers in the House, was the plugging of loopholes through which the wealthiest men of the country, the leaders of finance, wholly escaped Federal income taxation, and it is complained that the Senate amendments have diverted the bill from this main object and converted it into a new and heavy income-tax measure.

The term "loophole" in connection with the existing income tax law strikes me as a misnomer. The term "loophole" is defined to be a narrow aperture or opening. Its original use was a peephole through which to watch the maneuvers of the enemy and to fire through. This seems to me entirely too restrictive a term to apply to tax laws which enable the greatest fortunes in the country to entirely escape taxation. Even tunnels would not take in enough space to define such avenues of escape. Both loopholes and tunnels imply some structural bounds, something to find loopholes in or dig tunnels through.

Even though this bill had its inception in the disclosures before the Banking and Currency Committee of the Senate, that the 20 kings of finance composing the House of Morgan, and the kings of finance composing Kuhn-Loeb & Co., and other money magnates, pay no income taxes because the law does not require them to pay any, and was designed to plug up the so-called "loopholes" or block the fugitive tunnels, this situation is not the real test by which to determine the propriety or necessity of the Senate amendments, boosting the House provisions from $258,000,000 to $470,000,000.

The real test is whether the Government needs the money. If it does, it ought to be raised. The answer to the question whether the Government needs the money is an all-time record in the way of a national debt, amounting to $30,000,000,000 and projected to $32,000,000,000 within a year. This debt now draws interest in round numbers to the amount of $1,000,000,000 a year, and projected to twelve hundred and fifty million dollars a year. The question of balancing the Budget, which is stressed by many as the only road to recovery and prosperity, may be left out of such an account. Even with this added tax of $470,000,000, there is no likehood of balancing the Budget. One need not weary his brains with figures and calculations. One can just shut his eyes and know that the additional taxes laid in the Senate amendments will not be too much and will not be enough.

In order to lay the additional taxes over the provisions of the House bill the Senate made nearly 200 amendments. The House conferees accepted the great majority of these amendments and composed the differences on all the others which involved tax increases, except one. As to all these changes, therefore, it makes no difference at this stage of the game what the original idea of the bill was. At this time there is disagreement only on one change made by the Senate in the House bill, and against the acceptance of this change the House has recorded its will by a vote of 283 to 79 and has sent this item back to conference between the two Houses.

That, Mr. Speaker, is a pretty substantial expression of the will of the Houses. As one of the 79 who voted against sending this item back to conference, which was tantamount to a vote for the Senate amendment, I want to address myself briefly to the consideration of that amendment and the reasons impelling my vote.

I have found it a pretty good plan to think over these controversial points in a quiet hour, provided a Member of Congress can find any such time as a quiet hour. I have found it a pretty good plan to keep an ear to the argument as it develops instead of waiting for the appeal of the last man to address the jury. By this process I had decided even before the conference report came before the House that Senate amendment no. 13, known as the "Couzens amendment", which imposes for the year 1934 only an additional tax of 10 percent over and above the amount levied by the regular taxes in the bill, should be approved. Reduced to an illustrative figure, the man who has to pay $10 without this amendment will have to pay $11 with it. The regular amount of his payments will be increased just 10 percent for 1 year. This is estimated to produce an additional revenue of $55,000,000. The elimination of the amendment will cut the total from $470,000,000 to $415,000,000 in round numbers.

The author of the amendment, in presenting his amendment to the Senate, is quoted in the CONGRESSIONAL RECORD of April 11, at page 6401, as follows:

> The tax provided for in the amendment ranges from 80 cents additional tax on the man with an income of $3,000 a year up to $57,000 on the man who has an income of $1,000,000 a year.

This statement illustrates better than mine the small amount of this additional tax and the spread of it from the lowest to the highest bracket.

Representative DAVID A. LEWIS, of Maryland, a member of the Ways and Means Committee of the House, stated some significant facts during the debate. One of his statements was as follows:

> Take the case of a married couple in the United States, with no children, having a net income of $3,000. Their tax under existing law is but $20, and in this conference report it is reduced to $8. In Great Britain the same couple would pay not $8, or $20, but $318.

It is small wonder that the British Government has balanced its budget.

However, Mr. Speaker, I am not pleading for high taxes. The considerations which move me are these: The income tax is conceded to be the fairest and most equitable form of taxation. The taxpayer pays only according to his ability. If he does not get the income, he does not pay the tax. This exempts 98 out of every 100 people. Only 2 percent of the people would pay any of this added 10 percent of tax. They would pay it because they had something which 98 percent of the people do not have, to wit, a taxable income. I sincerely hope that I shall have the good fortune to remain in the 2-percent class. At times I have fallen out of it, and the experience was much more painful than paying income taxes. My only financial misgiving is that the time may come when I will not have to pay an income tax.

On top of this, the Government needs the money. It needs it to pay principal and interest on $30,000,000,000 of tax-free, interest-bearing bonds. It needs it to pay $4,000,000,000 of current expenditures. It needs it not simply to attain a balancing of the Budget, but to preserve the credit of the Government of the United States.

Every monopoly of the United States has paid dividends throughout this historic, this unprecedented depression. The wealth of the United States has been reduced by half. The remaining half is mortgaged for more than it is worth. But every monopoly has paid and is still paying dividends. The recipients of these dividends, which are produced by all of the people and received by a few of them, can and should bear the additional burden of this much-needed taxation. Any man with a taxable income can and should do the same thing.

Mr. Speaker, I am not able to apprehend the reasoning of the House in rejecting this tax. I do not question its motives. I know the Members who voted to reject it are just as conscientious as those who voted for it. They fear the effects of the added burden. They are apprehensive that it will be resented. They fear that the man who puts his name on the roll call in favor of this added burden will have to pay for it with many votes at the polls. I do not concur in this view, and would not be governed by it if I did. There is no partisanship in the action of the House. A majority on both sides voted to reject the so-called "Couzens amendment."

Mr. Speaker, one final reason moves me. This amendment reflects the action of the progressive Members of both parties at the other end of the Capitol. Their action has been beneficially reflected in all the history-making legislation of the Seventy-third Congress. I find it impossible to escape the sympathies and reactions which bind me to this group. I consider progressivism the hope of America. Progressivism is blazing the trail for the new deal and the new day, if there is any such goal. I believe there is. If I did not believe this, I would fold up; my interest in national affairs would die for want of a faith on which to live.

RIVERS AND HARBORS

Mr. MANSFIELD. Mr. Speaker, yesterday General Markham, Chief of Engineers of the Army, delivered an informative address before the National Rivers and Harbors Congress. I ask unanimous consent to extend my remarks in the RECORD and to include that address.

The SPEAKER. Is there objection?

There was no objection.

Mr. MANSFIELD. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address of Maj. Gen. E. M. Markham, Chief of Engineers, United States Army:

Mr. President and gentlemen, it is a privilege and an honor to talk to this membership of the National Rivers and Harbors Congress. I believe that the history of these congresses dates from the first convention held in Baltimore in 1901, and that since your reorganization in 1906, the influence has been of major proportions upon comprehensive and intelligent improvement of our most valuable and productive natural assets, our rivers and harbors.

As you know, the Corps of Engineers acts as the technical advisor of the Government in determining the possibilities of our waterways development and in planning their improvement. The Congress normally approves the plans, provides the funds, and is the directing authority. Associations such as yours represent important public interests in such improvements and in their manner of execution. Your responsibilities and our responsibilities are both heavy. It is therefore doubly fitting that we have this opportunity to meet, to discuss our problems, and to exchange our views.

Although the members of the National Rivers and Harbors Congress are doubtless acquainted with the procedure under which river, harbor, and flood-control projects are investigated, it seems pertinent to grasp this opportunity to point out again the careful and painstaking investigations and studies behind an adopted project. First, such a project must have the demonstrable conviction of local interests as to its desirability. Through their initiative, legislation by Congress must be secured authorizing the Corps of Engineers to conduct a preliminary examination and survey. The first or preliminary investigation is made by the district engineer assigned to the locality. His report is reviewed by the division engineer, and in turn by the older, more experienced members of the Board of Engineers for rivers and harbors. If the report on this preliminary examination is unfavorable, Congress is advised at once. If the aspects are favorable, the Board recommends a more detailed survey to include a determination of costs and potential transportation or other savings. Upon the approval of the Chief of Engineers, the local district engineer conducts such a detailed survey. His second report is reviewed by the division engineer and by the Board of Engineers and passed to the Chief of Engineers, who submits it with appropriate recommendations to the Secretary of War for transmission to Congress.

These reports are carefully studied by the Committee on Rivers and Harbors of the House of Representatives with hearings at which proponents and opponents are given full opportunity to present their views. The recommendations of the committee are included in a river and harbor bill presented to Congress for its action. There are no public projects today in the country, nor so far as known, in any country, which are given the extensive analysis and study which apply to these river-and-harbor improvements before their adoption as Federal projects; and while there may be individual cases which have not fully realized their expectations, by and large, for the sums disbursed and the results obtained, it is doubtful if any expenditures by the Federal Government give to the people of the United States as large a return, measurable in dollars and cents, as the improvements of our waterways for navigation and for flood control.

Prior to 1928, the annual appropriation for the maintenance and improvements of our rivers and harbors averaged from $40,000,000 to $50,000,000 and for flood control about $10,000,000. In the 5 years prior to the passage of the National Industrial Recovery Act, approximately $400,000,000 was expended on rivers and harbors, and $158,000,000 on flood control. The augmented program under the National Industrial Recovery Act, to the end, amongst other things, of ameliorating unemployment, has provided $250,000,000 for river-and-harbor improvements, which, with regular appropriations available to the Department, has resulted in a total of approximately $350,000,000 being available for obligation during this fiscal year. Of this sum about $256,000,000 has been allocated to improvements primarily in the interest of navigation; $73,000,000 has been allocated to flood-control projects. The funds cited have made possible the direct employment of over 60,000 persons and the indirect employment of something like 200,000.

Funds from the Administration of Public Works were received during the period from August 1, 1933, to the end of that year. A determined effort was made by the Corps of Engineers to expedite the preparation of plans and specifications so that work might be started without delay and maintained under vigorous prosecution. I am proud to report to you that at the present time practically this entire amount made available has been obligated, with work actively under way on all projects. This record, unprecedented, has been made possible only by the tireless and loyal efforts of a wide-spread organization of civilians and commissioned officers of Engineers, the very uncommon effort and loyalty of whom justifies the repeated public expression of my admiration and appreciation. The Department has also had the highly effective cooperation of the contractors who proceeded under many adverse conditions to start work promptly and to push it energetically. The speed with which this work was placed under way has not been at any expense of proper engineering study and design. The projects in execution have received the same careful attention in all engineering details that has characterized the work of the Department in the past. It ought to interest the public to know that this program is under way at an overhead expense of less than 4½ percent.

There are a total of 97 operations scattered throughout the United States now in execution under the supervision of the Engineer Department supported by allotments from the Administration of Public Works. A brief enumeration of the major projects will not be amiss, perhaps.

ATLANTIC COAST

On the Atlantic coast, 2 highway bridges and 1 railway bridge are under construction across the Cape Cod Canal to permit of widening to meet the increasing demands of navigation. In New York Harbor, 30-foot channels have been provided in Staten Island Sound, in Newark Bay, and in Jamaica Bay, and interior channels have been extended and facilities materially improved to accommodate the port's annual commerce of 170 million tons, valued at $10,000,000,000. The anchorage facilities at Boston have been enlarged. A 35-foot Delaware River channel to Philadelphia has been completed; this channel, at a depth of 25 feet, is under extension from Philadelphia to Trenton. The New Haven Harbor, James River, Charleston and Brunswick Harbors, the St. Johns River to Jacksonville, Fort Pierce Inlet and Miami Harbors, are all under improvement looking to better navigational facilities.

The major portion of the protected inland waterway route for small boats along the Atlantic coast is practically completed with work actively under way on the section from Cape Fear River to Charleston, S.C., and on the section from Jacksonville to Miami. Work has been started on the canalization of the Savannah River and of the Cape Fear River.

GULF COAST

On the Gulf coast, the 32-foot project for Mobile is essentially complete, and work is under way at Pensacola, Tampa, Gulfport, St. Andrews Bay, Brazos Island, Galveston, Houston Ship Channel, Texas City, Freeport Harbor, Port Aransas, and on the Sabine-Neches waterway. The Pensacola to Mobile Bay and New Orleans to Sabine River sections of the Gulf Intracoastal waterway have been completed and are open to navigation, with the new Harvey Locks opposite New Orleans providing a modern connection to the Mississippi River. Work is also under way on the Sabine River to Corpus Christi section of the Gulf Intracoastal. The flood control for the Lake Okeechobee region is a very important activity in this section on which material progress has been made in the past year.

PACIFIC COAST

On the Pacific coast improvements are in active progress at San Diego, Los Angeles, and Long Beach, San Francisco, Columbia River to Portland and Vancouver, Willapa River, Grays Harbor, Tacoma Harbor, Richmond Harbor, San Joaquin River, Wrangell Narrows, and on the great navigation and power dam at Booneville, Oreg. Flood control of the Sacramento River has been an important Federal project since 1910 and the Federal Government has already expended over $12,000,000 in its execution.

GREAT LAKES

On the Great Lakes increased depths have been secured, or contracted, at the important ports of Agate Bay, Duluth-Superior, Ashland, Marquette, Port Washington, Green Bay, Milwaukee, Calumet and Indiana Harbors, Lake St. Clair Channels, and at Toledo, Lorain, Sandusky, Cleveland, Ashtabula, Conneaut, Fairport, Huron, Buffalo, and Ogdensburg; the deepening and widening of connecting channels has been continued with the work completed, or well advanced, on the St. Mary's River, St. Clair River, Detroit River, and Niagara River.

INLAND WATERWAYS

The extension and improvement of our national waterway system has not been neglected in the Public Works program. The facilities on the Ohio River system, with its annual commerce of 30,000,000 tons, are under betterment by way of new locks and dams at Montgomery Island and Gallipolis, replacing six of the existing locks and dams; on the Kanawha, by the construction of two new locks and dams; and on the Green and Barren, the Allegheny, the Cumberland, and the Illinois waterway.

A large flood control and navigation storage reservoir is in construction on the Tygart River which will ameliorate the floods and increase low-water discharge of the Monongahela River. The upper Mississippi project has been greatly extended by completion of 3 locks and dams and of 13 other locks well under way. The 6-foot channel from the mouth of the Missouri River to Kansas City has been opened to navigation and is being rapidly extended to Sioux City. The construction of the huge storage reservoir at Fort Peck, Mont., designed to insure an adequate low-water supply for a channel 8 to 9 feet in depth is being pushed vigorously.

Important Territorial ports of Hawaii, Puerto Rico, and Alaska are likewise being improved under this program.

The brief summary above given comprises but major projects. In addition, there are a great number of lesser ones, in the sense that the expenditures involved are comparatively small, which will contribute materially toward increased transportation savings and better navigational conditions.

FLOOD CONTROL

Progress on the authorized flood-control projects on the Mississippi River and its tributaries, on the Sacramento River, and on Lake Okeechobee and the Caloosahatchee River has been substantially accelerated as part of the Public Works program. In addition, a flood-control project on the Winooski River, Vt., is in execution with personnel of the Civilian Conservation Corps, under the direction of the Engineer Department. As well, an extensive cooperative flood-control plan is being placed under way in the Muskingum Valley, Ohio, with a Federal contribution of $22,900,000. The first major allotment of funds received from the Administration of Public Works was $7,000,000 for the Mississippi flood-control plan, and within a week over 3,000 men were at work. Total allotments from the Public Works Administration combined with regularly appropriated funds have made an aggregate of approximately $70,000,000 available for this project during the present fiscal year and has enabled an extension of its protective value to thousands of lives and to property of tremendous value.

The Department has prepared and placed before the Administration of Public Works a list of projects which, if consummated, would complete all navigation and flood-control plans reported to Congress. The number of projects in this list total 184. Funds in the amount of $342,000,000 could be used advantageously for their prosecution during the next few years.

A study and analysis of the commercial statistics and costs of our harbor facilities show that our water commerce reached a maximum in 1929 of over 880 million tons. This commerce has, of course, been somewhat reduced during the years of economic depression. But there is no reason to doubt a resumption of our expanding water-borne transportation with the end of this depression period. Our commerce of 880 million tons was carried on waterways maintained by the Federal Government at a total cost of less than 3½ cents per ton. Our inland rivers, canals, and connecting channels showed a similar commerce in 1931 of over 677 million ton-miles, with maintenance charges of less than 3 mills per ton-mile. These figures, I believe, exhibit clearly the significance of our navigation waterways as related to the very commercial existence of the Nation. The Federal disbursements for maintenance of the system, as reflected in commercial tons, or ton-miles, of traffic, fully demonstrate the low cost to the Government, and the great benefit to the Nation, derived from its investment in the improvement of these facilities.

When I came to Washington last fall as Chief of Engineers, I was, of course, familiar with the River and Harbor Act of January 21, 1927, assigning to this Department the duty of making surveys in accordance with House Document No. 308, Sixty-ninth Congress, first session, with a view to the formulation of general plans for the most effective improvement of navigable streams of the United States and their tributaries for the purposes of navigation, the development of water power, the control of floods, and the needs of irrigation, since I had been in intimate contact with many of the field investigations. In addition, I knew of the many river-and-harbor investigations undertaken by the Department under congressional authorization. I had no conception, however, of the extent of the data derived from these sources and the amazing amount of detailed information available to the Department on the water resources of the country.

Two hundred streams have been investigated under the provisions of House Document No. 308.

The majority of these surveys have been reported to Congress. This information has been invaluable to the Engineer Department, and to the other Departments, in the formulation of the Public Works program, and with the additional data available from special investigations, represents perhaps the most comprehensive study of the natural water resources of a country ever undertaken. Federal projects totaling $99,000,000 have been adopted by the Administration of Public Works, founded on plans contained in these surveys, and the assembled data have materially aided that Administration in its study of possible proposals. Based upon the reports referred to, and with other data available to the Department, we have drawn up a comprehensive list of projects, 1,600 in number, with a total estimated construction cost of $8,000,000,000. The physical features of the projects and their value to the public interests affected are set forth in the reports of the engineering investigations. The financial arrangements and the authorization necessary for the initiation of construction work remain to be provided. For each project listed the ratio of cost to benefit, and the estimated land and damage costs, is indicated. Some of these projects do not appear to be so favorably situated at this time with respect to cost and benefits. But it is obvious that the relation between the costs and benefits is a changing function. For example, growth in population adds to the importance of flood-control works by increasing the damages from overflow and correspondingly the benefits of protection; irrigation installations, which may not be desirable at the moment, may become so by reason of increases in population or greater demands for additional agricultural lands; it may be advantageous for those now occupying worn-out lands to shift to more fertile fields which, by irrigation or otherwise, insure to the cultivator a larger margin of profit; water-power projects may be advisable or not, depending upon fluctuating demands; markets for power depend both upon the prospects of industry and population and upon the costs of power from other sources. Any of these factors may change at any time.

If power can be generated and delivered sufficiently cheap, the development of a market will be hastened. As the population of the United States expands, economical transportation will become more and more necessary, and the demand for improved navigation facilities will follow. If the past is a criterion of the future, prosecution of many of these projects will be urged at an earlier date than is now generally realized.

Engineering plans for many of the projects in question are given in exhaustive reports of the investigations and surveys to which reference is made, covering a period of 7 years. It should be manifest that complicated technical studies of this nature and magnitude could be effectively conducted only by a closely knit organization composed of personnel equipped with skill, judgment, and integrity, and supervised and controlled by a single directing

administrative head, in other words, an organization such as the Corps of Engineers.

The digestion of such a mass of detail as is involved in their engineering studies, and the acquirement of a ground knowledge of the characteristics of the myriad localities concerned, would demand many years of repeated effort and travel and calculation and cost. It is thought that the summation of the conclusions of the Army Engineer organization may be accepted as a reliable guide for the future development of the water resources and waterways of the country.

The actual annual rates at which expenditures should be made for the prosecution of the many projects studied by the Corps of Engineers should depend upon economic and employment conditions during different periods of time. These rates can be varied to meet the emergencies and fluctuating needs of such periods. would involve an annual construction cost of $160,000,000.

Please do not understand that I am recommending at this time the adoption of such a great number of projects as discussed. I merely desire to point out that the studies undertaken by the Engineer Department have been the means of preparing a list of such projects, specific in their elements and estimates, which may be regarded as appropriate for future selection and appropriation, and which might well be accepted as a guide for the comprehensive development over a period of years of our waterways in the combined interests of flood control, navigation, irrigation, and power.

In concluding I cannot express too strongly my conviction that the rivers and the harbors of the United States are among the Nation's greatest assets, and that their improvement by the Federal Government has been and will continue to be an unmixed blessing. The improvements that are needed and justified for navigation and for flood control by reason of the local and general benefits they will produce deserve your earnest attention and the attention of the public throughout the country.

I am grateful for the opportunity of addressing you and will hope that my remarks may be found to be helpful in the deliberations and conclusions of your convention.

NAZI PROPAGANDA

Mr. FOULKES. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. FOULKES. Mr. Speaker, I am in receipt of a letter from the American headquarters of the Nazi organization, Friends of the New Germany, urging me to attend a mass meeting in Madison Square Garden, New York City, Thursday, May 17.

I shall not attend the gathering. I am, of course, firmly and unalterably opposed to nazi-ism and to any organization seeking to eulogize, defend, or excuse the evil doings of the vicious and oppressive government of Hitler. No more monstrous and barbarous regime has ruled a nation in modern times.

For the great mass of the German people—honest, thrifty, hard-working, and kindly folk possessing the sturdy virtues of a splendid race—I have deep respect. As a friend of the German people—and of the peoples of all lands—I am necessarily the bitter foe of the cruel and half-insane dictatorship today exercised over them by Hitler. I shall be glad indeed when they throw off the yoke of this outrageous tyranny.

The mass meeting of the Nazi organization in New York is but a part of the sinister, subtle, and scheming propaganda being conducted throughout the United States by Nazi agents. Both in military groups actually engaged in drills with arms and in groups using camouflaged names and pretending altruistic purposes, the Nazi-ists are seeking to build up a terroristic army in this country that can some day be used for the establishment of an American Hitlerism.

I have already called attention to the letters sent to Congressmen praising Dr. William A. Wirt, calling the "brain trust" too radical, and obviously the work of Nazi propagandists or of manipulators with similar objectives. These letters have come from Binghamton, Norwich, Cherry Valley, and other points in New York, from Benton Harbor, Detroit, and Niles in Michigan, and from cities and towns in other States.

We should be keenly on the alert against this insidious effort to mold the minds of people and to deceive them with cunning and specious misrepresentations, and we should watch with eagle eye the unscrupulous machinations of Hitlerites in America.

THE VINSON BILL AGAINST WAR

Mr. FOULKES. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. FOULKES. Mr. Speaker, the peace policy does not satisfy those who revel in destruction and find pleasure in despair. It may not satisfy the fire-eater or the swashbuckler [laughter and applause], but it does satisfy those who worship at the altar of the god of peace. It does satisfy the mothers of the land; but, my friends, this policy does satisfy the mothers of the land at whose hearth and fireside no jingoistic war has placed an empty chair. It does satisfy the daughters of this land, from whom brag and bluster have sent no husband, no sweetheart, and no brother to the moldering dissolution of the grave. It does satisfy the fathers of this land and the sons of this land, who will fight for our flag and die for our flag when reason primes the rifle.

My colleagues, the peace policy does not satisfy these junkers; if we fight for every degree of injury, this means perpetual war, and this is the policy of these war junkers—deny it if you can. Their policy would allow the United States to keep the sword out of the scabbard as long as there remains an unrighted wrong or an unsatisfied hope between the rising and the setting of the sun. It would make America as dangerous to itself and to others, as destructive and uncontrollable as a raging maniac. They would give us a war abroad each time the fighting cock of the European weathervane shifted with the breeze. They would make America the cockpit of the world. It would mean the reversal of our traditional policy of government.

How long do you suppose we would be allowed to meddle in European affairs while denying Europe the right to meddle in American affairs? The policy of the war junkers is a dream. It never could be a possibility. Their claim is not even advanced in good faith; it is simply a demand for funds for war profits wrung from the aching hearts of the people. Rome in all her glory tried it; Portugal, once the policeman of the world, tried it; Spain tried it; and they all crashed to a devastating ruin under the system. We should profit by the experience of the ages and avoid ambitions whose reward is sorrow and whose crown is death.

In their greed and desperation for unholy profits they try to create an issue out of national honor. Surely this high emotion should not be twisted into gaining unholy profits for the war junkers and desolation and death for the unprotected masses. Where and from whom do these junkers receive their commissions as keepers and interpreters of the honor of this Nation? Who gave them a monopoly of the brain or the emotions of the human heart? What rights do they possess which nature has denied to other men?

They proceed on the theory that the noisiest man in the land is the best patriot in the land.

These Junkers, fearful within, blustering without—they whistle to keep up their courage and hope the world will read in their faces what is not in their hearts. The real warrior today is the man of peace, who neither whistles to deceive his neighbors nor flaunts his patriotism to win the Pharisee's crown of self-praise. When danger confronts this Nation and its citizenship is outraged, the man of the street, the toiler in the fields, the artisan in the shops, the man who shoulders his musket and marches away at his country's call will need no one to tell him, no one to show him where duty lies and manhood calls. The men who do the fighting will demand no slimy war contracts with unholy profits wrung from the desolation and misery of their fellow neighbors.

Compared with the blood-smeared pages of Europe our records are comparably clean. Stolen wealth does not fill our Treasury or ravished territory swell our domain. Our greatness has been built on the resources of nature and the toil of our people. The song of the reaper, not the dying shriek of the soldier—the mart of trade, not the crack of the rifle, has won us our place in the sun.

These men came from the ranks of democracy as silently as Putnam left his plow, and back to democracy they go as silently as the southern heroes whose horses Grant returned.

These self-seeking profiteers and war junkers talk of national honor as if by some divine commission they had been appointed to this high place. If this be national honor, then let us wreck the Public Treasury and bind all men in bondage and chain them to the chariot of Mars, the god of war. No, no, my friends; real honor and real dishonor can be felt, and are felt, by the lowliest toiler in the land as acutely and as accurately as by even a great lawyer or a Presidential candidate. It is an elemental instinct which knows without knowing why and which enables even the unschooled to know right from wrong, justice from injustice, principle from prejudice, and passion from reason. When the honor of our country is outraged the people will know it without any political leader or war junker telling them. When our country is assailed, the great mass of people who will have to do the fighting will not have to be called to war. They will call themselves to war. These profiteers who are constantly inciting our people to war to swell their own coffers—but who spend their own time safely removed from peril—in society saloons, in libraries, as swaggering devotees of fashion—who would fight our battles on the carpet of parlor trenches or in restaurants and clubs or amid the dangers of afternoon teas—are all in favor of huge appropriations for destruction of life; but the men who must fight where the cannon roars and the bullet sings and death stalks—their wives, their sons, and their daughters, and the mothers who gave them being, all know that "peace on earth, good will to man" is the path that leads to human happiness.

The last war set the world aflame and stopped the march of progress for a century. Would anyone have it so again, in order to flaunt our war strength and assert "virile Americanism"? Is this the much-talked-of "national honor"? Is this the prize for which we sacrificed our best youth and thrust sorrow into every home? Is this the glittering bauble for which we gave 12,000,000 human lives? Is this the thing that makes might right and repudiates the doctrines of the lowly Nazarene? Is this the "Sermon on the Mount"?

The passions of men die; the truth lives. The sublimest picture in history is that of a plain American citizen striving with the weapons of reason and humanity against the navies and armies of the contending nations and bringing them in accord with the principles of international law. The standard of peace and justice now floats in the air of freedom and is enshrined in the hearts of our people. The matchless craft of a real pacifist not only will avoid war but will also lead the world into the ways of universal peace. What is peace but the assertion of moral progress? From the smouldering ruins of a thousand cities, over the graves of millions of brave men, out of the blackness of battle smoke, the people of the earth recognize the dim outlines of the soul of America in the patient and humane wisdom of the Man of Peace.

Of what avail is the wealth of our beloved land if it must be consumed in the destructiveness of war? Of what profit the travail of human progress for 10,000 years, had not the influence of the schoolmaster and the Christian teacher been felt? Their achievements to elevate the minds of men are as naught if they are cast into the cruel maws of war. But the plain millions, of all creeds and nationalities, recognize in their efforts the imperishable glories of a Christian civilization. It glorifies the peasant and the king alike. The schoolmaster becomes the statesman; the minister becomes the emancipator; the emancipator, the pacificator of the world.

Thus do nations accomplish the destiny of democracy. The commanding fact of the modern age is the spread of intelligence. The schoolhouse has conquered ignorance. The printing press has transformed the purposes of man. Education has qualified him for a better existence. The Bible has made him a moralist. Men know now that the world is big enough to support the human family in peace and comfort. In America justice has made its greatest progress because all men have a part. War cannot stop this inevitable march. The best opinion of the best men, by the force of example and mutuality of interest, becomes the opinion of all men.

Out of the ruins and sufferings of the last great mistake will arise a temple of justice whose dome will be the blue vault of heaven; its illuminant, the eternal stars; its pillars, the everlasting hills; its ornaments, the woods and bountiful fields; its music, the rippling rills, the sound of the birds, the laughter of happy childhood; its diapason, the roar of industry; its votaries, the people of the earth; its creed, on which hang all the laws of the prophets, "Do unto thy neighbor as unto thyself." On the walls of the National Museum hangs a picture of the famous warriors who had struck terror into the heart of mankind at various periods of history. Alexander the Great is there, Caesar is there, Hannibal is there, Napoleon is there, and on each side of this sinister group lie in endless rows the sheeted dead of war.

A vision arises before my mental gaze, representing hands, myriads of hands, humanity's hands from the grave, hands stretching up toward the sky, gnarled hands of labor and withered hands of age, eager hands of youth and helpless hands of babes, rugged hands of men and delicate hands of women—hands of aspiration, stretching upward to the sky from divine inspiration toward happiness and peace.

These two pictures symbolize the question. One need not believe blindly in peace, but surely all Christian men and women must believe profoundly in it. The responsibility for war rests with government, but its penalties fall on untold millions of guiltless people. A practice which calls for wholesale killings of human beings must surely meet with the disapproval of Christian people. The individual and family loss cannot even be dreamed of. The flower of our manhood is seized and crushed and the physical and mental caliber of posterity thereby decreased. The best are selected for death or wounds, insanity, and crippling, and the next generation consists largely of children of the weaker. It is not only fiendishly cruel but hopelessly inefficient. Let the war junkers follow the lords of war, who ride among the corpses of mankind. Let the great heart of our church people follow the path of peace, which leads to the inspiration of humanity that aspires to higher things.

RIVER-AND-HARBOR DEVELOPMENT

Mr. FOULKES, Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. FOULKES. Mr. Speaker, the announcement that the existing system of river-and-harbor development is likely to be abandoned at the suggestion of Secretaries Wallace, Ickes, Dern, and Perkins; that a new nationally coordinated system will probably be substituted; and that the Board of Army Engineers may be eliminated, with regional boards under a central authority, substituted, is a welcome one. I am heartily in favor of the proposal.

A board of scientific men, who are thoroughly familiar with river-and-harbor matters, flood control, and related topics, is needed to supervise these important matters.

Control of waterway development by a board of military chiefs with the militaristic caste of mind is undemocratic and unintelligent. The custom of letting generals and colonels govern river-and-harbor improvements and maintenance is a silly and an unjustifiable one. The war-makers have had too much to say about governmental affairs for a long time and it will be a commendable step in the right direction if they are required to surrender some of their power and take a back seat. What is required in this instance is a board with scientific and technical ability, not a group of men with jingoism and sabre-rattling uppermost in their minds.

River-and-harbor expansion has for years been a sort of "racket" in the hands of the men whose principal delight is international slaughter. The abolition of the Army Engineering Board, composed of aristocratic West Point

graduates and thinking more of the next war than of peacetime development of our waterways, is to be highly recommended.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and a joint resolution of the House of the following titles:

On April 19, 1934:

H.R. 3521. An act to reduce certain fees in naturalization proceedings, and for other purposes.

On April 21, 1934:

H.R. 8402. An act to place the cotton industry on a sound commercial basis, to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes.

On April 23, 1934:

H.R. 8018. An act to authorize payment for the purchase of, or to reimburse States or local levee districts for the cost of, levee rights-of-way for flood-control work in the Mississippi Valley, and for other purposes.

On April 26, 1934:

H.R. 8471. An act making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1935, and for other purposes.

On April 30, 1934:

H.R. 5075. An act to amend section 1 of the act entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes", approved June 25, 1910, as amended;

H.R. 7748. An act regulating procedure in criminal cases in the courts of the United States;

H.J.Res. 10. Joint resolution requesting the President to proclaim October 12 as Columbus Day for the observance of the anniversary of the discovery of America;

H.R. 232. An act for the relief of Anna Marie Sanford;

H.R. 666. An act for the relief of Charles W. Dworack;

H.R. 1398. An act for the relief of Lewis E. Green;

H.R. 2512. An act for the relief of John Moore;

H.R. 7060. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River near The Dalles, Oreg.;

H.R. 7425. An act for the inclusion of certain lands in the national forests in the State of Idaho, and for other purposes;

H.R. 7801. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near The Dalles, Oreg.;

H.R. 8040. An act granting the consent of Congress to the Iowa State Highway Commission and the Missouri Highway Department to maintain a free bridge already constructed across the Des Moines River near the city of Keokuk, Iowa;

H.R. 8237. An act to legalize a bridge across Black River at or near Pocahontas, Ark.;

H.R. 8429. An act to revive and reenact the act entitled "An act authorizing D. S. Prentiss, R. A. Salladay, Syl F. Histed, William M. Turner, and John H. Rahilly, their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Mississippi River at or near the town of New Boston, Ill.", approved March 3, 1931;

H.R. 8438. An act to legalize a bridge across St. Francis River at or near Lake City, Ark.;

H.R. 8477. An act authorizing the State Road Commission of West Virginia to construct, maintain, and operate a toll bridge across the Potomac River at or near Shepherdstown, Jefferson County, W.Va.;

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

H.R. 8853. An act to extend the time for the construction of a bridge across the Wabash River at a point in Sullivan County, Ind., to a point opposite on the Illinois shore;

H.R. 8854. An act to amend the District of Columbia Alcoholic Beverage Control Act by amending sections 11, 22, 23, and 24; and

H.R. 1724. An act providing for settlement of claims of officers and enlisted men for extra pay provided by act of January 12, 1899.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed with an amendment, in which the concurrence of the House is requested, a joint resolution of the House of the following title:

H.J.Res. 332. Joint resolution to provide appropriations to meet urgent needs in certain public services, and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House 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.

The message also announced that the Senate had agreed to a concurrent resolution of the following title, in which the concurrence of the House is requested:

S.Con.Res. 14. Concurrent resolution authorizing the Clerk of the House of Representatives, in the enrollment of H.R. 8617, the legislative appropriation bill, to make a correction in Senate amendment no. 21.

PERMANENT AND INDEFINITE APPROPRIATIONS

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes in order to make an announcement.

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

There was no objection.

Mr. BUCHANAN. Mr. Speaker, it is not the intention, and never the practice, of the Committee on Appropriations to suddenly spring any bill of length and complexity on the House. Therefore I take this occasion to notify the House that a suspension of the rules will be moved on the bill, H.R. 9410, on next Monday. This is a bill on which a subcommittee of the Committee on Appropriations has put in 6 weeks very hard work, dealing with permanent and indefinite appropriations. That subcommittee consisted of Messrs. GRIFFIN, MCMILLAN, PARKS, CARY, GOSS, and WIGGLESWORTH. Never in my life have I known a subcommittee of the Committee on Appropriations to put in such painstaking and sincere work on any bill.

It develops there is no difference of opinion in that subcommittee about the salutary effect that will result in the passage of this bill. It was reported to the main Committee on Appropriations this morning. There was no difference in that committee. They heard the Comptroller General and others interested, and the Comptroller General unhesitatingly says that permanent, indefinite appropriations produce extravagance and uncertainty, and divest Congress of all control over appropriations or accounting as to how the money is expended, and whether its continued expenditure is on worth-while projects.

Therefore, I ask those interested to read the report, which is available, or to read such part of the hearings, as you desire, which are also available. If you will read only Mr. McCarl's testimony in whom we all have confidence, you will be convinced.

Mr. BLANTON. Will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. BLANTON. This bill stops 367 indefinite, permanent appropriations, does it not?

Mr. BUCHANAN. Correct; 367 of them; and some of them as old as 1799.

Mr. BLANTON. And by stopping this money from going out of the back door of the Treasury, where to nobody knows, and forcing all money to come through the front

door of the Treasury, with Congress investigating and passing on each sum, this bill will save this Government eventually millions of dollars each year. There ought not to be a vote against this bill. I heartily endorse all that my colleague from Texas [Mr. BUCHANAN] has said about it.

Mr. BACON. Will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. BACON. As ranking minority member of the Committee on Appropriations, I wish to endorse everything the gentleman from Texas [Mr. BUCHANAN] has just said.

Mr. BUCHANAN. I thank the gentleman.

SECURITIES EXCHANGE BILL OF 1934

Mr. RAYBURN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 9323) to provide for the regulation of securities exchanges and of over-the-counter markets operating in interstate and foreign commerce and through the mails, to prevent inequitable and unfair practices on such exchanges and markets, 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. 9323, the securities exchange bill, with Mr. TAYLOR of Colorado in the chair.

The Clerk read the title of the bill.

Mr. RAYBURN. Mr. Chairman, I yield 15 minutes to the gentleman from California [Mr. LEA].

Mr. LEA of California. Mr. Chairman, this measure is a new venture in Federal regulation. I do not regard it as premature. I regard it as tardily recognizing conditions that make it the duty of the Federal Government to regulate such matters. The reason for this legislation, as I view it, is amply demonstrated by a history of our economic developments in the past 15 years. We have been passing through a new economic period in our country. Stock exchanges have become the market places of the Nation. A large portion of the wealth of the country represented by stock certificates and bonds finds its market in these stock exchanges. The list prices of the stock exchanges are published even in fourth-class newspapers of the Nation. All over the United States hundreds of thousands of American citizens read those papers. They hurriedly pass over the glaring headlines that may tell of the latest sensations, to read the news of the stock market. They are interested, because they are investors or speculators to an unusual degree. It is claimed that 10,000,000 people, citizens of this Republic, scattered to the remotest sections, are holders of shares, and interested in the market on the exchanges.

This bill, although it is called a bill to regulate national security exchanges, is much broader in its practical operation. In fact, the object of this measure is not merely to regulate the exchanges—that is only incidental to its purpose. The real purpose of this regulatory measure is to protect the investors of the United States against fraud and imprudent investments, and to give integrity to the securities by the sale of which American business must be financed.

The great abuses that have occurred through the use of the stock market in recent years is illustrative of the fact that power always carries with it susceptibility to abuse. The stock exchange is not a reprehensible organization in the business life of our country. It is not an unnecessary burden on the business of the Nation. It performs a very useful service. It is the outgrowth of the development of the economic forces of this country.

Above everything else, this is the corporate age of America. This is the age in which people have resorted to corporate investments as the most practical and in many respects the most desirable manner of carrying on the business of the United States.

It is estimated that about half the wealth of the United States is represented by the securities issued by corporations and by the wealth that is in the banks in the form of deposits. These security exchanges afford a liquid market that has no comparison in the past history of the world. A large percentage of the total wealth of America, as illustrated by the bonds and stocks of corporations, has a definite price on the exchanges today and every business day of the year. It may be a manufacturing plant in New Jersey, a sugar-production plant in Utah, or a gold mine in Alaska, but they are alike financed through a stock exchange in a distant city. Every day in the year, at least, at some cash price the securities of that corporation are salable. Every holder of these stocks and bonds knows that he can convert them into cash today at whatever may be the price on those exchanges.

A system which gives liquidity to a large proportion of the investments of the American people is a marvelous institution. I do not say this in praise; neither do I say it in condemnation of the exchange. I state the fact. We must properly appraise this function of the exchange in order to pass legislation to regulate and control, not for the purpose of destroying but for the purpose of protecting, for the constructive purpose of conserving the business of the United States. If this legislation is successful in carrying out the purpose for which it is designed, it will give greater stability, more credence, and greater integrity to the stocks listed on the exchanges of the country. They will be more valuable.

The stocks and bonds of the corporations and the bank accounts of this country constitute liquid assets and a convenient form of investment. Before the corporate phase of American business developed, the man with a few hundred or a few thousand dollars at his command was frequently at a loss to know what to do with it. The chances were he did not have sufficient money with which to go into business on his own account, or if he had sufficient money, did not have the business experience and perhaps not the time to manage a small business. In recent years, under quantity production, expanding trade and industries, the stock market has invited him to become a purchaser of its securities. The stock market furnished a convenient method of investing with the hope of security and a prospect of a fair or possibly a speculative return.

A problem that will more acutely develop, particularly if this bill functions as intended, will be the tendency of the stock markets to drain credits from local investments. I take it the best investment the citizen can make is a local investment. Where an individual invests his money in a local enterprise, he builds up his local community, adds to local labor employment and community progress, and does more for the country than by contributing to the financing of the great business organizations of the country with remote control. This was one of the great difficulties in 1929. The stock markets drained local credit throughout the United States and caused an unbalanced credit situation which weakened our stability from the financial standpoint. Our people were turning away from safe investments to the more enticing and uncertain rewards of speculation.

It is well to realize that today the vast wealth invested in stocks, bonds, corporate securities, and bank deposits represents nearly one half the wealth of the United States and involves the separation of ownership and control. At no other time in the history of the world has there been such a vast proportion of the wealth of a nation invested in undertakings where ownership and control were separated. We have had this remarkable situation in the United States. It means that those in control of our great corporations, those who issue and control these securities, those who sell these stocks and profit from their transfer, are not the people who primarily suffer from fraud or imprudent investments these stocks may represent. There is the greatest temptation that managements have ever had to be unfaithful to their trusts.

In the main, the men controlling these great corporations are not large owners of the stocks of the corporations they control. Too often they have yielded to the temptation to control these great business institutions to their own interests, and with a zeal out of proportion to the loyalty they have shown their stockholders. Thus in recent years we have seen the directors of corporations, without the knowledge of their stockholders, voting themselves vast bonuses out of all proportion to what legitimate management would justify. We have had revelations of salaries paid to direc-

tors and officers of great corporations which showed shameful mismanagement; which showed that the men in charge of some of these corporations were more concerned in managing its affairs for their own benefit than for the benefit of the stockholders. The history of the past few years has revealed that in a number of instances these unconscionable bonuses and unconscionable salaries exacted from the stockholders were continued notwithstanding the fact that dividends were cut, and notwithstanding the fact that in some cases the common-stock holders were deprived of any dividends. We have had the ugly picture of corporate officials juggling with the stocks of their own companies, preying on their own stockholders through inside information they obtained as trustees of the trust they violated.

One of the most serious phases of this indirect or remote control of capital by those who are not the owners is lack of contact. In the old days when the man in charge of a local corporation committed an offense, embezzled the company's money, or conducted the company's business in an unconscionable way, he was branded in the local community. He lost his prestige, and the victims of his mismanagement or fraud were known to the community. Their suffering was present and visible. At the present time, however, under remote stock transactions, the victims of mismanagement of a corporation are remote from those who inflict the injury, the associates of the perpetrator do not ostracize or upbraid him. The victims are unseen by those who inflict their injuries. This bill proposes to hold these wrongdoers to a higher degree of responsibility.

This measure, as I suggested, goes a good deal further than the regulation of stock exchanges. The purpose of the bill is not simply the regulation of stock exchanges. It proposes the protection of the investor against fraud, to give more integrity to securities listed on the exchanges. To accomplish these purposes we must follow the stock from its issuance to the hands of the purchasers. The question of the integrity of the management of the corporation is involved; the question of the prudence of the investment represented by the stock is involved.

We do not mean that the Federal Government will attempt to substitute its judgment for the judgment of the stockholder in the matter of determining the prudence of the investment. That is a problem which must be assumed by the investor and of which the Government does not try to relieve him; but it is the problem of the Federal Government under the theory of this bill to require that when the corporation registers its stock on an exchange it must make a full and complete revelation of all facts that legitimately affect its securities. The information which corporations are required to give by this bill do not materially differ from that required by the New York Stock Exchange at this time. I take it, the first substantial step toward securing effective regulation is to require a complete revelation of all material facts that an investor should know in order to invest his money properly.

When these market exchanges are open for the investors of the Nation the Government has a right to expect that the corporations whose stocks are listed there and offered to the public will give truthful information and make a full revelation of the facts tending to show the merits or the demerits of their stock. Without giving such information their stocks are not entitled to the credence which listing should carry.

When it comes to the exchanges themselves, this bill provides for their regulation. We recognize that an exchange is a private institution. It is run for the profit of its members. Yet it performs a useful function of value to the people of the United States. It aids business by giving a market and by giving liquidity to this vast portion of the wealth of our country. We require that the exchange shall register and give full information as to its set-up to the commission that will administer this law. We require that the exchanges shall agree to enforce compliance by their members of all the regulations and rules of the commission. They agree to submit to regulation themselves. They agree that the exchanges will, if necessary, change their rules with reference to membership or in reference to stocks and other matters, so as to conform to the requirements of the regulatory commission.

These exchanges must not be charged with all the sins that have occurred in connection with the sale of stock in recent years. If I undertook to try to fix the responsibility for the debacle that came to the stock market since 1929 I would not attempt to place my finger on the exchanges and blame them alone. I recognize the part they played in the matter, but I also recognize another man who is very largely responsible for the misfortunes of the country and the excessive stock speculation and debacle. That is Mr. American Citizen who wants to get something for nothing. He had a large part in the misfortunes of the American people in reference to the stock speculation.

However, that is no answer to the purposes of this bill. This bill cannot do everything. It does not attempt that, but it does attempt to perform a useful service, to insist on reliable information to the investor.

[Here the gavel fell.]

Mr. RAYBURN. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. LEA of California. These stock exchanges are the bottle necks through which these certificates flow after they are issued by the corporation and before they reach the ultimate investor. This furnishes an opportunity to control and regulate that may serve a useful purpose to the Nation.

We must first go to the corporation that issues the stock and look into the prudence and integrity of that corporation. Then we must go to the exchange where this stock is sold; then to the broker and the dealer who handle these stocks, and some of whom have been guilty of the manipulative practices of recent years. Then we must look into the question of the credit advanced and on which the stock is floated in the markets of the United States.

The Government in connection with every city assumes responsibility for its water supply. It assumes the responsibility to see that the water supply is clean, drinkable, and beneficial to the public. Here we have this great market supply of the Nation. In this bill the Federal Government attempts to assert its regulatory powers to keep as clean and trustworthy as possible this vast flow of stocks from the corporations to the investors and business life of the United States.

When we come to the question of the broker and the dealer, a good deal of controversy was involved as to what control should be established; whether or not these positions should be separated; whether or not we would permit a man to act in the capacity of both broker and dealer; whether or not we should permit floor trading or permit specialists to be on the floor; and other problems.

In attempting to deal with these questions I am candid to admit that the committee proposed to confer a large regulatory power on the regulatory commission.

There were two reasons for this: The first was that we recognized we are not experts and tried to act with a caution becoming our inexperience. Where in doubt as to what should be done, we thought better to resolve the doubt in favor of maintaining the present business practices than to establish some fixed rule that might prove unfortunate. In the second place, where we gave the regulatory commission the power, it would be a flexible power. If the commission finds a mistake has been made, it can readily change its rules to more favorable ones and thus accomplish the purposes of Congress.

The manipulative practices that have so stigmatized the stock market in recent years revolve largely around the broker and the dealer. This bill is severe in its denunciation and penalties for manipulative violations of the law. It not only prescribes criminal penalties for those who engage in these manipulative practices, but it also gives a civil suit in behalf of the man who is the victim of such practices. It is going to be dangerous for a man to engage in window dressing, fraudulent and deceptive methods for the purpose of defrauding investors. This bill proposes to punish persons guilty of fraudulent statements in reference to

stocks listed on these national exchanges where damage results.

There has been a great deal of controversy about the question of controlling credit as it is embodied in the margin sections of this bill. Restrained credit is not primarily for the benefit of the purchaser of the stock. It is not necessary from the standpoint of the broker. It is necessary for the business welfare of the Nation, for its vital need of credit protection.

[Here the gavel fell.]

Mr. COOPER of Tennessee. Mr. Chairman, I yield 30 minutes to the gentleman from New Jersey [Mr. WOLVERTON].

Mr. WOLVERTON. Mr. Chairman, the subject matter of the bill (H.R. 9323) now under consideration presents more intricate and a greater variety of problems affecting the economic, financial, and individual welfare of our people than any legislation heretofore presented at this session of Congress.

PROPAGANDA

The wide-spread interest manifested throughout the country is not entirely due to propaganda alleged to have been instigated by opponents of the measure; although I can say that the propaganda against this bill has been more highly organized and more extensive than any I have ever previously experienced. However, the fact remains that beneath the deluge of inquiries and protests received by every Member of Congress there has been an apparent and unmistakable fear that in some way or other the proposed legislation would adversely affect the business enterprises of our Nation.

While it is true that the original bill did contain some provisions that might create an honest concern upon the part of thoughtful business men, yet, I am inclined to believe that statements, unwarranted in many instances, originating from prominent business men have had more to do with creating this psychology of fear than the actual provisions of the bill. [Applause.]

PROTECTION OF LEGITIMATE BUSINESS

I wish to assure the Members of the House that the Committee on Interstate and Foreign Commerce has not been insensible to the necessity of taking every precaution to preclude even the possibility of curing one evil by creating another or greater one. And, for the further assurance of the House permit me to say that in our consideration of the many vital questions or problems that we were called upon to decide there has been no division of thought along strictly party lines. The uppermost thought that has dominated our individual and collective decisions has been a desire to correct existing evils, or conditions that have proved harmful, without destroying, curtailing, or handicapping legitimate business.

And, in this connection, I wish to express my appreciation of the faithful and conscientious endeavor of our chairman [Mr. RAYBURN] to present to this House legislation on this important subject that would prove beneficial to the public interest. [Applause.] At all times he was fair, open-minded, and willing to give every opportunity to the members of the committee to present conflicting viewpoints. His attitude of fairness to the members of the committee and interested parties desiring to be heard, is still further emphasized by his request to the Rules Committee for an open rule whereby the membership of the House is likewise given the opportunity to express their viewpoint and offer amendments to the bill. It is a pleasure and a privilege to hold membership on a committee that is willing, under the leadership of its chairman, to submit its work on a matter as important as this to the House for approval in a manner that does not preclude the fullest expression of opinion. [Applause.] Similar procedure should likewise be adopted for the consideration of all important legislation. Such a course is in accord with the dignity and intelligence of the House.

PREVAILING CONDITIONS REQUIRE ACTION

The need for legislation of this character is apparent to everyone who has given thoughtful and unbiased consideration to the underlying causes and conditions that brought about or culminated in the stock market catastrophe of 1929, with its attendant destruction of business and individual distress.

In 1929, at the peak of the security market, the total value of stocks listed on the New York Stock Exchange alone, was nearly $89,000,000,000. In 1932, it had shrunk to less than $16,000,000,000. In those 3 years the average value per share of stock had declined from $89 to $12. Bonds listed on the exchange declined from $49,000,000,000 in September 1930 to $31,000,000,000 in April 1933. In addition to this enormous loss of value there must also be added the depreciation in value of stocks and bonds on other exchanges than the New York Stock Exchange, and the depreciation of all stocks, bonds, mortgages, real estate, and every class of securities throughout the country. It was the collapse of security values in 1929 and subsequent years that has resulted in the closing of nearly 6,000 banks in the United States, paralyzing business and bringing distress to millions of our people.

It may properly be said that the New York Stock Exchange was not the sole cause of these results, yet the fact remains that the practices prevailing on the exchange, prior to 1929, constituted a direct and contributing cause to the collapse of security values.

Wild and unrestrained speculation, made possible by highly organized pools and other manipulative practices, encouraged by false and misleading statements, influenced thousands of individuals to enter the stock market. They not only utilized their own savings, but borrowed large sums to finance their stock-market transactions. They had little, if any, information as to the real value of the stocks they traded in, and no knowledge of the intricacies of market practices. The vast majority were as innocent and gullible as lambs.

EXTENT OF STOCK-MARKET TRADING

As an indication of the extent to which stock-market speculation became a fascinating venture, it is only necessary to consider the rapidity and extent of increased trading in the years immediately preceding and including 1929.

In the 10 years before the World War the yearly transactions in stock on the New York Stock Exchange averaged about 155,000,000 shares. During this period the maximum day's trading was less than 3,000,000 shares. In 1925 the number of shares traded in had increased to 450,000,000, or approximately three times greater than the average for the pre-war decade. In 1929 the volume had reached the tremendous total of 1,125,000,000—an increase of 150 percent in 4 years and more than 700 percent over the pre-war period. During the busy days of 1929 the total number of shares bought and sold in 1 day reached as many as 16,000,000. In 1929, 1 day of such trading was equal to one third of the entire volume of trading for the year 1914. Or, expressed differently, 3 days of such trading in 1929 was equal in volume to the entire trading of the full year in 1914. And, astounding as it may seem, notwithstanding the experiences of the past, in the summer of 1933 there was a repetition of the orgy of speculation that characterized the year 1929, and in 1933, despite the depression, 654,000,000 shares were bought and sold on the New York Stock Exchange.

These contrasting figures indicate the constantly increasing public interest in stock-market transactions, and the necessity of controlling and regulating such exchanges to the end that the public interest shall be served and the investing public protected.

SPECULATIVE FINANCING

While unrestrained and unrestricted speculation played a large part in creating conditions that eventually contributed to the stock-market collapse of 1929, yet there is another condition closely identified with it that challenges our thoughtful consideration, namely, the extensive use of credit in financing stock-market transactions.

The report of the Committee on Interstate and Foreign Commerce presents a striking analysis of the situation and

the result that inevitably follows. Between 1922 and 1929 brokers' loans increased from one and one half billion to eight and one half billion dollars. Five billion dollars of this increase took place in 3 years, one and one half billion dollars in the last 3 months. In the crash of 1929 the same loans declined $3,000,000,000 in the first 10 days and $8,000,000,000 in the next 3 years. These figures alone will enable the economic historian of the future to describe the unhealthy prosperity of 1929 and the inevitable grief and suffering that followed in the succeeding years—grief and suffering that overwhelmed and carried away not merely the gains of speculative debauch, not merely the savings of those who had invested in securities, but eventually the savings of the frugal and thrifty who had deposited their funds in banking institutions, and finally destroyed the operating profits of every business in the country no matter how unrelated to stock exchanges.

To finance these stock transactions, and to provide funds for new security issues, of every conceivable kind and character, increased interest and other inducements were made that had the effect of drawing into this whirlpool of speculation the funds of local banks from the remotest parts of our country. These funds would otherwise have been utilized in financing local enterprises. When the bubble burst, the harmful effects were consequently felt in every locality throughout the land. The innocent suffered with the guilty. The individual who had deposited his or her life's savings in a bank, a building-and-loan association, or a home, felt the effect and suffered the loss, although he had never purchased a share of stock on any exchange. It is not necessary to pursue this thought any further to illustrate the necessity of preventing, as far as humanly possible, a recurrence of such conditions in the future.

FEDERAL REGULATION A NECESSITY

How, and by what means, can the public interest and the investing public be best served? Certainly, it cannot be by the abolition of exchanges. Their usefulness and necessity as a part of the highly organized economic and financial machinery of present-day business makes their continuation an absolute necessity. This fact is well and forcibly set forth in the summary of the research findings and recommendations of the stock market survey staff of the Twentieth Century Fund, wherein it is said:

> The security markets supply a means by which those who hold securities may exchange them for others or convert them into cash. The more effective the marketing processes become, the easier it is for owners of stocks and bonds to sell them. It is unnecessary to describe in detail the public as well as the private advantages of such a ready market. To clarify the picture, imagine the indescribable difficulties which would follow a condition in which the owner of high-grade stocks or bonds who wants to sell would meet the uncertainty and delay which faces the owner of real estate today if he is in need of ready cash. Such a situation would involve a complete revolution in banking and insurance, not to mention the financial affairs of millions of our people who hold securities.

If the stock market is to perform a useful as well as an essential service to the economic, financial, and business life of the Nation, it must be so conducted, by control or regulation in the public interest, as to insure a ready market for securities, with continuity of prices for securities as near as possible to the actual value.

To effect this purpose, the bill under consideration has four principal objectives, namely, (1) to establish Federal supervision over securities exchanges; (2) to prevent manipulation of security prices and to protect the public against unfair practices; (3) to prevent excessive fluctuations in security prices due to speculative influences; (4) to discourage and prevent the use of credit in the financing of excessive speculation in securities.

The necessity for Federal regulation and control of exchanges is made apparent by the inability of such exchanges, conducted as private institutions, to adequately control or eliminate the harmful practices that have grown up in dealing with securities, both within and outside of recognized exchanges. Furthermore, the business of buying and selling securities is largely interstate in character. Consequently, proper regulation and control must be found through Federal agencies rather than State.

PLAN OF REGULATION

The plan of regulation and control, set up under the provisions of this bill, makes it unlawful for any exchange to function as such or utilize any of the facilities of interstate commerce until it has first made application and received permission from the Federal authority set up for that purpose. And the granting of such right is further conditioned upon an agreement to comply, and to require its members to comply, with the provisions of this act and the rules and regulations set up thereunder by the Federal Commission. The penalties and actions provided are amply sufficient to require and insure strict compliance.

A question as to the right, power, or authority of Congress to legislate on the subject matter of the bill and in the manner proposed by the bill has been raised by eminent counsel. I am convinced, however, that the constitutionality of the method as well as the power of Congress to legislate for the purposes set forth in the bill has well been sustained by a brief submitted to the committee by Thomas C. Corcoran and Benjamin V. Cohen, who have also faithfully and ably assisted the committee in its consideration of the intricate problems directly and indirectly related to the subject matter of the proposed legislation. If it be true, as stated, that these young men are part of the so-called "brain trust", then I can testify that there has been no misnomer in so doing. [Applause.] They have each shown rare ability and fidelity in the performance of their duty and have rendered a most worth-while service in this important matter of legislation.

NO IMPROPER REGULATION OF BUSINESS

Aside from the constitutional feature, the next most important question that has been raised against the bill is that with respect to whether or not its provisions place an undue or improper burden upon legitimate business enterprises.

Whatever justification may have existed for this complaint as based upon the provisions of the original bill, there is no legitimate objection in the one now before this House. This bill requires no information to be given by issuers of securities traded in on a stock exchange other than what is essential and necessary to properly and fully inform the investing public as to the merits of the particular investment, and in no way, directly or indirectly, curtails or handicaps legitimate business in the fullest measure of management in the interest of its shareholders. It does preclude, however, the management of business enterprises from utilizing inside information to their own benefit without making such fact known to the shareholder. It, furthermore, seeks to make more difficult the use of official positions to self-perpetuate the controlling management, and thereby enables the individual stockholder in conjunction with others to have a more reasonable opportunity to change the management when occasion seems to justify. There is also a curtailment or restriction on the right to use surplus funds, by loans or otherwise, to finance or supply credit for stock-market speculation, and a requirement that full disclosure must be made of remuneration received by officers of the company, including any bonus.

Certainly there can be no proper complaint made to provisions such as these, the only purpose of which is to protect the investing public. Accurate knowledge of the financial condition of the security issuer and an assurance that full and true information is available to the small investor on the outsider as well as to the insider cannot help but produce a more ready and substantial market for securities.

MARGIN TRADING

Another feature of the bill that has met with considerable opposition is that which seeks to restrict or control margin trading as a speculative influence. It would be impossible to correct the evils incidental to stock-market operations without assuming jurisdiction to regulate or control margin trading. There is nothing more harmful to the maintenance of an orderly market or the continuity of price levels based upon actual investment value of securities than the upset-

ting influence of unrestrained or unrestricted speculation. Margin requirements have a direct relation to speculation. The amount of margin required can create or curtail speculation. No one denies it can be utilized either as an accelerator or a brake. Everyone, therefore, admits the necessity of providing some authority to regulate its use.

Some have held that this important function should remain in the hands of stock-exchange officials with some power given to the Federal regulatory body to supervise the stock exchange in its control of the matter. Others are of the opinion that the public interest demands that there shall be an entire separation of its control from private hands. I am of the opinion that the importance of the subject, as well as the difficulties to be otherwise encountered, require that a flexible power of control should be lodged in a Federal administrative authority with the fullest opportunity given to such authority, preferably the Federal Reserve bank, to raise or lower the margin requirements according as prevailing business conditions may seem to require and with due respect to different classes of securities and their earning possibilities. This latter method has been adopted by this bill except that it contains definitely fixed margin requirements as a declaration of congressional policy, but, in the final analysis, giving unrestricted discretionary authority to the Federal Reserve bank, because of its general supervision of the subject of bank credits, to raise or lower the margin requirements set forth in the bill. The Twentieth Century research staff had recommended to the committee the advisability of fixing margin requirements upon the basis of earnings of the security issuer. It was agreed that this method presented problems too intricate to be made a part of this bill at this time and required further study. In a former draft of this proposed legislation the Federal Reserve Board and associated agencies were directed to make such study and report the result of the same to the next session of Congress. I regret it was not made a part of this bill. However, the general direction to make reports annually by the agencies of government having to do with the administration of this act may be sufficient without specific direction to do so. I hope it may be so considered.

CONTROL OF STOCK-MARKET CREDIT

In order that the fullest control may be exercised at all times over loans and credits extended to stock-exchange members, brokers, and dealers for stock-market transactions, and thereby preclude undue or improper speculation, borrowing on registered securities—other than exempted securities—is determined by definite restrictions laid down by the provisions of the bill.

Furthermore, a broker is forbidden to commingle the securities of customers without their written consent; and in no event is he permitted to pledge customers' securities with those of persons who are not customers or under circumstances that will subject customers' securities to a lien in excess of the aggregate indebtedness of the customers. These provisions prevent a broker from risking the securities of his customer to finance his own speculative operations. The provisions of this section of the bill, together with the margin-requirement section, will prove a strong deterrent and preventive against unrestrained orgies of speculation in the future.

MANIPULATIVE PRACTICES

The need for regulation of stock exchanges and corporate securities having the benefit of the Nation-wide facilities afforded by such exchanges was revealed, if not already known, by the recent investigation conducted by the Senate Committee on Banking and Currency. Manipulative price-control methods were found to be practiced by corporate officers and others who utilized the stock-exchange facilities to advance their nefarious and unconscionable schemes.

The bill now under consideration recognizes and labels distinctly and unmistakably each and every such fraudulent and improper device heretofore used. In specific and plain language it makes unlawful (1) creating a false or misleading appearance of active trading in any security registered on the exchange; (2) to effect any transaction which involves no change in the beneficial ownership of such security; (3) to enter an order for the purchase or sale of a security with the knowledge that an order of substantially the same size, same price, and, at the same time has been or will be entered by or for the same or different parties; (4) to effect singly or jointly any transaction for raising or depressing the price of a security; (5) to induce the purchase or sale of any registered security by circulating the information that the price is likely to rise or fall because of market operations of any person conducted for the purpose of raising or depressing the price of such security; (6) to induce the purchase or sale of a security by knowingly making a false or misleading statement; (7) in contravention of prescribed rules and regulations to effect alone or jointly any transactions for the purpose of "pegging", "fixing", or stabilizing the price of a security, or any transaction to acquire any "put", "call", "straddle", or other option or privilege of buying or selling a security without being bound to do so, or, to endorse or guarantee any such. And, in addition to the declaration of criminal responsibility, there is also provided a civil liability in favor of any person injured by any such transaction. If anyone should desire to observe a real, genuine set of legislative teeth, he can do so by giving consideration to section 8 of this act.

There are many other important features of the bill which, if the time allotted had permitted, I would have discussed. Furthermore, the full and complete report, together with the exhaustive explanation of Mr. RAYBURN, chairman of the committee, make further detailed reference to the provisions of the bill unnecessary. While there may be some features with which I do not agree, yet a close study of the bill with an open mind will reveal that every care has been taken to adequately protect the public interest and give protection to the investor. Yet equal care has been taken to do no harm to legitimate business. Furthermore, I would like to assure employees of stock exchanges and those in other activities directly or indirectly incident thereto that whatever justification for fear of dismissal there may have been by reason of the provisions of the original bill, such does not exist in the present bill.

TYPE OF REGULATORY AUTHORITY

In conclusion, I wish to express my views with respect to the type of authority to be set up for the administration of the act. The bill provides that the authority for such administration shall be the Federal Trade Commission, and that the membership of the Commission shall be increased to 7 commissioners by the addition of 2 new commissioners, and that the Commission shall be divided into divisions of not less than 3 members each. The work of administering the provisions of this act and the Securities Act of 1933 to come under the jurisdiction of one of such divisions. There is much to commend this plan, inasmuch as the Federal Trade Commission already has exercised jurisdiction in industrial and other closely related subjects. However, I am of the opinion that as the administrative work to be pursued in the regulation and control of the exchanges and the jurisdiction to be exercised in the many matters related thereto require a high degree of technical skill and knowledge, that it would be more advantageous if the administration of the act should be placed in a Federal securities exchange commission to be composed of 5 members appointed by the President, by and with the advice and consent of the Senate, not more than 3 members to be of the same political party, such commission to take over also the administration of the Securities Act of 1933. In either case, however, as the Dickinson report to the President set forth, after its study of the general subject matter of stock-exchange control:

> The staff of the agency must be specifically fitted for their tasks and the Commissioners charged with the work must be men of unusual qualifications who must hold the respect of the country; and such an agency should give continuous representations to the views both of the investing public and of the exchanges in an endeavor to provide that no hasty or ill-advised regulations would be promulgated by inexperienced men.

CREATING NEW CONFIDENCE IN SECURITY MARKETS

It is my hope and expectation that a wise and judicious administration of the provisions of this act will create a new

confidence in the integrity of the security markets. The report of the Twentieth Century Survey and study, aptly states:

> If there were a justifiable belief that security markets actually were "free and open", that all buyers and sellers met on substantially equal terms, that the outsider was not victimized by the insider, that pool activities did not distort investment values, that brokers could be relied upon to give undivided loyalty toward their customers, that reckless speculation would not occur—if, in short, a new atmosphere of this sort could be created, the response would be a greater investment interest in securities and a consequent improvement in all phases of the security business.

It is needless to say that it has been the constant endeavor of the Committee on Interstate and Foreign Commerce, throughout its long and tedious consideration of this subject, to produce a bill that will recreate confidence by an assurance that past evils cannot and will not occur again in the security market. We believe this bill will accomplish that purpose. [Applause.]

Mr. RAYBURN. Mr. Chairman, I yield 25 minutes to the gentleman from Connecticut [Mr. MALONEY].

Mr. MALONEY of Connecticut. Mr. Chairman, this bill has been declared the most important piece of legislation to be considered by this Congress. It has excited thousands of columns of newspaper space, made boom business for the Post Office Department and the telegraph companies, has seized the interest of the public as few pieces of legislation have done—and has worked certain interests to the point where it has been said they would spend millions to have it cast aside.

All this has naturally intensified the interest of the members of the Committee on Interstate and Foreign Commerce, which has been considering the bill. That interest and that sense of its importance has driven us to go over it time and again, line by line, paragraph by paragraph, and page by page. We have called on representatives of all interests to help us, defenders of high finance from Wall Street, conservative investment bankers from all parts of the country, industrialists, lawyers, commercial bankers, and Government servants filling high posts in the Federal Reserve Board and other departments. Because of its importance, we have never attempted to hurry and we have never used or felt the partisan whip. Whenever reasonable doubts have existed, we have called a halt to discuss at full length the problem involved. Time and again the bill has been redrafted to meet the directions of the committee for further changes. I think the committee can be proud of the dispassionate and devoted effort it has given to the formulation of the bill which has been reported out. The time all this has required has been justified by the improvement which the existing bill represents over the much more drastic measure originally introduced as a basis for suggestion and hearings.

But on the other hand the very conscientiousness with which the bill has been reworked by the committee has, paradoxically, been largely the cause of the uneasiness about its provisions which have been described as existing in certain parts of the country and, according to my colleague, Mr. MERRITT, particularly in my own New England. In the first place, the changes of sections and even the complete redrafts of the bill have been too many and have succeeded each other too quickly for the public to follow and distinguish between them. I am still receiving protests which I am sure are based not on the bill which the committee has reported to the House, but on the bill which was originally introduced nearly 10 weeks ago. In the second place, the intervening 10 weeks have afforded a golden opportunity for propagandists. With their great resources and many contacts the stock exchanges were able to gather their forces and take full advantage of the public confusion over the terms of the bill. We are unfortunate in that our very conscientiousness has made things more difficult.

Two things particularly impressed me in the long hearings. One was the seeming inability of the brokers and big business men to consider the broader point of view of the whole social structure, and to understand the degree to which their own prosperity is completely tied up with a sound stability in the economic system as a whole. They seemed to realize so little the degree to which the prosperity of each of them depends upon the common good, and that if we do not learn somehow to hang together, we shall soon again, as in 1929–32, hang separately. As Chairman RAYBURN stated in his speech before the House yesterday, fundamentally it is impossible to have a bill which will completely satisfy those interests. They really want no bill at all.

Another thing about the hearings that impressed me to a considerable extent was the absence of those who suffered most during the period of financial madness. We were endeavoring to perfect a measure that would remove the possibility of future frauds, that would protect the little banks, the small industries, the business men of America, and the hundreds of thousands of individuals who have periodically been caught in the vortex of the waters of juggled finance, and there were none of them at court. Their representatives were a few Government servants and these men were roundly suspected and damned for their efforts.

I came to the conclusion that some of them were beyond the opportunity to testify, that others among them were indifferent because their faith in a Congress to meet the challenge was very slight, and the rest because they had lost their pride, their spirit was crushed, and their courage gone.

Some of these absentees would be the people who would again suffer most if we could not evolve some way of preventing a repetition of that nightmare. Here we are endeavoring to perfect a measure to remove the possibility that soon again, as in the years before 1929, the operations of a comparatively few irresponsible financial monarchs and their camp followers—monarchs who would later abdicate into bankruptcy like Livermore or into oblivion like Kreuger, or to a far-away place like Insull, and leave the common folks to work out of the mess without their help—might ruin the little banks, the small industries, the average business man, and the thousands of investor-speculators who are periodically caught in and pay the price for speculative madnesses which political reactionaries fatalistically regard as regrettable but inevitable fluctuations in the economic cycle. Almost a hundred witnesses and hundreds more of highly paid lawyers and agents appeared and lobbied directly or indirectly for the cause of those who dwell in high financial places. Only five or six Government employees, and a few other people, appeared for the hundreds of thousands of the solid little fellows.

Of course, we were not alone the representatives of those who lost when the masts and funnels of finance were shot away. We had, however, felt the evidence that would have been theirs had they testified, as we lived in the terrible times ourselves, and the finding of this committee, as it is presented for your final judgment this week, was based upon a desire to be fair to those men who labor in the money marts, and just to those who make this great financial business possible. It became very clear to me that there was a particular duty upon us, hearing in substance only one side in this great debate. We were in a sense compelled to represent that great inarticulate mass and in a sense to be their advocate in weighing the testimony so pressed upon us by well-paid lawyers for the other side.

I think that this Congress, so likely to hear only the side of the articulate big man, should be careful that it adopts a bill fair not only to those who operate financial markets with other people's money, but to those millions whose self-stinting thrift, and possibly pathetic faith in the integrity of those operators and in the stability of those markets, makes great financial business possible. And I feel that the bill as reported by the committee is fair enough in that way, and is effective, and should be adopted now.

Yesterday I heard my colleague from Connecticut, Mr. MERRITT, plead with you not to enact this bill into law at this session, because it might interfere with business, even though only indirectly, and because reviving business confidence might be disturbed by the existence of that possibility magnified into a real fear by clever propaganda. I have for

Mr. MERRITT a feeling of affection and regard that goes far beyond the warm feeling of good will that men who are friends feel toward one another. I tremendously admire him for the sincerity of his convictions, even as I disagree with him.

I know, and I understand, and I share the concern of my Connecticut colleague as he aims to protect the typical Connecticut business man from actual Government domination or from any reasonable fear of that domination. But I do disagree with him on the existence of any fair basis for fear, and on the wisdom of postponing this legislation because unjustifiable fears have been created.

For myself I want to declare that I am whole-heartedly for this bill in its present form. I am for it because I am firmly convinced that industry will have a haven of safety behind its ramparts, because it will no longer allow the small banks scattered over the land to be the unknowing tools and victims of a small financial clique run wild, because it affords once more a better chance to the small business man on Main Street, and because it gives a greater measure of protection to the unschooled small investor in every hamlet in America.

Honest and sincere men will arise on the floor of this House before the close of this debate, as my colleague did yesterday, and plead with you not to permit the enactment of a law that will tie the hands of industry, retard the flow of credit, and slow up the wheels of progress. Many of them will be blessed with a greater gift of words than I possess, and I regard the abilities of some of them so highly that I am sure there will be a plausability in their argument. I urge you to watch for the concrete case of where the bill does harm.

Among those who will express fear, both in this House and elsewhere, are other men of noble character and high purpose from my own State. For some of them I have a high regard. The difference between us—and it is a wide difference—is our opinion concerning the responsibility of government. Theirs is that philosophy of government so clearly and so pitifully exemplified in the days just before the Seventy-third Congress. Theirs is that governmental view which expresses the thought that it is unwise to try things heretofore untried. They belong to the old order and the old guard. They are the political reactionaries.

I am not in sympathy with the view which attacks these men or attacks the Mellons and the Morgans. From the law they know and the view they have, I am certain that theirs is no less a noble purpose than that of other men. I do, however, join in the attack upon the manipulation of our system of government by men of high finance, and I do join in the attack upon every set-up, whether it be in Wall Street or Pittsburgh, which permits an abuse of power by men who have been given that power by the sweat of another man's brow.

I think I can show in a few minutes that there is no ground for the fear that this bill will interfere with the conduct of business corporations. But right now let me say that I have no faith in a business confidence that is so tender a plant that it cannot stand the sunshine of immediate curative legislation for admitted existing abuses. I do not believe that any business recovery like the one through which we are rapidly passing can be ruined by a sound piece of stabilizing legislation designed to keep that recovery from running away like the boom of last year. A confidence that comes from the real knowledge that crazy stock-exchange speculation cannot again upset the balance of things is the only kind of confidence on which business can really build. A nervous postponement of necessary adjustments until an inevitable "next year" is a basis on which nothing can be built except the hope that political accident may make it impossible to pass any bill next year. This bill does not offer us any simplified choice of reform or recovery. We are in a situation where without reform there can be no sound recovery.

I do not believe that a generation should fatalistically suffer its woes in the sackcloth and ashes of passive acceptance, fearing to do anything but wait for the operation of so-called "economic natural laws" to restore prosperity to the next generation. I do not believe in changing our form of Government. But I do believe that this generation has the intelligence and resource to grapple with our problems as boldly and concretely, and as experimentally if need be, as our constitutional fathers grappled with their problems 150 years ago. That is part of the reason why I have long advocated a governmental regulation of working hours, and an old-age pension system.

I consider that the truly dangerous radical in times like these, when all the plans of a generation are standing at the forks of the road, is the disbeliever in our power to control our own economic destiny. I cannot comprehend the feeling of those who fatalistically shake their heads face to face with our admitted problem, remark on human futility, and have no recommendation but that things be allowed to work themselves out. In a thousand years' view of human history it perhaps makes no difference to the philosopher that this generation in Meriden and in New Haven, Conn., 1934, are trapped in a burning structure, while the philosophers watch the flames burn out and reflect that in another 10 years the workings of the natural laws of economics will create prosperity for another generation. But it means everything to those people in Meriden and in New Haven in 1934 to try to take hold of the situation and do some things for themselves now.

I represent an even more highly industrialized constituency than does Mr. MERRITT. Mine is a constituency of moderate-sized closely owned business firms, managed by those who have had to make profits while paying the highest wage scales in the country, and employing clear-headed, sober, intelligent workingmen who have tried to invest intelligently. It is a constituency of democratic decentralized industrial units which has tried to live by its own self-reliant standards and which has had very little part in the speculation of the rest of the country. But it has learned—and it was a bitter lesson—that the completely national scale on which our business and finance is now organized leaves the native conservatism of any community rather helpless before the speculation of less conservative communities. My New England constituency will not only be unharmed by the passage of this bill but gains from it the protection of its habitual methods of doing business and of investing money to a greater extent than practically any other section of the country. The small New England business man, who always operated on a cautious, stable basis, can only gain by control of the stream of credit which has upset his careful plans, and profits, by alternately flushing his huge poorly managed competitors with stock-market funds to expand in the fever of a boom—and leaving his market glutted with productive facilities when the boom collapsed. And I am convinced that there has been a direct relationship between the flotation of huge mergers on the basis of too easy stock-market credit and the tendency toward monopolization of industry which has gone on in the past 10 years to the destruction of the democratic decentralization and diversification of small industry on which New England stability is based.

I think the New England investor likewise has everything to gain and nothing to lose. The provisions for adequate corporate reporting, the provisions by which credit controls will tend to make securities sell on an investment basis, and the provisions outlawing market manipulations give him the materials for a stable investment policy based on stable investment values which he has always sought. In the House committee the other day I heard general agreement that the New England securities market was the best and perhaps the only true investment market in the country—that securities were bought in New England for investment holding and not for speculative trading to a degree unequaled in any other section of the country. Not a little of that sort of investment demand comes from its carefully conservative banks, and from its magnificently operated insurance companies, which safeguard the humble estates men endeavor to create by real self-sacrifice. A bill that tends to stabilize securities markets for such insurance companies, banks, and other investors, that gives them

adequate corporation reports on which to base their judgments to buy and sell—that gives them assurances that the values reflected in these corporate reports will not be unpredicably upset by alternate booms and panics in the stock market—is a bill which will put at a premium the qualities on which New England's financial life is based. New England has less reason to be afraid of this bill than has any other section of the country.

The talk about the effect of this proposed legislation upon business usually starts with the statement that it is only right and proper to regulate the abuses on the stock exchanges, but that this legislation goes far beyond the stock exchanges and that under the guise of stock-exchange regulation it reaches out and affects industry of all kinds, both the large and small. It is interesting to know that this talk first came from the representatives of the great stock exchanges, who took it upon themselves, in the true spirit of benevolent philanthropy, to awaken industry to its great peril. While I have no doubt that this propaganda has caused genuine fear to be entertained by many business men, I am equally certain that when the business men of this country become acquainted with the actual provisions of the law, as distinguished from the stigma placed upon it by Wall Street lawyers and public-relations counsel, theirs will be a greatly changed opinion. Wall Street has done more to regiment and monopolize business than this bill could ever hope to.

It is the small industries of New England that carry on the best traditions of American business. It is these industries that sustain themselves by an economy of low-cost production and in the quality of their service, and not by monopoly based on banking control. If this legislation had any tendency to interfere with the self-reliant small industries I should be the first to oppose it and the last to accept it. The curb that this legislation puts upon the excessive flow of credit into the stock market will, in my judgment, be a great boon to these small industries. It will guarantee them adequate credit facilities when business is fully revived, because it will prevent money flowing from local banks into a vortex of speculation in a few metropolitan centers.

The small New England business man should note that under section 4 of the bill it is contemplated that the very small exchanges on which the securities of small, closely held New England corporations are often traded may, as exchanges, be exempted by the administrative commission from all or any of the provisions of the bill. The small business man should also note how carefully the bill, which is fundamentaly only concerned with the trading on the exchanges in the shares of companies which have a sufficiently wide distribution to be traded in on such exchanges and made the subject of abuses incident to such trading, provides that the administrative commission may exempt securities, the markets of which are predominantly intrastate in character. Because of the tremendous difference in circumstances, it was not possible to draw definite lines of classification with which to exclude small corporations. But it should be noted that even a listed security of a small corporation which fits the classification given could probably be exempted by the Commission from all or a large part of the bill, and securities not listed would not be within the scope of the bill at all, except for the purposes of the over-the-counter market section in section 14. The sections of which industry has been told it should be afraid are sections 11, 12, 13, 14, and 15.

The provisions of sections 11 and 12 have been so much discussed on the floor already that I shall not repeat the arguments made by the chairman and Mr. MAPES to show that they are in substance merely a standardization of minimum listing requirements on exchanges, analogous to requirements already made by exchanges and actually less burdensome to issuing corporations than the power now exercised by the New York Stock Exchange.

There have been attempts to make it appear that the control given to the Commission in this section 14 to regulate the over-the-counter markets is really aimed at small industry. Nothing could be further from the truth. The provision for the control of brokers and dealers in the over-the-counter market is not intended as a catch-all by which the Commission can dominate the affairs of unlisted companies. It is simply an absolutely necessary protection for the market on the exchanges which the bill seeks so much to improve. The necessity for that protection has been very clearly put in the report of the Twentieth Century Fund on "Stock-Market Control":

> The benefits that would accrue as the result of raising the standards of security exchanges might be nullified if the over-the-counter markets were left unregulated and uncontrolled. They are of vast proportions, and they would serve as a refuge for any business that might seek to escape the discipline of the exchanges; and the more exacting that discipline, the greater the temptation to escape from it. Over-the-counter markets offer facilities that are useful under certain conditions, but they should not be permitted to expand beyond their proper sphere and compete with the exchanges for business that, from the point of view of public interest, should be confined to the organized markets. This constitutes the sanction for Federal regulation of over-the-counter dealers and brokers. To leave the over-the-counter markets out of a regulatory system would be to destroy the effects of regulating the organized exchanges.

If one wants to put effective restraints upon excessive speculation on the exchanges, it is obviously necessary to guard against the same sort of excessive speculation on the unregulated markets. But those who tell you that the over-the-counter provisions of the bill will interfere directly or indirectly with the small industrial concern are either willfully misleading you or are ignorant of what the bill really does. The control of the Commission with respect to the over-the-counter markets may be exercised only over dealers or brokers who maintain a public market. The Commission has no power to cause any corporation to file any statement or to subject itself in any way to regulation. Even the dealer or broker is not subject to control if he does no more than to try to find a buyer for a person who wants to sell some shares or to find a seller for a person who wants to buy some shares. A dealer or broker creates or maintains an over-the-counter market as it is defined in the bill only if he stands ready both to buy and sell; that is, if he stands ready to quote you a price at which he will buy your shares as well as a price at which he will sell your shares.

Now, if a corporation is small, and has only a few stockholders, it has no concern to see its shares constantly traded in. If the corporation is of such a size that its stockholders demand a public market, then it should be ready to file the very reasonable information for its stockholders that is required of companies whose shares are registered. But even in the case of a large corporation there is no mandatory requirement in the bill that the corporation register its shares on an exchange or meet any requirement that the Commission may impose as a condition to permitting a broker or dealer to create or maintain a public market for its shares. And it is important to note that the over-the-counter provisions of the bill are so framed that the Commission may, but need not, require the filing of information by a corporation as a condition to permitting a dealer or broker to create or maintain a public market for its securities. The over-the-counter markets present so many variants that the bill wisely gives the Commission the broadest discretion, because it is impossible to foresee at the moment whether considerable regulation may be required if the threatened delisting by large publicly owned corporations should occur—which I for one do not anticipate. Certainly the corporation, large or small, with less than 100 security holders, would remain for all practical purposes unaffected by any over-the-counter regulations.

Under this bill a bank may lend any amount it deems proper upon an unlisted security and is not in this respect subject to any margin requirement. Under these circumstances the holder of an unlisted security need not fear being deprived of any legitimate credit facility.

Small, self-reliant industry, such as New England prides itself upon, has nothing to fear and much to gain from such provisions.

Everyone here knows that when you establish a flexible power in a law you are bound to give men power to do harm,

but our intention is to give men power to do good, and what reason is there to believe that the power would be abused? Recent history has taught men that those who have had a part in manipulation of the money marts have less of friendship for the folks and no greater love of their country than those now engaged in management of governmental affairs.

This bill is primarily designed to prevent a manipulation of securities—the kind of manipulation that threatened the lives of the insurance companies of America, and thereby the humble estates men endeavored to create by the sweat of the brow and real self-sacrifice. It would remove a chance at manipulation that not only threatened the banking system of the country but actually left many banks broken wreckage upon the rocks. It would forever forbid a manipulation that boiled a market to the point where it attracted credit away from the proper channels of industry into the uncertain paths of speculation.

While there were other contributing causes, none seems to deny that stock gambling, with its now known abuses, ruined many an industry and crippled or destroyed business establishments and working people.

Many of those who would thwart the aim of this bill, and quite sincerely in most instances, approach the situation with an unconscious selfishness that makes them victims of their own blindness. Among them are the men who are schooled in that class which believes in business monopoly. They would maintain a monarchy of business and sit upon its throne. I believe in a far-reaching democracy of business, and I would make more rigid the antitrust laws when the uncertainties of this depression permits that change. They believe in a cash-and-carry plan, and I am sufficiently old-fashioned to still have a regard for those little storekeepers who carried the burden of the neighbors in other dark days—those men who gave the groceries to the neighbor's youngster when he brought no more evidence of money to the store than a badly worn little brown book with a picture of a meat rack and a butcher on the cover.

Manipulation and misleading statements to be hereafter forbidden by law did not stop after crippling banks, insurance companies, industry, and investors.

It dulled the faith of conservative investors in the investment banking houses long engaged in the business of selling high-grade securities. Though the operators of these establishments kept their hands unsoiled they were smeared by the splashing in the muddy waters, and people in business, as well as those out of work, became afraid.

It cannot be that we have staggered through the wilderness for 4 years without having learned the need for the revision of the system. As we try to revive business by experiment it is our sacred responsibility to provide against a reoccurrence of what has happened in our generation.

Those who are loudest in their condemnation of this bill are those who look with scorn upon such social reforms and economic necessities as regulated working hours and old-age pensions. Their influence has been so effective up to now that they could build an opposition to legislation by people who would benefit from it.

Time will undoubtedly find flaws in this particular bill, as it almost always does, because the men of the committee which wrote the bill possess the customary frailties of human nature and finite minds.

This bill does no more than insist upon the truth, and it denies an opportunity to one class of investors that has heretofore been denied to others—or rather it gives the man on the outside a knowledge up to now reserved to himself by the man on the inside.

President Wilson, in 1919, recommended the enactment of a law to prevent the fraudulent methods of promoters by which our people are annually fleeced of many millions of hard-earned money. Prior to that time, or in 1907, President Roosevelt admonished the Congress that the Federal Government should supervise the issuance of securities of any combination doing an interstate business. We now have a President who observed greater abuses in this field than his illustrious predecessors had known, and he insisted that the law be written. His insistence is not my special reason for supporting this measure, for I have strayed from the administrative path when my convictions were in serious conflict with those of our great national leadership. I feebly helped lead the fight against the so-called "municipal bankruptcy bill" in the last session, and I could not bring myself to the conclusion of those who saw wisdom in the recent decision of this House on the tariff proposal. My mind fails to justify the silver opinion we expressed in this body, and I cannot enter the class of those men who yielded to the inflationary temptation of the much-discussed and widely advertised plan to make good for every bank loss of the panic period.

All of this is to emphasize that I am inspired by no socialistic notion or romantic dream. I regard myself as a liberal conservative. This is a conservative bill.

I urge you to pass it in its present form. [Applause.]

Mr. RAYBURN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. TAYLOR of Colorado, 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. 9323, had come to no resolution thereon.

VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—MINIMUM PAY FOR POSTAL SUBSTITUTES

The SPEAKER laid before the House the following veto message from the President of the United States:

To the House of Representatives:

I return herewith, without my approval, H.R. 7483, entitled "An act to provide minimum pay for postal substitutes." The bill is contrary to public policy in that it provides compensation to a certain class of employees regardless of the need for their services. It is discriminatory and establishes a precedent which, if followed, would undoubtedly lead to many abuses.

As a result of the depression, the postal business decreased to such an extent that the Department had no need for the services of thousands of its employees. By orderly processes, this surplus is being reduced without injustice to the personnel. During the period of declining business and with a surplus of regular employees, the Post Office Department had little or no need for the services of the substitutes, who are carried on the rolls for replacement purposes and to augment the regular forces in emergencies. However, at this time, the postal revenues are increasing and more work is being provided for the substitutes. Therefore, from a humanitarian standpoint, there appears to be no need for legislation of this character.

Aside from any consideration of conditions in the Postal Service with respect to its personnel, this appears to be a relief measure for a particular class of our citizens, and as such is clearly discriminatory.

This bill prohibits the Postmaster General from determining the needs of the Postal Service as to personnel in that it requires the Post Office Department to retain on its rolls all substitutes of record at this time. It fixes definitely the maximum number of substitutes that may be carried in certain groups, regardless of conditions, and is therefore not in the interest of good administration of the public business.

There is attached the Postmaster General's statement which sets forth in detail the objections to this bill.

My disapproval of this measure is not based on the consideration of the additional expenditures it would require but on the deeper consideration of public policy. I trust that the Congress will continue to cooperate with me in our common effort to establish and follow policies that will be best for all of our people.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *April 30, 1934.*

Mr. BYRNS. Mr. Speaker, I move that the bill and the message be referred to the Committee on the Post Office and Post Roads and ordered printed.

The motion was agreed to.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—ALIEN PROPERTY CUSTODIAN (H.DOC. NO. 337)

The SPEAKER laid before the House the following message from the President of the United States, which was read and, with the accompanying papers, referred to the Committee on Expenditures in Executive Departments and ordered printed:

To the Congress:

Pursuant to the provisions of section 16 of the act of March 3, 1933 (ch. 212, 47 Stat. 1517), as amended by title III of the act of March 20, 1933 (ch. 3, 48 Stat. 16), I am transmitting herewith an Executive order providing for the abolishment of the Office of the Alien Property Custodian and the transfer of its functions to the Department of Justice.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *May 1, 1934.*

THE FRAZIER-LEMKE BILL

Mr. HART. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including a short address delivered over the radio on the Frazier-Lemke bill by my colleague the gentleman from Michigan [Mr. MUSSELWHITE].

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

There was no objection.

Mr. HART. Mr. Speaker, I ask unanimous consent to have inserted in the RECORD an address by my colleague from Michigan [Mr. MUSSELWHITE] broadcast on the Frazier-Lemke bill, which is occupying the attention of farmers throughout the State of Michigan and the entire country.

The address is as follows:

My friends, I am happy to have this opportunity to address you briefly in support of the Frazier-Lemke bill for the relief of the beleaguered farmers of the Nation.

With other Members of the Congress I have signed the petition for discharge of the committee and presentation of the measure on the floor of the House. I am aware that violent opposition has been expressed against it by interests which have too long dominated the financial policies of this Government.

Farm-born myself, and representing an agricultural district, my interests have always been and still are with the Nation's producers. Throughout my whole lifetime I have seen them discriminated against in legislation. I am not a professional viewer-with-alarm. Far from it.

The achievements of this administration in its recovery program constitute a prideful chapter in American history. From the viewpoints of industry, finance, and general business our country is immeasurably better off than it was in March 1933, when the lowest depths of national and individual insolvency, misery, and despair were plumbed.

But what has been done for the farmer, most oppressed of all our citizenry? Oh, he has shared to some extent in the general recovery, but not proportionately to other classes. But, like the good soldier he is, he has stood by, hoping, praying, and toiling along, waiting for something to be done in his behalf.

To my mind, the Frazier-Lemke bill is the answer to his prayer. Lift the heavy yoke of mortgage and high-interest payments from the neck of the farmer and you will be amazed at the response, at the quickening of all business. Recovery should begin at the roots of production, not at its top branches. And the farm is the genesis of all productivity.

Relief of this distressing farm situation—actual, not theoretical relief—is the purpose of the Frazier-Lemke bill. I will not bore you with a long string of statistics. Others may if they wish. Tables of figures are as annoying to me as to anyone.

I assume that you have read the Frazier-Lemke bill and are familiar with its provisions. To summarize:

It provides that the United States Government shall refinance existing farm indebtedness at 1½-percent interest and 1½-percent principal on the amortization plan, not by issuance of bonds but by issuing Federal Reserve notes secured by first mortgages on farm lands. Could anything be fairer? There is no better security. I am credibly informed that if the Government will do this it will make a profit of better than $6,000,000,000 at 1½-percent interest in 47 years, the time required for amortization of the farm indebtedness.

It appears to me that this would be good business.

And under this provision the farmers of the Nation would have to pay $6,149,500,000 less interest in 47 years, while the Government makes its profit of upward of $6,000,000,000 and lessens the Federal tax burden in an equal amount.

Can you find any fault with that?

Under the present Farm Mortgage Act the farmer has to pay 4½-percent interest if he lives in a Federal Farm Loan Association district and 5 percent if he does not, and pay in addition 1 percent for administration, and on top of this buy stock in an amount equal to 5 percent of his loan, making 10½ or 11 percent for the first year and thereafter 4½ or 5 percent with 1 percent for amortization, making 5½ or 6 percent annually until paid. The high rate of interest is like a little Old Man of the Sea upon his shoulders. It is impossible to shake it off. The Frazier-Lemke bill takes into consideration the farmer's ability to pay.

I asked a moment ago who could find fault with this. I will answer my own question now. The beneficiaries of the system of issuing tax-exempt bonds bearing interest at 3½ percent, the money kings of Wall and Broad Streets, the international bankers who control the big fortunes of the country can and do object strenuously and piteously. And these moguls of high finance, the Morgans and the Kuhn-Loebs, and until recently the Insulls, through peculiar provisions of our present financial structure, finance their operations with money furnished them by the Government itself through the medium of a revolving fund, the ostensible aim of which is to maintain the national credit, on which all money value is based.

Abler speakers than I am will enlighten you further on this head. Issuance of Federal Reserve notes to take care of this situation would be classed by alarmists as "inflation", dread word in the sacrosanct circles of plutocracy. "Inflation" is a bogeyman held up whenever the security of the overprivileged is threatened as a scarecrow to drive out trespassers in the field of privilege.

What is money, anyway? It isn't gold in the raw, nor silver, nor currency, nor any other medium of exchange unless it is backed by the credit of the nation whose name it carries as the guaranty of its integrity. Federal Reserve notes bearing the endorsement of the United States are as much money as gold or silver or any other circulating medium. And they are as sound, as solid, as secure as Government bonds backed by the same surety as tax-exempt bonds, the rich man's resort from paying his just obligations to the government which extends him the privileges he enjoys.

Under the beneficient workings of the new deal industry, finance, and business have benefited vastly. The legislative pulmotor has revived and, to a large extent, restored them. But for the farmers, what? Disappointment and disillusionment. We are at the crossroads. The Frazier-Lemke bill points the way to a better, brighter day.

It is sound. It is sane. It has my support, unreservedly. Prosperity for the farmer spells prosperity for the Nation.

I thank you for your attention.

CONTINUANCE OF THE C.W.A.

Mr. SWICK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD with reference to continuance of the C.W.A.

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

There was no objection.

Mr. SWICK. Mr. Speaker, during the past week I have had the opportunity of investigating the conditions under which a great percentage of the laboring and white-collared men of my district are living, and frankly I marvel at the extreme patience which they have shown in the face of the months of unemployment they have undergone.

I have taken occasion twice on the floor of this House to call your attention to the necessity of providing at all costs adequate means whereby the unemployed men and women of this country may have an opportunity to earn the necessities of life.

I have urgently requested that we continue the C.W.A. under a program that would provide for a considerably larger number of men than before. Instead of heeding that suggestion, the C.W.A. was discontinued entirely and the Relief Works Division was set up in its stead, necessitating the reduction of working personnel more than 50 percent. This, of course, placed a much greater burden on the relief organizations. Under the R.W.D. great difficulty was experienced, in my district at least, in securing money with which to meet the pay roll. In fact, when the order was issued last week to discontinue all work in the county of Lawrence, Pa., they lacked $4,700 of having sufficient funds with which to pay the men for work they had done.

On yesterday the Governor of my State flew to Washington to insist that more relief be given that great Commonwealth. I appreciate very much the fight he is waging in behalf of the unemployed, and I have endeavored to help him by going personally before the relief agency and giving first-hand information of conditions in my district. I sincerely hope that out of these conferences may soon come the much-needed help to my people.

It was my privilege to attend a meeting of representatives of the 12,000 men who were registered for employment in that county last Friday night. Despite the fact that I have endeavored to keep in touch with the relief situation, I was doubly impressed with the earnestness and determination of those men who have organized for the purpose of bringing

their plight before you, in the hope that you will realize their situation and take the necessary steps to enable them to carry on as Americans should.

It seems the administration has determined to retract from its original principles of providing work for the unemployed and needy and return to the former system of relief orders. Gentlemen, the unemployed men of this country will no longer accept such treatment willingly. To adopt such a policy is inviting serious trouble. I cannot believe there is a Member of this House whose sympathies are not with the great body of men and women, who for months, yes, years, have been unable to earn their daily bread. We have responded each time our President has asked for the appropriation of millions to be loaned to business corporations in the hope that it would start up the wheels of industry and make it possible for workers to take up their labors where they left off months ago. I do not deny that we have accomplished something, but we still have millions of workers unemployed, and the prospects for their employment by industry at an early date are not bright.

I have placed in the hands of each member of the Pennsylvania delegation in this House and each of the Senators from Pennsylvania a copy of the following resolution, adopted by representatives of the 12,000 unemployed workers of Lawrence County. My colleagues, this is not a partisan matter; neither is it a local situation. It represents the plight of millions of unemployed men throughout the Nation. If the tone of the resolution sounds radical, it should be remembered it comes from the lips of men who are desperate. Many of them have worn the uniform of their country in time of war; most of them are responsible for the welfare and comfort of wives and babies. Place yourself in their position. They have suffered physically and mentally. They have displayed the utmost patience and courage. They are petitioning us, as citizens of the United States, under their rights as such. It is our duty to heed them and find a remedy for their troubles.

We have been advised by administration leaders at various times during this Congress that we were fighting an emergency equal to that of 1917 and 1918. No Member of this House has disputed that statement. I believe the present emergency is even worse than that. So long as there remains either Federal or private resources in this country we are derelict in our duty as Representatives if we permit the continuation of such deplorable conditions among our people. I, for one, am ready to go the limit in this matter, even to the extent of drafting private resources to bring about recovery.

I am convinced the laboring and middle classes of this great Nation have about reached the end of their patience, they demand immediate relief. Let us not invite trouble by forcing them to take matters in their own hand. Let us preserve America by protecting Americans from hunger and want. I am pleased to present the following petition and urge every Member of this House to give it serious consideration; consider the plight of the men who present it. It represents the true state of affairs. There can be no justification for hunger and misery in a land of plenty. Let us act with a determination that will prevent internal strife. If we do not try, we have failed to do our duty and should be replaced by men who will.

We the Cooperative Workers of America, Lawrence County Unit of Pennsylvania, are compelled to call your attention to our resolution of April 10, 1934, pertaining to the failure of the R.W.D. to properly function to meet our needs. The answer to that resolution has been to entirely suspend all R.W.D. operations in the State of Pennsylvania.

A comparison of facts and figures tends to show a brazen discrimination against this Commonwealth, and we must have some action to correct this condition at once. We note the State of Pennsylvania in 1933 paid 7.37 percent of all Federal taxes and received in return only 4.61 percent of emergency aid, while our neighbor State of Ohio, with like industrial conditions, paid 4.69 percent and received 7.70 percent of emergency aid. Do you attribute this condition to the difference in political affiliations of our elected national and State representatives? Don't you think it is highly important for our national security that our statesmen should cease using the welfare of millions of our citizens as a sacrifice on the altar of political greed?

Our humiliation and fear for the future compel us to make the following resolution:

Resolved, We, 12,000 R.W.D. and unemployed workers, do now most emphatically protest the shutting down of all R.W.D. projects and demand that immediate action be taken to provide work at living wages for all able-bodied workers and full and adequate relief for all families who are unable to work, until industry is willing or compelled to absorb them. The time of playing politics with human misery must end or disastrous results will follow.

THE COOPERATIVE WORKERS OF AMERICA,
JESSE C. DUFFORD, *President*.
DOYLE GLOSNER, *Secretary*,
New Castle, Pa.

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to insert a short statement made by Dr. William A. Taylor, Chief of the Bureau of Plant Industry of the Department of Agriculture, before the Committee on Appropriations relative to the advisability of transferring the Botanic Garden to the Department of Agriculture.

The SPEAKER. Is there objection?

There was no objection.

Mr. BLANTON. I am heartily in favor of granting the relief sought by Hon. George W. Hess, who for many years has been the able, efficient, courteous, and most valuable director of the Botanic Garden. He certainly deserves this little recognition at the hands of Congress. He has grown old in this service, and faithful, hard work for the Government has helped to impair his health.

Under the vigilant care and expert training of George W. Hess, I have watched this small Government institution grow abundantly from the small plant it once was to the magnificent Botanic Garden that it now is, than which there is none to be found more beautiful.

But I am not in favor of transferring this project to the Department of Agriculture. I want it kept under separate management. There is now very little, if any, duplication of overhead. And I firmly believe that any money saved would be at the expense of the value of the Botanic Garden.

CIRCULATION OF READING MATTER AMONG THE BLIND

Mr. MEAD. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 2922) to amend the act entitled "An act to promote the circulation of reading matter among the blind", approved April 27, 1904, and acts supplemental thereto, and pass the same, a similar House bill being on the calendar.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, is this agreeable to the minority members of the committee?

Mr. MEAD. I may say to the gentleman from Massachusetts that this bill was acted upon and reported by the House committee unanimously and is favored by the Department. The measure also passed the Senate unanimously, and I am simply substituting the Senate bill for the House bill.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the act entitled "An act to promote the circulation of reading matter among the blind", approved April 27, 1904 (33 Stat. 313), the supplemental provision in section 1 of the Post Office Appropriation Act for 1913, approved August 24, 1912 (37 Stat. 551), and the joint resolution entitled "Joint resolution to provide for the free transmission through the mails of certain publications for the blind", approved June 7, 1924 (43 Stat. 668; U.S.C., title 39, ch. 8, sec. 331), be, and the same are hereby, amended to read as follows:

"Books, pamphlets, and other reading matter published either in raised characters, whether prepared by hand or printed, or in the form of sound-reproduction records for the use of the blind, in packages not exceeding 12 pounds in weight, and containing no advertising or other matter whatever, unsealed, and when sent by public institutions for the blind, or by any public libraries, as a loan to blind readers, or when returned by the latter to such institutions or public libraries; magazines, periodicals, and other regularly issued publications in such raised characters, whether prepared by hand or printed, or on sound-reproduction records (for the use of the blind), which contain no advertisements and for which no subscription fee is charged, shall be transmitted in the United States mails free of postage and under such regulations as the Postmaster General may prescribe.

"Volumes of the Holy Scriptures, or any part thereof, published either in raised characters, whether prepared by hand or printed, or in the form of sound reproduction records for the use of the blind, which do not contain advertisements (a) when furnished by an organization, institution, or association not conducted for private profit, to a blind person without charge, shall be transmitted in the United States mails free of postage; (b) when fur-

nished by an organization, institution, or association not conducted for private profit to a blind person at a price not greater than the cost price thereof, shall be transmitted in the United States mails at the postage rate of 1 cent for each pound or fraction thereof; under such regulations as the Postmaster General may prescribe.

"All letters written in point print or raised characters or on sound reproduction records used by the blind, when unsealed, shall be transmitted through the mails as third-class matter."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill was laid on the table.

SETTLEMENT OF THE RAILROAD CONTROVERSY

Mr. MEAD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and point out the significance of the settlement of the railroad controversy and include therein a brief memorandum of agreement.

The SPEAKER. Is there objection?

There was no objection.

Mr. MEAD. Mr. Speaker, the country at large may not fully realize the important significance of the settlement of the railroad controversy. To realize the serious side of the question requires a knowledge of the problems involved, the attitude of the railroad executives, and the position taken by the administration.

The conflict which has been raging for months concerned the wages of employees employed on the railroads of the United States. The attitude taken by the railroad executives was in direct conflict with the position assumed by the representatives of labor. The railroads contended for a further reduction in the wage scale of the workers, while the railroad labor chiefs demanded the restoration of the pay cut which became effective in 1930.

The President of the United States and Joseph B. Eastman, the Coordinator of the Railroads, put forth every effort to bring about a settlement of the perplexing question. After a number of conferences, the President took a determined stand in support of a speedy and peaceful settlement of the controversy. He offered as a suggestion to be considered in connection with the settlement several important proposals:

First. The scaling down of the topheavy indebtedness of the railroads.

Second. An increase in employment opportunities for those who have been working part time or who have been furloughed by the railroads.

Third. The postponement for a period of 6 months of the wage question, during which time the roads were to improve their financial position and spread employment among the workers.

It was further recommended through the Coordinator of the Railroads, Joseph B. Eastman, that a conference between the railroad executives and the executives of the standard labor organizations be called at once to arrange for an equitable settlement of the controversy. Under these circumstances, with the railroad executives contending for a continuation of the wage cuts for a further 6 months' period, and emphasizing the President's attitude on that one particular question, they met in a round-table conference with the representatives of railroad labor and effected a settlement which meets with the approval of the President and the country.

It is another illustration of the matchless statesmanship of the representatives of the standard railroad labor organizations. It is likewise another illustration of the great need for bona fide unions that are truly representative of the employees. The settlement effected at the round-table conference between representatives of employee and employer in this instance proved to be a victory for the workers, who realize that the end of the wage cut is in sight. It strengthens the contention of the real friends of the National Recovery Act who have come to realize that only with strong independent unions is it possible to keep consuming power on a fair parity with productive capacity.

The genius of our day has solved the problem of mass production, but the influence and effectiveness of the labor organizations are necessary to solve the problem of mass distribution. The representatives of labor in this instance made a mighty contribution toward the solution of our present-day problems, for it not only presented the viewpoint of the worker and his demands, but it likewise presented a criticism of the financial structure of the railroads as effectively as a congressional investigation could have accomplished. The work of the N.R.A. would be simplified if that administration enjoyed the cooperation and support of free voluntary labor unions.

MEMORANDUM OF AGREEMENT

This agreement, entered into at Washington, D.C., between the undersigned Conference Committee of Managers and the Railway Labor Executives Association, witnesses that the parties have agreed as follows:

1. As hereinafter modified the agreement signed at Chicago, Ill., on January 31, 1932, as extended by agreements dated December 21, 1932, and June 21, 1933, in behalf of participating railroads and their employees, represented as therein set forth, and who are further represented in the making of this agreement by the respective parties hereto, is hereby extended as hereinafter set forth and upon the terms and conditions hereinafter stated.

2. Basic rates of pay, until changed upon notice as hereinafter provided, shall remain as under the agreement of January 31, 1932, as extended. Seven and one half percent shall be deducted from the pay check of each of the employees covered by this agreement for the period beginning on July 1, 1934, and ending on December 31, 1934, inclusive, and said deduction shall be reduced to 5 percent for the period beginning on January 1, 1935, and ending on March 31, 1935, inclusive, and no further deduction shall be made under this agreement thereafter.

3. No notices of changes in basic rates shall be served by any party upon any other party prior to May 1, 1935.

4. With respect to employees in the lower-paid brackets, the foregoing shall not be taken to prevent discussion and adjustment between individual carriers and organizations with respect to spreading employment, or of the matter of opportunity for increased earnings of part-time employees, but changes in basic rates shall in no event be involved.

5. If, as, and when, on or after May 1, 1935, notices of changes in basic rates shall be served by any of the organizations or carriers now represented by the Railway Labor Executives Association and the Conference Committee of Managers, it is understood that said association and said committee cannot bind any such organization or any such carrier in respect thereto, but they do recommend that in the event that general wage movements are inaugurated, the proceedings under such notices should be conducted nationally and pursuant to the Railway Labor Act.

6. Formal notices heretofore served by the participating railroads upon the participating organizations of employees for a 15-percent reduction in basic rates of pay shall be considered as withdrawn and further proceedings thereunder discontinued.

This agreement is signed at Washington, D.C., this 26th day of April 1934 in behalf of the participating railroads and their employees represented as hereinbefore set forth, as modified by supplements nos. 1 and 2 to appendix A and supplement no. 1 to appendix B and supplements nos. 1 and 2 to appendix C, said supplements being attached hereto and made a part hereof.

For the participating railroads:

H. A. Enochs, Wm. Jeffers, —. ————, W. J. Jenks, C. D. Mackay, Jno. G. Walton, J. T. Gillick, Conference Committee of Managers; —. —. ————, chairman Conference Committee of Managers.

For the participating organizations of employees:

A. Johnston, grand chief engineer Brotherhood of Locomotive Engineers; D. B. Robertson, president Brotherhood of Locomotive Firemen and Enginemen; J. A. Phillips, senior vice president Order of Railway Conductors of America; A. F. Whitney, president Brotherhood of Railroad Trainmen; T. C. Cashen, president Switchmen's Union of North America; E. J. Manion, president Order of Railroad Telegraphers; J. G. Luhrsen, president American Train Dispatchers' Association; Geo. Whorton, president International Association of Machinists; J. R. Franklin, president International Brotherhood of Boilermakers, Iron Ship Builders, and Helpers of America; Ray Harn, president International Brotherhood of Blacksmiths, Drop Forgers, and Helpers; John J. Hynes, president Sheet Metal Workers' International Association; C. J. McGloyers, vice president International Brotherhood of Electrical Workers; Martin Francis Ryan, president Brotherhood Railway Carmen of America; John F. McNamara, president International Brotherhood of Firemen and Oilers; F. H. Fijozdal, president Brotherhood of Maintenance of Way Employees; Geo. M. Harrison, president Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees; D. W. Helt, president Brotherhood of Railroad Signalmen of America; W. S. Warfield, president Order of Sleeping Car Conductors; Fred C. Boyer, president National Organization Masters, Mates, and Pilots of America; C. M. ————, president National Marine Engineers' Beneficial Association; Joseph P. Ryan (by A. F. W.), president International Longshoremen's Association; A. F. Whitney, chairman Railway Labor Executive Association.

HENRY ELLENBOGEN

Mr. GAVAGAN, from the Committee on Elections No. 2, by direction of that committee, presented a report on the memorial matter of HENRY ELLENBOGEN, which was referred to the House Calendar and ordered printed.

THE HYDRAULIC EXPERIMENTAL STATION AT VICKSBURG, MISS.

Mr. WILSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing an address delivered yesterday by me before the Twenty-ninth Annual Convention of the National Rivers and Harbors Congress.

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

There was no objection.

The address follows:

While in the lower Mississippi Valley last December I made a special point of inspecting the waterways experimental station at Vicksburg. Officers in the Corps of Engineers have been engaged upon surveys and studies of the Mississippi River since 1820. At that time Congress appropriated funds for a survey of the Mississippi and Ohio Rivers. Lieutenants Bernard and Totten did the work and in 1822 submitted their report recommending dikes. Again, in 1850, Congress appropriated $50,000 for further surveys, which were performed by Captains Humphreys and Abbott and resulted in their famous Physics and Hydraulics of the Mississippi, which has long remained the most weighty treatise on the problems of the great Father of Waters. We people of Louisiana know that it was during the Presidential administration of Gen. Zachary Taylor, a planter of Louisiana, that the first Federal appropriations were made available for the improvement of the Mississippi.

Even before the War between the States, as well as after that crisis and the hard years following, it was recognized by the engineer officers stationed in our Southern States that the Mississippi River was a national problem too great for local interests to cope with and therefore only to be successfully solved by means of Federal aid. General Humphreys, who became Chief of Engineers after the war, realized this, as did the Army engineers on the first Mississippi River Commission, organized in 1879, and, indeed, ever since. These men have known our problem, have studied it through many floods, always seeking to know more about their task.

I have always been interested in this phase of our national rivers-and-harbors and flood-control work, and as a member of the House Committee on Flood Control I supported the Army engineers' desire to perfect their laboratory experiments down there in close contact with their actual river operations. I recognized the fact that the Mississippi River Commission, with its eminent Army engineer and equally long-experienced civilian membership, have for years been assembling and utilizing the most complete and most reliable fund of river engineering data in the world. The logical place to utilize this vast amount of scientific information in theoretical experiment and actual practice is, of course, right at the job itself. There the engineers in charge have not only at hand their own field assistants who know the Mississippi and its tributaries thoroughly, working in close and friendly cooperation with our levee board engineers, but they also were able to utilize the actual physical elements of river materials under the very climatic conditions which exercise such an important influence upon the work.

When in 1927–28 the Chief of Engineers sent an able group of his officers abroad to study European hydraulic laboratory practice under the direction of the then Col. Edward Murphy Markham, I awaited with keen interest the general's recommendation. It was, as could be expected, sound and logical. He said he wanted to conduct such theoretical experimental work right by the job itself, using the Mississippi's own materials. We gave him the necessary authority under the Flood Control Act of May 15, 1928.

How wise this decision has proven to be I had opportunity to verify this December. I spent an entire day with the district engineer at Vicksburg—first in the offices of the Mississippi River Commission, from which the great flood-control project is directed, then at the Waterways Experimental Station, seeing that splendid installation in efficient operation, and finally out on the old river itself where the experimental work is being further tested in full-sized operations in nature, under the direction of Gen. Harley B. Ferguson, president of the Mississippi River Commission.

Of course, I expected to find a smooth operating and competent headquarters under the Army engineers, who have direct charge of all of this work. Nor did I find it otherwise in spite of the great overload placed upon the division and district offices by the emergency program allotments from the President's recovery funds. The Army engineers seem to have an unlimited capacity for further work—the same cheerful willingness to accept added responsibility which always has characterized their response to our great flood emergencies. This is in accordance with their long training and unfailing record of public service both in peace and in war. I expected that I would find cheerful efficiency despite the overload, and I did. I have, of course, known these officers intimately for many years. With them we fought through the great floods of 1912–13, 1916, 1922, and 1927, as well as many intermediate emergencies during and since that time. It was the great catastrophe of 1927 which, as many of us recall, brought the Nation to a shocking realization of our problem.

The heavy loss of life and property, in spite of all that could be done, made it clear that the Federal Government must assume the cost of controlling its great river. Since the act of May 15, 1928, a great deal has been done, and the results are proving every day to be more than entirely justified. Vast reaches of the richest Delta lands—entire parishes in Louisiana and counties in Mississippi, Arkansas, Tennessee, and Missouri are enjoying more secure protection now than ever before, and their apprehension of the constant danger from recurring flood is greatly allayed. I have followed all of this steadily prosecuted flood-protection work authorized by the Flood Control Act of 1928. It is being accomplished well ahead of schedule as well as within the estimated costs. In practical field engineering I knew what the engineers were doing—and I wanted to know about the theory side.

Out at the Waterways Experimental Station I was indeed pleasantly surprised. It was hardly conceivable to me that so much could have been accomplished within so short a period of time. They have built a fine storage dam and reservoir there in a beautiful valley of a small tributary stream nestled in the Vicksburg hills, a complete laboratory building housing the most highly scientific equipment and have expanded the out-of-doors layout into an amazing development of working models.

Naturally I asked how so much could be achieved—a dozen working models of critical reaches in the Mississippi's tortuous course from St. Louis to its mouth—large models of backwater areas for the Arkansas, the White, the Atchafalaya, the Black, and the Red—tests to determine the effects of the river's scour and bank caving—and of scour in the river bed itself. Nor are the experiments confined to Mississippi River problems. In addition to these many and intricate questions of engineering theory and practice, I found that ideas were being tested for Ohio River locks and dams, for many of our ocean and lake harbors—any practical problem of an associated nature which confronts the Nation's engineer department at large.

The officer in charge of the experimental station is Lieut. Herbert D. Vogel, who received his appointment to West Point from the State of Michigan. Cadet Vogel during his 4 years at West Point proved his outstanding ability and established a splendid record. Out of that strenuous course of natural selection, Lieutenant Vogel was graduated an honor man near the head of his large class. For postgraduate work he was given his M.A. degree by the University of Michigan, then after a tour of field duty he completed the course at the Army Engineer School. After another period of field experience, he went to the University of California where he earned his C.E. degree, followed by a year in Germany where, in 1929, the Berliner Technische Hochachule awarded him the high honor of a doctor's degree in engineering. From this experience he went to the lower Mississippi Valley, and under his immediate and skillful direction has been built and developed the waterways experiment station at Vicksburg.

Now, I do not profess to be sufficiently expert to appreciate all these technical intricacies of engineering science. Nor does a visitor to the Vicksburg plant have to be a technician to grasp the significance of that work.

I asked Lieutenant Vogel to write up for me a summary of his waterways experiment station's results thus far. With characteristic punctuality and frank simplicity he has done so—explaining that he has covered the high spots only, his station having developed more than a hundred model experiments in the past 3 years. The illustrations accompanying his report afford a helpful visualization of the work the Army engineers are doing.

This experimental station at Vicksburg is now ready to render valuable, definite, and scientific service for the control for all purposes of all the waterways within the United States.

Gen. Edward M. Markham, with full knowledge based upon his investigations and studies abroad, testified before the Flood Control Committee on April 25, 1934, that the hydraulic experimental station at Vicksburg has no equal in any nation in the world.

In a comprehensive plan for flood control, improvement for navigation, power development, and land-use policies for all purposes, this station and the engineering force in charge affords an opportunity for a Nation-wide service.

INVESTIGATION OF WAGE AND LABOR CONDITIONS

Mr. McFADDEN. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. McFADDEN. Mr. Speaker, as further evidence of an immediate investigation of wage and labor conditions on Government building jobs in the District of Columbia, I submit for your attention some documents furnished me by Mr. John Locher, executive of the Washington Building Trades Council. Mr. Speaker, I ask unanimous consent to extend my remarks at this point and include therein some documents setting forth in some detail the situation, and to include two or three affidavits.

Mr. O'CONNOR. Reserving the right to object, what is that about?

Mr. McFADDEN. The labor situation in the District.

Mr. O'CONNOR. From whom?

Mr. McFADDEN. Mr. John J. Verleger and James Gaskins.

Mr. O'CONNOR. Are they plumbers or bricklayers?

Mr. McFADDEN. Both, I think.

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

There was no objection.

Mr. McFADDEN. Mr. Speaker, the first of these documents is a sworn affidavit made by Mr. John J. Verleger, relating to the circumstances of his employment on construction work at Walter Reed Hospital. The affidavit reads as follows:

JULY 24, 1933.

I, the undersigned, do hereby make affidavit as to rates and hours worked on the nurses' home at the Walter Reed Hospital job, Washington, D.C. Also, conditions prevailing among other men.

July: First week, 5, 6, 7; second week, 8, 10, 12, 13; third week, 14, 15, 18, 19, 20.

On each of the above-mentioned dates I worked 7½ hours. The first week I drew $33.75, and returned one half, which amounted to $16.87½, and the second week I drew $45 and returned one half, which amounted to $22.50; the third week I drew $45, but refused to return any money.

I was told when I secured the job that my pay would be 75 cents an hour, but I would receive $1.50 an hour in the presence of the inspector, but would have to come back to the office and turn back to the firm one half of what I drew. This was told to me by Mr. Edward Maas, of the E. A. Maas Plumbing Co., who is the plumbing contractor on the above-mentioned job. I also find that some of the men on this job are working 37½ hours a week.

Morris Hayden, plumber, made 45 hours a week for 1 week to my knowledge. He worked July 7, 8, 10, 11, 12, and 13.

Henry Maas made 45 hours a week, for 1 week to my knowledge. He worked July 7, 8, 10, 11, 12, and 13.

The following men also worked on the job either as plumbers or helpers: William Shylager, Otts Woislager, Al Rhinehart, and a man by the name of Weber.

I understand that specifications say that veterans must be given the preference. The following men are not veterans: William Shylager, Morris Hayden, and Otts Woislager.

JOHN J. VERLEGER.

Subscribed and sworn to before me this 24th day of July 1933.

HARRY M. SHOCKETT, *Notary Public.*

My commission expires May 5, 1935.

This seems to be a very flagrant case of extortion by a contractor, involving a rebate of 50 percent of the wages to the contractor named in the affidavit. This goes beyond any question of violating the Bacon-Davis Act. Apparently a conspiracy existed to deceive the inspector employed by the Government.

Next I offer an affidavit signed by James Gaskin, in which it appears that even the low wages of laborers are not exempt from similar extortion. This affidavit reads as follows:

DISTRICT OF COLUMBIA, *ss:*

James Gaskin, being first duly sworn according to law, deposes and says that he is 26 years of age, and that he resides at 746 Lamont Street NW., in the city of Washington, D.C., and that his legal residence is 119 Lincoln Street, Hampton, Va.

Affiant further deposing says that he is a laborer, and as such was employed by the Blue Ridge Tile Co., subcontractors for the A. Lloyd Goode Construction Co., general contractors for the erection of the Paul Junior High School, located in the vicinity of Eighth and Peabody Streets NW., in the city of Washington, D.C.

Affiant further deposing says that he began work on, to wit, February 16, 1932, and is still employed on said job; that your affiant receives the sum of 40 cents per hour for an 8-hour day, but that after your affiant signs the pay roll for the said 40 cents per hour, the sum of 10 cents per hour is immediately deducted, and which sum your affiant is informed is returned to the general contractor.

Affiant further deposing says that this affidavit is made of his own free will and accord, without remuneration, and that all of the facts contained herein are true to the best of his knowledge and belief.

JAMES GASKIN.

Subscribed and sworn to before me this 1st day of April 1932.

HARRY S. GOLDSTEIN,
Notary Public, District of Columbia.

For the third piece of evidence I offer a copy of a telegram received at Durham, N.C., by Mr. B. L. Hershberger, as follows:

[Western Union telegram]

ASHEVILLE, N.C., *February 19, 1932.*

B. L. HERSHBERGER,
Care Western Union, Durham, N.C.:

Your telegram received. Have wired our superintendent, M. R. Michie, Paul Junior High School Building, Eighth and Peabody Streets, Washington, D.C., that you and Boswell will report to him on above-mentioned school building; wages per our agreement.

BLUE RIDGE TILE CO.

This telegram is an order for the recipient to report for work on a job in Washington, D.C. This is a clear case of importing labor into the District of Columbia. Let us see what happened to Mr. Hershberger on this job and what his agreement with Blue Ridge Tile Co. was.

I quote next an affidavit by Mr. Hershberger a few weeks after the date of the telegram. This affidavit reads:

DISTRICT OF COLUMBIA, SS:

B. L. Hershberger, being first duly sworn according to law, on oath deposes and says that he is 28 years of age; that he resides at 209 E Street NW., in the city of Washington, D.C., and that his legal residence is Durham, N.C.

Affiant further deposing says that he is a tile setter by trade, and as such was employed by the Blue Ridge Tile Co., subcontractors for the A. Lloyd Goode Construction Co., general contractors, for the erection of the Paul Junior High School, located in the vicinity of Eighth and Peabody Streets NW., in the city of Washington, D.C.

Your affiant further deposing says that he began work on, to-wit, February 22, 1932, and was laid off on March 31, 1932, and that your affiant received the sum of $1.50 per hour for an 8-hour day, but that your affiant, after signing the pay roll for the $1.50 rate per hour, was requested to return to the foreman 50 cents per hour, and which sum of money your affiant was informed was returned to the general contractor.

Your affiant further deposing says that at the beginning of the work your affiant was told by the foreman that he would collect the little change, meaning the 50 cents per hour, on Monday and that the return held good for every mechanic on the job. That your affiant did make the return of the 50 cents per hour to his foreman every Monday morning following pay day, and that your affiant was under the impression that if the same was not made he would be immediately laid off.

Affiant further deposing says that this affidavit is made of his own free will and accord, without remuneration, and that all of the facts contained herein are true to the best of his knowledge and belief.

B. L. HERSHBERGER.

Subscribed and sworn to before me this 1st day of April 1932.

HARRY S. GOLDSTEIN,
Notary Public, District of Columbia.

These exhibits are selected from scores of similar documents in the possession of Mr. Locher. I am told that other men in Washington hold similar documents and that they are all anxious to lay their evidence before a properly authorized committee of this House.

Mr. Speaker, an unspeakable situation exists. Every day that it is allowed to continue will add to the justified discontent and distrust of working people throughout the country. I hope that the Rules Committee will take prompt action to report out for passage either my resolution calling for an investigation of these conditions or some other resolution to similar effect.

Mr. McLEOD. Mr. Speaker, I ask unanimous consent to address the House for 3 minutes, to comment upon a recent decision of the Supreme Court of the State of Mississippi.

The SPEAKER. Is there objection?

There was no objection.

Mr. McLEOD. Mr. Speaker and gentlemen of the House, I rise at this time to offer evidence of the sincerity and soundness of the advocates of bank depositors' pay-off legislation by calling the attention of the House to a State supreme court decision which was handed down yesterday in the State of Mississippi.

JACKSON, MISS., April 30.—The Mississippi Supreme Court held today that the St. Louis Federal Reserve Bank, if pleadings in a case were true, had shown fraud, in inducing the depositors of the First National Bank of Corinth to continue to do business with the bank when the Reserve institution knew it was insolvent.

The court's statement handed down in a divided 3-to-2 decision was made in reversing the case of the Reserve bank against B. C. Dilworth and others in connection with the collection of a note. A lower court had decided in favor of the bank.

The decision said it was alleged that while the First National Bank was insolvent and indebted to the Reserve bank, depositors started a run on it and the Reserve bank, knowing its condition, represented to the public that the bank was solvent, that the Reserve bank was behind the Corinth bank and that it reopened with depositors showing renewed confidence.

It was further alleged that the Federal Reserve bank then got all the securities of the First National to further secure its debts.

"The facts as pleaded show strongly fraud on the part of the Federal Reserve bank", the decision said.

Dilworth claimed he had an agreement with the First National Bank to apply any balance he might have when his note became due, against his indebtedness and that he had a substantial balance when the bank closed.

The court's decision said the pleadings showed Dilworth continued to do business at the bank not knowing it was insolvent.

Mr. BYRNS. Will the gentleman yield?

Mr. McLEOD. I yield.

Mr. BYRNS. Did that case go up on demurrer?

Mr. McLEOD. I do not know.

Mr. BYRNS. I infer that it is purely a decision on a demurrer filed with pleadings, and if so it does not settle anything. In other words, it was not a trial on its merits.

Mr. McLEOD. The Associated Press report did not show how the case got to the supreme court.

Mr. BYRNS. I take it from the decision itself which the gentleman has just read, the case was heard on a demurrer as to the sufficiency of the pleading in the lower court and not on the merits of the proposition, so that it does not decide anything as to the real liability of the bank or its action.

Mr. McLEOD. This might clear up the gentleman's question:

The court's statement handed in a divided 3-to-2 decision was made in reversing the case of the Reserve bank against B. C. Dilworth and others.

Mr. BYRNS. That may be true, but the lower court may have sustained the demurrer, and then an appeal was taken, and the supreme court, if I gather the decision correctly, held that the lower court was incorrect in sustaining the demurrer, and that the case should go to trial upon the merits, and the facts developed, so that I do not think the opinion which the gentleman has just read decided anything with reference to the liability or nonliability of the bank.

Mr. McLEOD. I will answer the gentleman by quoting the language of the court as it appears in the Associated Press report:

The facts as pleaded show strongly fraud on the part of the Reserve bank.

Mr. BYRNS. Those are the facts set up in the petition or the declaration or whatever it may be called in the State of Mississippi, but that is the statement of the complainant, and as the gentleman well knows a demurrer admits, for the sake of argument, the truth of the allegations contained in the bill, and the court was simply passing on the facts stated in the bill as being true, for the sake of argument, but does not determine anything as to the liability of the bank.

Mr. McLEOD. It says that these were the facts as established in reversing the lower court.

The SPEAKER. The time of the gentleman from Michigan has expired.

LEAVES OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. DICKSTEIN, for the balance of the week, on account of death in his family.

To Mr. KRAMER, at the request of Mr. BYRNS, for the balance of the week, on account of official business.

To Mr. BURCH, for today, on account of important business.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 3845. An act to amend section 198 of the act entitled "An act to codify, revise, and amend the penal laws of the United States", approved March 4, 1909, as amended by the acts of May 18, 1916, and July 28, 1916; and

H.R. 8839. An act to provide for the custody and maintenance of the United States Supreme Court Building and the equipment and grounds thereof.

The Speaker announced his signature to an enrolled bill of the Senate of the following title:

S. 326. An act referring the claims of the Turtle Mountain Band or Bands of Chippewa Indians of North Dakota to the Court of Claims for adjudication and settlement.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 43 minutes p.m.), the House adjourned until tomorrow, Wednesday, May 2, 1934, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

444. A letter from the Chairman of the Reconstruction Finance Corporation, transmitting a report of its activities and expenditures for January 1934, together with a statement of loans authorized during that month, showing the name, amount, and rate of interest in each case (H.Doc. No. 335); to the Committee on Banking and Currency and ordered to be printed.

445. A letter from the Comptroller General of the United States, transmitting report and recommendation to the Congress concerning the claim of the Moffat Coal Co. against the United States; to the Committee on Claims.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. GRIFFIN: Committee on Appropriations. H.R. 9410. A bill providing that permanent appropriations be subject to annual consideration and appropriation by Congress, and for other purposes; with amendment (Rept. No. 1414). Referred to the Committee of the Whole House on the state of the Union.

Mr. CARTWRIGHT: Committee on War Claims. S. 3272. A bill for the relief of the city of Baltimore; without amendment (Rept. No. 1416). Referred to the Committee of the Whole House on the State of the Union.

Mr. SMITH of Virginia: Committee on Rules. House Resolution 348. Resolution for the consideration of H.R. 6803, a bill to regulate the distribution, promotion, retirement, and discharge of commissioned officers of the Marine Corps, and for other purposes; with amendment (Rept. No. 1417). Referred to the House Calendar.

Mr. SMITH of Virginia: Committee on Rules. House Resolution 347. Resolution for the consideration of H.R. 9068, a bill to provide for promotion by selection in the line of the Navy in grades of lieutenant commander and lieutenant; to authorize appointment as ensigns in the line of the Navy all midshipmen who hereafter graduate from the Naval Academy, and for other purposes; with amendment (Rept. No. 1418). Referred to the House Calendar.

Mr. BANKHEAD: Committee on Rules. House Resolution 356. Resolution for the consideration of Senate Joint Resolution 93; with amendment (Rept. No. 1419). Referred to the House Calendar.

Mr. WILSON: Committee on Flood Control. H.R. 8234. A bill to provide a preliminary examination of the Paint Rock River, in Jackson County, Ala., with a view to the control of its floods; without amendment (Rept. No. 1420). Referred to the Committee of the Whole House on the state of the Union.

Mr. TARVER: Committee on the Judiciary. H.R. 9404. A bill to authorize the formation of a body corporate to insure the more effective diversification of prison industries, and for other purposes; without amendment (Rept. No. 1421). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS of Montana: Committee on Indian Affairs. H.R. 5596. A bill to amend the act of March 3, 1885, entitled "An act providing for allotment of lands in severalty to the Indians residing upon the Umatilla Reservation, in the State of Oregon, and granting patents therefor, and for other purposes"; without amendment (Rept. No. 1422). Referred

to the Committee of the Whole House on the state of the Union.

Mr. AYERS of Montana: Committee on Indian Affairs. H.R. 6927. A bill to add certain lands to the Upper Mississippi River Wild Life and Fish Refuge; without amendment (Rept. No. 1423). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS of Montana: Committee on Indian Affairs. H.R. 7969. A bill to reserve certain public-domain lands in Nevada and Oregon as a grazing reserve for Indians of Fort McDermitt, Nev.; without amendment (Rept. No. 1424). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS of Montana: Committee on Indian Affairs. H.R. 8255. A bill for the relief of the rightful heirs of Wakicunzewin, an Indian; without amendment (Rept. No. 1425). Referred to the Committee of the Whole House on the state of the Union.

Mr. AYERS of Montana: Committee on Indian Affairs. H.R. 8808. A bill authorizing the exchange of the lands reserved for the Seminole Indians in Florida for other lands; without amendment (Rept. No. 1426). Referred to the Committee of the Whole House on the state of the Union.

Mr. CHAVEZ: Committee on Indian Affairs. S. 1890. An act to authorize the Secretary of the Interior to grant concessions on reservoir sites and other lands in connection with Indian irrigation projects and to lease the lands in such reserves for agricultural, grazing, or other purposes; without amendment (Rept. No. 1427). Referred to the Committee of the Whole House on the state of the Union.

Mr. MEAD: Committee on the Post Office and Post Roads. S. 3170. An act to revise air-mail laws; with amendment (Rept. No. 1428). Referred to the Committee of the Whole House on the state of the Union.

Mr. BLAND: Committee on Merchant Marine, Radio, and Fisheries. H.R. 9394. A bill to authorize the Federal Radio Commission to purchase and enclose additional land at the radio station near Grand Island, Nebr.; with amendment (Rept. No. 1429). Referred to the Committee of the Whole House on the state of the Union.

Mr. GAVAGAN: Committee on Elections No. 2: House Resolution 370. Resolution in the memorial matter of Henry Ellenbogen; without amendment (Rept. No. 1431). Referred to the House Calendar.

Mr. SWEENEY: Committee on the Post Office and Post Roads. H.R. 9392. A bill to reclassify terminal railway post offices; with amendment (Rept. No. 1430). 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. YOUNG: Committee on War Claims. S. 3349. An act conferring jurisdiction upon the Court of Claims to hear and determine the claim of the Mack Copper Co.; without amendment (Rept. No. 1415). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H.R. 7999) to extend to Sgt. Maj. Edmund S. Sayer, United States Marine Corps (retired), the benefits of the act of May 7, 1932, providing highest World War rank to retired enlisted men; Committee on Military Affairs discharged, and referred to the Committee on Naval Affairs.

A bill (H.R. 8414) for the relief of Alvah B. Jenkins; Committee on World War Veterans' Legislation discharged, and referred to the Committee on Claims.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. HOWARD (by departmental request): A bill (H.R. 9427) to authorize the leasing of unallotted Indian lands for mining purposes; to the Committee on Indian Affairs.

By Mr. LEA of California: A bill (H.R. 9428) to amend sections 116 and 22 of the Revenue Acts of 1928, 1932, and 1934; to the Committee on Ways and Means.

By Mr. AYERS of Montana: A bill (H.R. 9429) for the development of the livestock industry among the Indians of the Blackfeet Indian Reservation in Montana; to the Committee on Indian Affairs.

By Mr. SMITH of Washington: A bill (H.R. 9430) to provide a preliminary examination of the Cowlitz River and its tributaries in the State of Washington, with a view to the control of its floods; to the Committee on Flood Control.

Also, a bill (H.R. 9431) to provide for a preliminary examination of Chehalis River and its tributaries in the State of Washington, with a view to the control of its floods; to the Committee on Flood Control.

Also, a bill (H.R. 9432) to provide a preliminary examination of Lewis River and its tributaries in the State of Washington, with a view to the control of its flood waters; to the Committee on Flood Control.

Also, a bill (H.R. 9433) to provide a preliminary examination of Columbia River and its tributaries in the State of Washington, with a view to the control of its flood waters; to the Committee on Flood Control.

Also, a bill (H.R. 9434) granting the consent of Congress for the construction of a dike or dam across the head of Camas Slough (Washougal Slough) to Lady Island on the Columbia River in the State of Washington; to the Committee on Interstate and Foreign Commerce.

By Mr. REILLY: A bill (H.R. 9435) to provide for the examination and survey of Fond du Lac Harbor and vicinity, Lake Winnebago, Wis.; to the Committee on Rivers and Harbors.

By Mr. MOTT: A bill (H.R. 9436) authorizing the Oregon-Washington Bridge Commission to construct, maintain, and operate a toll bridge across the Columbia River at or near Astoria, Oreg.; to the Committee on Interstate and Foreign Commerce.

By Mr. SUMNERS of Texas: A bill (H.R. 9437) to amend an act of Congress approved February 9, 1893, entitled "An act to establish a court of appeals for the District of Columbia, and for other purposes"; to the Committee on the Judiciary.

By Mr. DIMOND: A bill (H.R. 9438) to authorize the incorporated town of Seward, Alaska, to issue bonds in any sum not exceeding $60,000 for the purpose of constructing and installing an electric-light and power plant in the town of Seward, Alaska; to the Committee on the Territories.

By Mr. WHITE: A bill (H.R. 9439) to amend section 15 (d) of the Agricultural Adjustment Act; to the Committee on Agriculture.

By Mr. MEAD: A bill (H.R. 9440) to ratify certain leases with the Seneca Nation of Indians; to the Committee on Indian Affairs.

By Mr. VINSON of Kentucky: A bill (H.R. 9441) to reduce internal-revenue taxes on tobacco products; to the Committee on Ways and Means.

By Mr. MEAD: A bill (H.R. 9442) for the creation of a claims commission on relief for the Six Nations Confederacy; to the Committee on Indian Affairs.

By Mr. EVANS: A bill (H.R. 9443) to provide for the establishment of an agricultural experiment station in the Antelope Valley, Los Angeles County, Calif.; to the Committee on Agriculture.

By Mr. MITCHELL: A bill (H.R. 9444) to repeal the provision of law providing for the payment of a minimum of 3 months' salary to the widow of any deceased Member of Congress; to the Committee on Expenditures in the Executive Departments.

Also, a bill (H.R. 9445) to repeal the provisions of law authorizing the payment of mileage or any amount in lieu of mileage to any Member of Congress or to any Delegate or Resident Commissioner to Congress; to the Committee on Expenditures in the Executive Departments.

By Mr. TARVER: Resolution (H.Res. 369) for the consideration of H.R. 9404; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BAILEY (by request): A bill (H.R. 9446) authorizing the Court of Claims to hear, consider, adjudicate, and enter judgment upon the claims against the United States of J. A. Tippit, L. P. Hudson, Chester Howe, J. E. Arnold, Joseph W. Gillette, J. S. Bounds, W. N. Vernon, T. B. Sullivan, J. H. Neill, David C. McCallib, J. J. Beckham, and John Toles; to the Committee on Indian Affairs.

By Mr. BECK: A bill (H.R. 9447) for the relief of Helen Smith; to the Committee on Naval Affairs.

By Mr. COLLINS of Mississippi: A bill (H.R. 9448) for the relief of Hunter George Taft; to the Committee on Naval Affairs.

By Mr. DEAR: A bill (H.R. 9449) for the relief of Rebecca J. Lucas; to the Committee on Claims.

By Mr. DEROUEN: A bill (H.R. 9450) to authorize the St. Landry Bank & Trust Co., of Opelousas, La., to enter the Federal Reserve System; to the Committee on Banking and Currency.

By Mr. PETERSON: A bill (H.R. 9451) granting a pension to Robert F. Munday; to the Committee on Pensions.

By Mr. REECE: A bill (H.R. 9452) granting a pension to Flora Green; to the Committee on Invalid Pensions.

Also, a bill (H.R. 9453) for the relief of Jesse Alue Human; to the Committee on Naval Affairs.

Also, a bill (H.R. 9454) for the relief of Charles Whitaker; to the Committee on Claims.

By Mr. THOMAS: A bill (H.R. 9455) for the relief of Charles H. Willett; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

4387. By Mr. BLOOM: Petition of the members of New York Typographical Union, No. 6, favoring the amendment to section 301 of Senate bill 2910, providing for the insurance of equity of opportunity for labor unions, educational, religious, agricultural, and cooperative organizations, and all similar non-profit-making associations seeking licenses for radio broadcasting by incorporating into the statutes a provision for the allotment to said non-profit-making associations of at least 25 percent of all radio facilities not employed in public use; to the Committee on Merchant Marine, Radio, and Fisheries.

4388. Also, petition of Local No. 1 of the Whitestone Association, urging the passage of the Wagner-Lewis bill and the Wagner-Connery bill; to the Committee on Labor.

4389. By Mr. FISH: Petition of 85 residents of Dutchess and Orange Counties, N.Y., opposing paragraph 4, section 5, title I, of the Labor Disputes Act, proposed by Senator ROBERT F. WAGNER, and to provisions of bill relating to rights of employees to organize for collective bargaining; to the Committee on Labor.

4390. By Mr. FITZPATRICK: Petition of the Catholic Daughters of America, Court Regina, No. 402, signed by Mrs. Mary Kemner, treasurer, urging the passage of the amendment to section 301 of Senate bill 2910, providing for the equity of opportunity for educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations seeking licenses for radio broadcasting; to the Committee on Merchant Marine, Radio, and Fisheries.

4391. Also, petition signed by Mr. Patrick J. Fogarty, president of the United Irish Organization of the South Bronx, New York City, N.Y., and a number of other residents of Bronx County, opposing the discontinuance or curtailment of the time allotted to programs over stations WARD, Brooklyn, N.Y., and WLWL, New York City; to the Committee on Merchant Marine, Radio, and Fisheries.

4392. By Mr. HAINES: Resolution of 250 members of Holy Name Society, 300 members of St. Joseph Beneficial, 150 members of Knights of Columbus, Council No. 871 and 60 members of Ladies Guild, of St. Joseph Parish, in the city of Hanover, Pa., in reference to amendment to Senate bill 2910, providing for the insurance of equity of opportunity for all organizations of a non-profit-making nature to broadcast by radio, etc.; to the Committee on Merchant Marine, Radio, and Fisheries.

4393. Also, resolution from Sodality of Blessed Virgin Mary, of St. Joseph's Parish of the city of Hanover, Pa., favoring amendment to section 301 of Senate bill 2910, providing for the insurance of equity of opportunity for all organizations of a non-profit-making nature to broadcast by radio, etc.; to the Committee on Merchant Marine, Radio, and Fisheries.

4394. By Mr. JOHNSON of Minnesota: Resolution by the parish of the Holy Cross, Onamia, Minn., urging the freedom of licensing of radio, in support of Senate amendment providing for such regulation; to the Committee on Merchant Marine, Radio, and Fisheries.

4395. By Mr. KENNEY: Petition in the nature of a resolution of Rutherford Council, No. 129, representing the Sons and Daughters of Liberty, an organization composed of upward of 100,000 native-born American men and women, representing 26 States, Minnie D. Tait, secretary, urging upon you as a Representative of our great country, that you use your voice and vote to defeat the efforts being made by political leaders and exploiters of labor to defeat the spirit of restricted immigration; to the Committee on Immigration and Naturalization.

4396. Also, petition in the nature of a resolution of the Society for Constitutional Security, of Leonia, N.J., Mary P. Shelton, president, that the Society for Constitutional Security, a member of the American Coalition of Patriotic, Civic, and Fraternal Societies, oppose the membership of the United States in the World Court; to the Committee on Foreign Affairs.

4397. By Mr. LINDSAY: Petition of the building trades department, American Federation of Labor, Washington, D.C., concerning reemployment through home financing; to the Committee on Banking and Currency.

4398. Also, petition of Morris Soloman & Sons, Inc., Brooklyn, N.Y., opposing the Buck bill (H.R. 8782); to the Committee on Agriculture.

4399. By Mr. LUCE: Petition of the Constitutional Liberty League, Boston, Mass., expressing opposition to the Fletcher-Rayburn stock-exchange bill; to the Committee on Interstate and Foreign Commerce.

4400. By Mr. LUNDEEN: Petition of the Central Council of District Clubs, of St. Paul, Minn., urging the enactment of the President's recommendation that long-time credit be extended through Government banks to private individuals and institutions; to the Committee on Banking and Currency.

4401. Also, petition of the County Board of Becker County, Minn., urging the enactment of legislation removing the restrictions as fixed by the treaty of 1855 from all areas not included in actual Indian reservations; to the Committee on Indian Affairs.

4402. Also, petition of the Farmer-Labor Association of Minnesota, urging the enactment of legislation which will allow the construction of the 9-foot channel in the upper Mississippi River to proceed without interruption or delay; to the Committee on Flood Control.

4403. Also, petition of the Lutheran Minnesota Conference of the Lutheran Augustana Synod, urging the passage of old-age pensions and unemployment legislation; to the Committee on Labor.

4404. Also, petition of the Farmer-Labor Association of Minnesota, urging enactment of legislation of Senate bill 2625 and House bill 7399, restricting length of freight trains to 70 cars; to the Committee on Interstate and Foreign Commerce.

4405. Also, petition of the Farmer-Labor Association of Minnesota, urging enactment of legislation of Senate bill 2519 and House bill 7430, for a 6-hour day applicable to

railway workers; to the Committee on Interstate and Foreign Commerce.

4406. By Mr. O'CONNOR: Petition of the Senate, State of New York, in behalf of Radio Station WLWL, New York City; to the Committee on Merchant Marine, Radio, and Fisheries.

4407. Also, petition of the Senate, State of New York, favoring the adoption of the report of the President's Committee on Wild Life Restoration as a basis for legislation and Executive action designed to increase and protect the wild life of the Nation; to the Committee on Agriculture.

4408. By Mr. RUDD: Petition of the Workmen's Sick and Death Benefit Fund of the United States of America, Branch No. 103, Evergreen, Brooklyn, N.Y., favoring the passage of House bill 7598, the workers' unemployment and insurance act; to the Committee on Labor.

4409. Also, petition of the Building Trades Department, American Federation of Labor, favoring legislation immediately proposed by the administration through a medium of home financing in order to stimulate the building industry; to the Committee on Banking and Currency.

4410. Also, petition of the Chamber of Commerce of the Borough of Queens, city of New York, opposing certain features of the revenue bill as reported by the conference committee; to the Committee on Ways and Means.

4411. Also, petition of the Chamber of Commerce of the Borough of Queens, city of New York, opposing the passage of Senate bill 2693, providing for the regulation of national securities exchanges; to the Committee on Interstate and Foreign Commerce.

4412. By Mr. SMITH of Washington: Petition of approximately 1,800 residents of Lewis County, State of Washington, favoring support of the Townsend old-age revolving pension plan; to the Committee on Labor.

4413. By Mr. THOMAS: Petition of the Senate and Assembly of the New York State Legislature, requesting the adoption of the report of the President's Committee on Wild Life Restoration; to the Committee on Agriculture.

4414. Also, petition of the Senate and Assembly of the New York State Legislature, favoring support of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4415. By the SPEAKER: Petition of the Territorial Central Committee, Democratic Party of Hawaii; to the Committee on the Territories.

4416. Also, petition of the employees of the Government Printing Office; to the Committee on Printing.

4417. Also, petition of the county of Maui, Territory of Hawaii; to the Committee on Public Buildings and Grounds.

4418. Also, petition of Walter M. Nelson; to the Committee on Agriculture.

4419. Also, petition of the Oklahoma City public schools; to the Committee on Interstate and Foreign Commerce.

4420. Also, petition of the city of Chelsea, Mass.; to the Committee on Banking and Currency.

4421. Also, petition of the South Carolina Federation of Textile Workers; to the Committee on Ways and Means.

4422. Also, petition of the Society for Constitutional Security, opposing House Joint Resolution 309; to the Committee on Immigration and Naturalization.

4423. Also, petition of the Society for Constitutional Security, opposing the entrance of the United States into the World Court; to the Committee on Foreign Affairs.

4424. Also, petition of Sacred Heart Parish, Bluefield, W.Va., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4425. Also, petition of the young ladies' section M.A.C.C.W., Milwaukee, Wis., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4426. Also, petition of St. John's Parish, Miller Falls, Mass., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4427. Also, petition of Great Neck Council, No. 2122, Knights of Columbus, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4428. Also, petition of the Ancient Order of Hibernians in America, Newark, N.J., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4429. Also, petition of Bronx Council, No. 266, Knights of Columbus, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4430. Also, petition of St. Anthony Court, No. 491, of Minneapolis, Minn., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4431. Also, petition of Catholic Daughters of America, Court Sacramento, No. 172, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4432. Also, petition of the New York Typographical Union, No. 6, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4433. Also, petition of St. Elizabeth's Church, San Francisco, Calif., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4434. Also, petition of Holy Name Society of Kingsbridge, New York City, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4435. Also, petition of Michael J. Burke and others, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4436. Also, petition of Knights of Columbus, of Coeur d'Alene, Idaho, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4437. Also, petition of St. John the Baptist Church, Manayunk, Pa., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4438. Also, petition of St. Ann's Christian Mothers' Confraternity, Milwaukee, Wis., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4439. Also, petition of St. Mary's Parish, Georgetown, S.C., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4440. Also, petition of Sacred Heart Parish, Ness, Kans., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4441. Also, petition of the Church of the Sacred Heart, Yonkers, N.Y., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4442. Also, petition of St. Joseph's Council, No. 2272, Knights of Columbus, urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4443. Also, petition of the St. Vincent de Paul Society of Punxsutawney, Pa., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4444. Also, petition of the St. Dominic's Parish of Benicia, Calif., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4445. Also, petition of Father Weirekamp Council, No. 678, C.B.L., Brooklyn, N.Y., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

4446. Also, petition of the Sacred Heart Church of North Collins, N.Y., urging adoption of the amendment to section 301 of Senate bill 2910; to the Committee on Merchant Marine, Radio, and Fisheries.

SENATE

WEDNESDAY, MAY 2, 1934

(Legislative day of Thursday, Apr. 26, 1934)

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

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar day Tuesday, May 1, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

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

The VICE PRESIDENT. The clerk will call the roll.

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

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

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from California [Mr. McADOO] is detained from the Senate by illness, and that the Senator from Nevada [Mr. McCARRAN], the Senator from Florida [Mr. TRAMMELL], and the Senator from Montana [Mr. WHEELER] are absent on official business.

Mr. HEBERT. I announce that the Senator from Connecticut [Mr. WALCOTT] is absent on account of a death in his family, and that the Senator from Pennsylvania [Mr. REED], the Senator from Ohio [Mr. FESS], the Senator from Maryland [Mr. GOLDSBOROUGH] are necessarily detained from the Senate.

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present.

INTERNAL REVENUE TAXATION CONFERENCE REPORT

Mr. HARRISON. I submit a conference report on House bill 7835, being the so-called "revenue bill." At the request of the Senator from Michigan [Mr. COUZENS] I shall not call it up today, but shall call it up tomorrow morning.

The report was ordered to lie on the table, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 23, 26, 29, 31, 33, 37, 39, 40, 41, 42, 54, 55, 56, 57, 74, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 93, 94, 95, 109, 109½, 110, 111, 113, 114, 122, 123, 144, 146, 167, 175, and 182.

That the House recede from its disagreement to the amendments of the Senate numbered 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 15, 16, 17, 18, 20, 21, 22, 25, 27, 28, 30, 32, 34, 35, 36, 45, 47, 48, 49, 50, 51, 52, 53, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 75, 92, 96, 97, 98, 99, 100, 102, 103, 104, 105, 106, 107, 112, 115, 116, 117, 118, 119, 120, 121, 125, 126, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 152, 154, 155, 156, 157, 159, 160, 161, 162, 163, 164, 165, 166, 176, 178, 179, 180, 181, 183, and 184, and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"Upon a surtax net income of $4,000 there shall be no surtax; upon surtax net incomes in excess of $4,000 and not in excess of $6,000, 4 percent of such excess.

"$80 upon surtax net incomes of $6,000; and upon surtax net incomes in excess of $6,000 and not in excess of $8,000, 5 percent in addition of such excess.

"$180 upon surtax net incomes of $8,000; and upon surtax net incomes in excess of $8,000 and not in excess of $10,000, 6 percent in addition of such excess.

"$300 upon surtax net incomes of $10,000; and upon surtax net incomes in excess of $10,000 and not in excess of $12,000, 7 percent in addition of such excess.

"$440 upon surtax net incomes of $12,000; and upon surtax net incomes in excess of $12,000 and not in excess of $14,000, 8 percent in addition of such excess.

"$600 upon surtax net incomes of $14,000; and upon surtax net incomes in excess of $14,000 and not in excess of $16,000, 9 percent in addition of such excess.

"$780 upon surtax net incomes of $16,000; and upon surtax net incomes in excess of $16,000 and not in excess of $18,000, 11 percent in addition of such excess.

"$1,000 upon surtax net incomes of $18,000; and upon surtax net incomes in excess of $18,000 and not in excess of $20,000, 13 percent in addition of such excess.

"$1,260 upon surtax net incomes of $20,000; and upon surtax net incomes in excess of $20,000 and not in excess of $22,000, 15 percent in addition of such excess.

"$1,560 upon surtax net incomes of $22,000; and upon surtax net incomes in excess of $22,000 and not in excess of $26,000, 17 percent in addition of such excess.

"$2,240 upon surtax net incomes of $26,000; and upon surtax net incomes in excess of $26,000 and not in excess of $32,000, 19 percent in addition of such excess.

"$3,380 upon surtax net incomes of $32,000; and upon surtax net incomes in excess of $32,000 and not in excess of $38,000, 21 percent in addition of such excess.

"$4,640 upon surtax net incomes of $38,000; and upon surtax net incomes in excess of $38,000 and not in excess of $44,000, 24 percent in addition of such excess.

"$6,080 upon surtax net incomes of $44,000; and upon surtax net incomes in excess of $44,000 and not in excess of $50,000, 27 percent in addition of such excess.

"$7,700 upon surtax net incomes of $50,000; and upon surtax net incomes in excess of $50,000 and not in excess of $56,000, 30 percent in addition of such excess.

"$9,500 upon surtax net incomes of $56,000; and upon surtax net incomes in excess of $56,000 and not in excess of $62,000, 33 percent in addition of such excess.

"$11,480 upon surtax net incomes of $62,000; and upon surtax net incomes in excess of $62,000 and not in excess of $68,000, 36 percent in addition of such excess.

"$13,640 upon surtax net incomes of $68,000; and upon surtax net incomes in excess of $68,000 and not in excess of $74,000, 39 percent in addition of such excess.

"$15,980 upon surtax net incomes of $74,000; and upon surtax net incomes in excess of $74,000 and not in excess of $80,000, 42 percent in addition of such excess.

"$18,500 upon surtax net incomes of $80,000; and upon surtax net incomes in excess of $80,000 and not in excess of $90,000, 45 percent in addition of such excess.

"$23,000 upon surtax net incomes of $90,000; and upon surtax net incomes in excess of $90,000 and not in excess of $100,000, 50 percent in addition of such excess.